GOME RETAIL HOLDINGS LIMITED
國美零售控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 493)

UNAUDITED INTERIM RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021 AND RESIGNATION OF THE PRESIDENT

FINANCIAL HIGHLIGHTS

	First half of 2021 *RMBm*	First half of 2020 *RMBm*
Revenue	**26,040**	19,075
Consolidated gross profit#	**3,711**	2,222
Consolidated gross profit margin	**14.25%**	11.65%
Loss before finance (costs)/income and tax	**(1,265)**	(2,005)
Loss attributable to owners of the parent	**(1,974)**	(2,623)
Loss per share – Basic and diluted	**(RMB9.1 fen)**	(RMB13.1 fen)

Consolidated gross profit = gross profit + other income and gains

The board of directors (the "Board") of GOME Retail Holdings Limited (the "Company") announces the unaudited interim financial information of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
REVENUE	*5*	**26,039,905**	19,075,037
Cost of sales	*6*	**(22,908,053)**	(17,362,417)
Gross profit		**3,131,852**	1,712,620
Other income and gains	*5*	**579,522**	509,012
Selling and distribution expenses		**(3,713,780)**	(3,035,719)
Administrative expenses		**(1,061,110)**	(899,649)
Other expenses		**(197,590)**	(284,589)
Share of losses of associates		**(3,775)**	(6,717)
Loss before finance (costs)/income and tax		**(1,264,881)**	(2,005,042)
Finance costs	*7*	**(1,013,908)**	(1,002,664)
Finance income	*7*	**259,427**	293,083
LOSS BEFORE TAX	*6*	**(2,019,362)**	(2,714,623)
Income tax expense	*8*	**(49,475)**	(41,224)
LOSS FOR THE PERIOD		**(2,068,837)**	(2,755,847)
Attributable to:			
Owners of the parent		**(1,974,042)**	(2,622,506)
Non-controlling interests		**(94,795)**	(133,341)
		(2,068,837)	(2,755,847)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*10*		
Basic		**(RMB9.1 fen)**	(RMB13.1 fen)
Diluted		**(RMB9.1 fen)**	(RMB13.1 fen)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2021

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
LOSS FOR THE PERIOD	**(2,068,837)**	(2,755,847)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(2,493)**	(170,634)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(2,493)**	(170,634)
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	**(24,777)**	126,813
Gains on assets revaluation for change in use from owner-occupied properties to investment properties, net of tax	**588**	–
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(24,189)**	126,813
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(26,682)**	(43,821)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(2,095,519)**	(2,799,668)
Attributable to:		
Owners of the parent	**(2,000,724)**	(2,666,327)
Non-controlling interests	**(94,795)**	(133,341)
	(2,095,519)	(2,799,668)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Notes	**30 June 2021 (Unaudited)** *RMB'000*	31 December 2020 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property and equipment		**6,105,726**	6,296,141
Property under development		**1,200,492**	1,142,440
Investment properties		**4,109,684**	3,906,717
Right-of-use assets		**8,322,110**	8,526,315
Goodwill		**10,117,886**	10,189,488
Other intangible assets		**231,102**	265,158
Investments in associates		**615,775**	171,770
Investment in a joint venture		**3,781**	3,781
Financial assets at fair value through other comprehensive income		**424,415**	733,193
Financial assets at fair value through profit or loss		**1,678,398**	1,596,917
Deferred tax assets		**12,265**	13,391
Prepayments, other receivables and other assets		**726,672**	689,776
Total non-current assets		**33,548,306**	33,535,087
CURRENT ASSETS			
Inventories		**7,758,794**	8,368,454
Trade and bills receivables	*11*	**527,016**	427,682
Prepayments, other receivables and other assets		**4,337,044**	3,234,680
Due from related companies		**314,097**	369,045
Financial assets at fair value through profit or loss		**604,207**	417,441
Restricted cash		**14,144,151**	14,544,592
Cash and cash equivalents		**6,078,876**	9,597,200
Total current assets		**33,764,185**	36,959,094

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 June 2021

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
CURRENT LIABILITIES			
Trade and bills payables	12	**19,505,058**	20,416,229
Other payables and accruals		**4,799,111**	4,991,622
Due to related companies		**130,225**	121,628
Lease liabilities		**2,877,765**	3,077,035
Interest-bearing bank and other borrowings	13	**21,814,164**	23,310,157
Tax payable		**1,058,535**	1,026,742
Total current liabilities		**50,184,858**	52,943,413
NET CURRENT LIABILITIES		**(16,420,673)**	(15,984,319)
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,127,633**	17,550,768
NON-CURRENT LIABILITIES			
Lease liabilities		**5,821,800**	5,747,808
Interest-bearing bank and other borrowings	13	**7,273,535**	9,617,396
Derivative financial liabilities	14	**486,959**	351,332
Deferred tax liabilities		**582,505**	566,586
Total non-current liabilities		**14,164,799**	16,283,122
Net assets		**2,962,834**	1,267,646
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**566,158**	518,210
Treasury shares		**(961,906)**	(1,033,410)
Reserves		**7,103,955**	5,431,549
		6,708,207	4,916,349
Non-controlling interests		**(3,745,373)**	(3,648,703)
Total equity		**2,962,834**	1,267,646

NOTES

1. CORPORATE AND GROUP INFORMATION

GOME Retail Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda.

The principal activities of the Company and its subsidiaries (the "Group") are the operations and management of retail stores for electrical appliances, consumer electronic products and general merchandise, as well as full category of on-line sales network in Mainland China through self-operated and platform models.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information have been prepared on a going concern basis notwithstanding that the Group had net current liabilities of RMB16,420,673,000 as at the end of the reporting period. In preparing this interim condensed consolidated financial information, the directors have given careful consideration to the current and anticipated future liquidity of the Group.

Taking into account, inter alia, (i) the expected net cash inflows generated from the Group's operations for the next twelve months; and (ii) the unutilised banking facilities at the end of the reporting period, the directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due. Accordingly, the directors consider that the preparation of this interim condensed consolidated financial information on a going concern basis is appropriate.

The interim condensed consolidated financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the current period's financial information.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and impact of the new and revised IFRSs are described below:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in foreign currencies based on various Interbank Offered Rates as at 30 June 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the "economically equivalent" criterion is met.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has one reportable operating segment which is the operations and management of retail stores of electrical appliances, consumer electronic products and general merchandise, as well as full category of on-line sales network in Mainland China through self-operated and platform models. The corporate office in Hong Kong does not earn revenues and is not classified as an operating segment. Accordingly, no segment information by profit, assets and liabilities is presented.

Geographical information

All (2020: all) revenue of the Group was derived from customers in Mainland China and over 95% (2020: 95%) of the Group's non-current assets, other than financial instruments and deferred tax assets, were located in Mainland China.

Information about major customers

During the six months ended 30 June 2021, there was no revenue derived from a single customer which accounted for 10% or more of the Group's revenue (2020: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers	**26,039,905**	19,075,037
Other income and gains:		
Income from installation	**95,407**	56,384
Income on extended warranty service	**72,608**	63,629
Compensation and penalty income	**4,525**	1,464
Other income from telecommunication service providers	**15,522**	7,944
Commission income from providing on-line platforms	**4,970**	11,496
Gross rental income	**67,004**	36,035
Government grants*	**52,249**	81,984
Income from bank deposits and financial products	**–**	8,061
Gains on lease modification	**7,633**	27,360
Gains on subleases of right-of-use assets	**9,478**	31,104
Income on the net investment in finance leases	**7,776**	6,501
Fair value gains on investment properties	**69,622**	9,582
Fair value gains on financial assets at fair value through profit or loss, net	**16,172**	123,283
Foreign exchange gains, net	**128,900**	1,576
Others	**27,656**	42,609
	579,522	509,012

Note:

* Various local government grants were received to reward the Group's contributions to the local economy. There was no unfulfilled conditions or contingency attaching to these government grants.

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Type of goods or services		
Total revenue from contracts with customers from sale of electrical appliances, consumer electronic products and general merchandise	**26,039,905**	19,075,037
Geographical market		
Mainland China	**26,039,905**	19,075,037
Timing of revenue recognition		
Goods transferred at a point in time	**26,039,905**	19,075,037

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

		For the six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Cost of inventories sold		**22,961,937**	17,249,784
(Reversal of provision)/provision against inventories		**(53,884)**	112,633
Cost of sales		**22,908,053**	17,362,417
Depreciation of property and equipment		**351,125**	326,061
Depreciation of right-of-use assets		**1,093,081**	1,487,286
Amortisation of other intangible assets		**34,056**	34,532
Losses of closing stores*#		**15,800**	65,075
Compensation and penalty*		**(22,733)**	24,114
COVID-19-related rent concession from lessors		**(7,911)**	(175,011)
Losses on disposal of property and equipment*		**1,610**	1,844
Fair value (gains)/losses, net:			
Financial assets at fair value through profit or loss	*5*	**(16,172)**	(123,283)
Derivative financial liabilities embedded in the convertible bonds issued*	*14*	**141,292**	168,778
Fair value gains on investment properties	*5*	**(69,622)**	(9,582)
Gross rental income	*5*	**(67,004)**	(36,035)
Foreign exchange differences, net	*5*	**(128,900)**	(1,576)
Impairment losses on goodwill*		**71,602**	–
(Reversal of impairment losses)/impairment losses on financial assets*		**(21,488)**	17,360

Notes:

* These items are included in "Other expenses" in the interim condensed consolidated statement of profit or loss.

\# Write-off of certain leasehold improvements of RMB5,234,000 (six months ended 30 June 2020: RMB63,621,000) were included in this item.

7. FINANCE (COSTS)/INCOME

An analysis of finance costs and finance income is as follows:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Finance costs:		
Interest on bonds payable	**(214,350)**	(257,615)
Interest on bank borrowings	**(605,444)**	(438,216)
Interest on lease liabilities	**(280,983)**	(380,194)
Total interest expense on financial liabilities not at fair value through profit or loss	**(1,100,777)**	(1,076,025)
Less: Interest capitalised	**86,869**	73,361
	(1,013,908)	(1,002,664)

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Finance income:		
Bank interest income	**256,374**	278,492
Interest income from loans to investees	**3,053**	14,591
	259,427	293,083

8. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime for the year of assessment 2020/2021. The first HK$2,000,000 (2020: HK$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current – Charge for the period	**30,616**	3,807
Deferred	**18,859**	37,417
Total tax charge for the period	**49,475**	41,224

9. DIVIDENDS

Pursuant to the resolution of the board of directors dated 27 August 2021, the board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 so as to preserve capital for the funding needs of the Group.

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 21,636,633,000 (six months ended 30 June 2020: 20,066,871,000) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2021 and 2020 in respect of a dilution as the impact of convertible bonds outstanding and share award granted had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of the basic and diluted loss per share are based on:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(1,974,042)**	(2,622,506)

	Number of shares	
	2021	2020
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	**21,636,633**	20,066,871

11. TRADE AND BILLS RECEIVABLES

	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Trade receivables	**547,999**	447,439
Bills receivables	**515**	–
	548,514	447,439
Impairment	**(21,498)**	(19,757)
	527,016	427,682

11. TRADE AND BILLS RECEIVABLES (continued)

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2021 (Unaudited) ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Within 3 months	**483,119**	407,854
3 to 6 months	**42,998**	9,950
Over 6 months	**899**	9,878
	527,016	427,682

12. TRADE AND BILLS PAYABLES

	30 June 2021 (Unaudited) ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Trade payables	**6,590,088**	6,374,841
Bills payables	**12,914,970**	14,041,388
	19,505,058	20,416,229

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the goods receipt date, is as follows:

	30 June 2021 (Unaudited) ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Within 3 months	**10,083,744**	10,853,647
3 to 6 months	**5,045,471**	2,579,143
Over 6 months	**4,375,843**	6,983,439
	19,505,058	20,416,229

Certain of the Group's bills payables are secured by:

(i) certain of the Group's time deposits and related interest receivables;

(ii) mortgages over the Group's buildings; and

(iii) mortgages over the Group's investment properties situated in Mainland China.

The trade and bills payables are non-interest-bearing and are normally settled on terms of one to six months.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2021		31 December 2020	
	Maturity		Maturity	
		(Unaudited)		(Audited)
		RMB'000		*RMB'000*
Current				
Bank loans – secured	**2021-2022**	**16,131,936**	2021	17,337,338
Bank loans – unsecured	**2021-2022**	**2,984,719**	2021	3,104,511
Other loans – secured	**2021-2022**	**170,383**	2021	320,250
Other loans – unsecured	**2021**	**21,000**		–
Bonds payable – unsecured	**2022**	**2,506,126**	2021	2,548,058
		21,814,164		23,310,157
Non-current				
Bank loans – secured	**2022-2034**	**5,228,740**	2022-2034	5,056,087
Bank loans – unsecured	**2023-2024**	**33,000**		–
Other loans – secured	**2024**	**67,510**	2022-2024	85,493
Bonds payable – unsecured	**2023-2026**	**1,944,285**	2022-2026	4,475,816
		7,273,535		9,617,396
Analysed into:				
Bank loans repayable:				
Within one year		**19,116,655**		20,441,849
In the second year		**2,333,919**		1,616,785
In the third to fifth years, inclusive		**537,505**		1,330,827
Beyond five years		**2,390,316**		2,108,475
		24,378,395		25,497,936
Other borrowings repayable:				
Within one year		**2,697,509**		2,868,308
In the second year		**1,628,636**		2,521,972
In the third to fifth years, inclusive		**383,159**		1,839,910
Beyond five years		**–**		199,427
		4,709,304		7,429,617

13. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

i) Certain of the Group’s bank and other borrowings are secured by:

   (a) certain of the Group’s buildings situated in Mainland China;

   (b) certain of the Group’s leasehold land situated in Mainland China;

   (c) certain of the Group’s investment properties situated in Mainland China;

   (d) certain of the Group’s property under development situated in Mainland China;

   (e) the Group’s aircraft;

   (f) certain of the Group’s time deposits and related interest receivables;

   (g) certain of the Group’s financial assets at fair value through profit or loss;

   (h) certain of the Group’s financial assets at fair value through other comprehensive income; and

   (i) certain of the Group’s securities held as the investment in an associate.

ii) Except for the bank loans of EUR352,650,000 (equivalent to RMB2,712,424,000), all the Group’s bank and other borrowings are denominated in RMB.

14. CONVERTIBLE BONDS

On 17 April 2020, the Company, as issuer, and Hongkong Walnut Street Limited (“Pinduoduo”), a company with limited liability incorporated under the laws of Hong Kong and a wholly-owned subsidiary of Pinduoduo Inc., as subscriber, entered into a subscription agreement (the “Pinduoduo Subscription Agreement”) in relation to the subscription of the convertible bonds at the subscription price equal to 100% of the principal amount of the convertible bonds, being US$200 million. The revised conversion price is HK$1.20 per share. Assuming that the conversion rights have been exercised in full, 1,300,000,000 new shares of the Company will be allotted and issued. The issuance was completed on 28 April 2020.

On 28 May 2020, the Company, as issuer, and JD.com International limited (“JD”), a limited liability company established in Hong Kong and a wholly-owned subsidiary of JD.com, Inc., as subscriber, entered into subscription agreement (the “JD Subscription Agreement’) in relation to the subscription of the convertible bonds at the subscription price equal to 100% of the principal amount of the convertible bonds, being US$100 million. The revised conversion price is HK$1.24 per share. Assuming that the conversion rights have been exercised in full, 629,032,258 new shares of the Company will be allotted and issued. The issuance was completed on 30 June 2020.

The convertible bonds issued under the Pinduoduo Subscription Agreement and the JD Subscription Agreement (collectively the “CBs”) bear interest from (and including) the issuance date at the rate of 5% per annum payable annually. The CBs initially have a maturity date falling on the third anniversary of the issue date, which may be extended for another 2 years at the option of bondholders of the CBs under certain conditions.

14. CONVERTIBLE BONDS (continued)

Upon the occurrence of certain issuer redemption events, the Company has the option to redeem in whole (but not in part), the CBs then outstanding. Upon the occurrence of certain bondholder redemption events, the bondholders have the option to redeem in whole, or in part, the CBs then outstanding.

At the issuance date, the liability components, and above-mentioned conversion options, extension options and redemption options (collectively the "embedded derivatives") of the CBs were measured at fair value. The liability components are presented as long term interest-bearing borrowings on the amortised cost basis until extinguished on conversion or redemption. The embedded derivatives are separated from liability components, presented as derivative financial liabilities at fair value. As at 30 June 2021, the fair value of the derivative embedded was RMB486,959,000 (31 December 2020: RMB351,332,000).

For further details of the convertible bonds, please refer to the related announcements of the Company on 19 April 2020, 28 April 2020, 28 May 2020, 30 June 2020 and 29 April 2021.

15. EVENTS AFTER THE REPORTING PERIOD

The Group did not have any significant events taking place subsequent to 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the six months ended 30 June 2021 (the "Reporting Period"), with a consistent focus on the "Home • Living" strategy and based on the development philosophy from platform perspective, users' perspective and technology perspective, GOME Retail Holdings Limited (the "Company", with its subsidiaries, collectively known as the "Group" or "GOME") further promoted the development of the "FUN (真快樂)" online platform as well as the offline local lifestyle service platform, supply chain platform, logistic platform, informatisation – big-data & cloud platform and sharing and joint development platform. Leveraging on marketing with entertainment features, low price, quality service and technology as its core business strategy, GOME strives to meet the all-round consumption and service needs of family users, so that families could enjoy better products and services at lower prices, and have a better quality life.

During the Reporting Period, attributable to the effective prevention and control of the COVID-19 pandemic in various countries and regions, the global economy was starting to recover. The GMV of the Group grew by 24.42% as compared with the corresponding period last year. Focusing on social interaction, the Group developed online communities with its employees as seed users. During the Reporting period, the number of communities increased by 30% as compared with the corresponding period last year. The number of shared products within the communities increased significantly as compared with the corresponding period last year, and the number of sales order and sales amount realized through the sharing within the communities were almost tripled as compared with the corresponding period last year. In addition, through marketing with entertainment and competition features, approximately 75,000 live broadcasts were completed in the Reporting Period, reaching more than 38 million users.

In the first half of 2021, sales revenue of the Group was approximately RMB26,040 million, increased by 36.51% as compared to RMB19,075 million for the corresponding period last year. The consolidated gross profit margin was approximately 14.25%, increased by 2.60 percentage points as compared to 11.65% for the corresponding period last year. The Group's operating expenses were approximately RMB4,972 million, as compared to RMB4,220 million for the corresponding period last year. The finance costs were approximately RMB1,014 million, basically flat as compared to RMB1,003 million for the corresponding period last year. Taking into account the above factors, the Group's loss attributable to owners of the parent during the Reporting Period was approximately RMB1,974 million, decreased by 24.74% as compared with a loss of RMB2,623 million for the corresponding period last year.

In the first half of 2021, the Group shared with third parties its efficient open supply chain at low cost, and SKU exceeded 600,000, over 90% of which were non-home appliance products. By establishing the "friend zone" for sharing and joint development, the Group cooperated with SZ Investment Holdings, JD.com, Pinduoduo Inc. and SZ Eternal, etc. in respect of capital, supply chain, channels and industrial chains to share resources and achieve synergy, to become a flat, sharing and decentralised strategic consumption service provider.

FINANCIAL REVIEW

Revenue

With the gradual alleviation of the COVID-19 pandemic in Mainland China and the launch of the stimulating policies in consumption by the Chinese government, the business environment continued to improve and thus created new opportunities for all industries during the Reporting Period. The Group accelerated the implementation of its "Home•Living" strategy and drove the growth of its business performance simultaneously. Sales revenue was approximately RMB26,040 million during the Reporting Period, increased by 36.51% as compared with RMB19,075 million for the corresponding period last year.

During the Reporting Period, sales revenue from the 1,888 comparable stores was approximately RMB22,150 million, up 34.06% as compared with RMB16,523 million for the corresponding period in 2020. In addition, the proportion of revenue from county-level stores has increased from 8.23% for the corresponding period last year to 12.88% of total revenue, while the revenue from new businesses (including integration of kitchen cabinets with electrical appliances, home decoration and home furnishing, etc.) has increased from 7.02% for the corresponding period last year to 7.85% of total revenue.

Cost of Sales and Gross Profit

During the Reporting Period, cost of sales for the Group was approximately RMB22,908 million, accounting for approximately 87.97% of the total sales revenue, as compared with 91.02% for the corresponding period in 2020. The Group's gross profit was approximately RMB3,132 million, increased by 82.84% as compared with RMB1,713 million for the corresponding period last year. Gross profit margin was approximately 12.03%, increased by 3.05 percentage points as compared with 8.98% for the corresponding period last year. The main reason for the increase in gross profit margin was that the gross profit margins for higher-margin products such as AV, refrigerator and washing machine and small white appliances increased and also the sales of these products accounted for a relative larger proportion as compared with the pandemic period last year. The proportion of sales of these categories increased from 38.86% for the corresponding period last year to 48.59% during the Reporting Period.

Other Income and Gains

During the Reporting Period, the Group recorded other income and gains of approximately RMB580 million, representing an increase of approximately 13.95% as compared with RMB509 million for the corresponding period in 2020, mainly due to, among others, the increase in fair value gain on investment properties and net gain on foreign exchange during the Reporting Period.

Consolidated Gross Profit Margin

Due to the sales of higher-margin bulk home appliances accounted for a larger portion of the total sales, the consolidated gross profit margin for the Group increased by 2.60 percentage points from 11.65% in the corresponding period last year to approximately 14.25% during the Reporting Period. With the gradual alleviation of the COVID-19 pandemic and benefited from the stimulating policies in consumption, the consolidated gross profit margin has improved significantly during the Reporting Period.

Operating Expenses

During the Reporting Period, in line with the increase in Group's sales revenue, the Group's total operating expenses (comprised of selling and distribution expenses, administrative expenses and other expenses) increased by 17.82% from RMB4,220 million for the corresponding period last year to approximately RMB4,972 million. During the Reporting Period, the Group's operating expenses ratio was 19.09%, decreased by 3.03 percentage points as compared with 22.12% for the corresponding period in 2020. The Group expects that the operating expenses ratio will be maintained at a relatively low level.

Selling and Distribution Expenses

During the Reporting Period, the Group's total selling and distribution expenses amounted to approximately RMB3,714 million, increased by 22.33% as compared with RMB3,036 million for the corresponding period last year.

The increase in selling and distribution expenses was mainly due to the alleviation of the pandemic which boosted the sales revenue and thus increased the selling and distribution expenses during the Reporting Period. Among that, rental expenses increased from RMB12 million for the corresponding period last year to approximately RMB291 million; advertising and promotion expenses increased from RMB142 million for the corresponding period last year to approximately RMB483 million. A total increase of approximately RMB620 million was recorded during the Reporting Period from the above items.

The selling and distribution expenses as a percentage over sales revenue was 14.26%, decreased by 1.65 percentage points as compared with 15.91% for the corresponding period in 2020. The Group has always strive to maintain the selling and distribution expenses at a relatively low level.

Administrative Expenses

During the Reporting Period, administrative expenses of the Group were approximately RMB1,061 million, increased by 17.89% as compared with RMB900 million for the corresponding period last year. Among which, salaries increased from RMB499 million for the corresponding period last year to approximately RMB597 million. The proportion over sales revenue was 4.07%, decreased by 0.65 percentage point as compared with 4.72% for the corresponding period in 2020. The Group has always strive to strengthen its control over administrative expenses in order to maintain its expenses ratio at a relatively low level in the industry.

Other Expenses

During the Reporting Period, the other expenses of the Group mainly comprised fair value loss on derivative financial liabilities embedded in the convertible bonds of approximately RMB141 million, goodwill impairment amounted to approximately RMB72 million, compensation income amounted to approximately RMB23 million and other items amounted to approximately RMB8 million. The total amount of other expenses was approximately RMB198 million, decreased by 30.53% as compared with RMB285 million for the corresponding period last year. The other expenses ratio was approximately 0.76%, down 0.73 percentage point as compared with 1.49% for the corresponding period in 2020. The main reason of impairment loss on goodwill is as follows:

The Group acquired 100% of the shares of Shaanxi Cellstar Telecommunication Retail Chain Company Limited ("Cell Star") in 2007. Its main business is the operation of mobile phones, computers and other electronic products under the "Cell Star Telecom (蜂星電訊)" brand in Shaanxi, China. Upon completion of the acquisition, the Group recorded a goodwill of RMB60 million.

The original intention of the acquisition of Cell Star was to increase the Group's revenue in the sale of electrical appliances in Shaanxi. The result of Cell Star at the time of its acquisition was at an acceptable level. Due to the fierce competition from online sales and the adverse effect of the COVID-19 pandemic, the management has optimised the structure of the Cell Star stores by closing 47 underperformed stores and opening 5 new franchise stores during the Reporting Period, leaving 11 stores at the end of the Reporting Period. In order to better organise the Group's business in response to fierce market competition, the Group decided to further optimise the structure and integrate the Cell Star business into the Group's operation. Since the continuous underperformance of Cell Star indicated an impairment of goodwill on Cell Star. An impairment test was conducted according to the requirement of IAS 36 and showing that the recoverable amount was lower than the carrying amount. As a result, goodwill impairment loss of Cell Star of approximately RMB60 million was recognised by the Group during the Reporting Period.

Loss before Finance (Costs)/Income and Tax

During the Reporting Period, mainly affected by the increase in sales revenue and consolidated gross profit, the Group's loss before finance (costs)/income and tax significantly decreased by 36.91% from a loss of RMB2,005 million for the corresponding period in 2020 to approximately RMB1,265 million.

Net Finance (Costs)/Income

During the Reporting Period, the Group's net finance costs (finance income less finance costs) were approximately RMB754 million, as compared with RMB710 million in the first half of 2020. The increase in the net finance costs was mainly due to, among others, the interest expenses on the bank borrowings increased from RMB438 million in the corresponding period last year to approximately RMB605 million.

Loss before Tax

As a result of the above-mentioned factors, the Group's loss before tax was approximately RMB2,019 million during the Reporting Period, decreased by 25.64% as compared with a loss of RMB2,715 million for the corresponding period in 2020.

Income Tax Expense

During the Reporting Period, the Group's income tax expense increased slightly from RMB41 million for the corresponding period in 2020 to approximately RMB49 million. The management of the Company considers that the effective tax rate applied to the Group for the Reporting Period was reasonable.

Loss for the Period and Loss per Share Attributable to Owners of the Parent

During the Reporting Period, the Group's loss attributable to owners of the parent was approximately RMB1,974 million, decreased by 24.74% as compared with a loss of RMB2,623 million for the corresponding period last year.

During the Reporting Period, the Group's basic loss per share was approximately RMB9.1 fen, as compared with basic loss per share of RMB13.1 fen for the corresponding period last year.

Cash and Cash Equivalents

As at the end of the Reporting Period, cash and cash equivalents held by the Group were approximately RMB6,079 million, as compared with RMB9,597 million as at the end of 2020. The decrease in the cash and cash equivalents position was mainly due to the Group having repaid its borrowings during the Reporting Period.

Inventories

As at the end of the Reporting Period, the Group's inventories amounted to approximately RMB7,759 million, down 7.28% as compared with RMB8,368 million as at the end of 2020. Mainly due to the increase in sales revenue and cost of sales during the Reporting Period, inventory turnover days decreased by 11 days from 75 days in the first half of 2020 to approximately 64 days.

Prepayments, Other Receivables and Other Assets (current)

As at the end of the Reporting Period, prepayments, other receivables and other assets of the Group amounted to approximately RMB4,337 million, up 34.06% from RMB3,235 million as at the end of 2020. The increase was mainly due to the Group increased its advances to suppliers in order to obtain better merchandises during the Reporting Period.

Trade and Bills Payables

As at the end of the Reporting Period, trade and bills payables of the Group amounted to approximately RMB19,505 million, down 4.46% as compared with RMB20,416 million as at the end of 2020. Mainly due to the increase in sales revenue and cost of sales during the Reporting Period, turnover days of trade and bills payables decreased by 64 days from 221 days for the corresponding period in 2020 to approximately 157 days.

Capital Expenditure

During the Reporting Period, capital expenditure incurred by the Group amounted to approximately RMB264 million, representing a 31.78% decrease as compared with RMB387 million for the first half of 2020. The capital expenditure during the period was mainly for the development of logistic centers and upgrading the information system of the Group.

Cash Flows

During the Reporting Period, mainly due to, among others, the increase in prepayments, other receivables and other assets, and the decrease in trade and bills payables, the Group's net cash flows used in operating activities was approximately RMB2,141 million, as compared with cash flows of RMB1,994 million generated for the corresponding period last year.

Mainly due to the inclusion of proceeds paid for the purchase of property and equipment with regard to the development of logistic centers amounted to approximately RMB264 million and the net increase in financial assets at fair value through profit or loss amounted to approximately RMB275 million, net cash flows used in investing activities were approximately RMB672 million, as compared with RMB329 million used in the first half of 2020.

During the Reporting Period, net cash flows used in financing activities amounted to approximately RMB703 million, as compared with RMB1,676 million generated in the first half of 2020. The net cash outflows from financing activities were mainly due to, among others, the Group having repaid its interest-bearing bank loans and corporated bonds during the Reporting Period.

Contingent Liabilities and Capital Commitments

As at the end of the Reporting Period, the Group had no material contingent liabilities. The Group had capital commitments of approximately RMB747 million.

Foreign Currencies and Treasury Policy

The majority of the Group's income and its expenses and cash and cash equivalents were denominated in Renminbi. The Group has adopted effective measures to reduce its foreign exchange risks. The Group's treasury policy is that it will only manage such exposure (if any) when it posts significant potential financial impact on the Group.

The management of the Group estimates that less than 10% of the Group's current purchases are imported products and the transactions are mainly denominated in Renminbi.

Financial Resources and Gearing Ratio

During the Reporting Period, the Group's working capital, capital expenditure and cash for investments were mainly funded by cash on hand, cash generated from operations, cash from placing of shares, interest-bearing bank and other borrowings.

As at 30 June 2021, the total borrowings of the Group comprised of interest-bearing bank loans, other loans, corporate bonds and convertible bonds.

The current interest-bearing bank loans and other loans comprised:

	Fixed rate *RMB'000*	**Floating rate** *RMB'000*	**Total** *RMB'000*
Denominated in RMB	19,179,448	128,590	19,308,038

The above loans were repayable within 1 year.

The non-current interest-bearing bank loans and other loan comprised:

	Fixed rate	**Floating rate**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Denominated in EUR			
Repayable in the second year	1,657,082	547,837	2,204,919
Repayable in the third to fifth years, inclusive	–	507,505	507,505
Denominated in RMB			
Repayable in the second year	103,000	26,000	129,000
Repayable in the third to fifth years, inclusive	67,510	30,000	97,510
Repayable beyond five years	126,578	2,263,738	2,390,316
	1,954,170	3,375,080	5,329,250

The corporate bonds comprised:

(1) corporate bonds issued in 2016, renewed and resale in 2019, 2020 and 2021 with an aggregate nominal value of RMB2,479 million issued at fixed coupon rate of 7.6% per annum with remaining term of 1 year;

(2) corporate bonds issued in 2018, renewed in 2020 with an aggregate nominal value of RMB102 million issued at a fixed coupon rate of 7.8% per annum with remaining term of 4 years, the Group shall be entitled to adjust the coupon rate and the investors shall be entitled to sell the outstanding bonds back to the Group at the end of the second year;

(3) corporate bonds issued in 2019, renewed in 2021 with an aggregate nominal value of RMB16 million issued at a fixed coupon rate of 7.8% per annum with remaining term of 4 years, the Group shall be entitled to adjust the coupon rate and the investors shall be entitled to sell the outstanding bonds back to the Group at the end of the second year; and

(4) corporate bonds issued in 2020 with an aggregate nominal value of RMB200 million issued at a fixed coupon rate of 7% per annum with a term of 6 years, the Group shall be entitled to adjust the coupon rate and the investors shall be entitled to sell the outstanding bonds back to the Group at the end of the third year.

Convertible bonds comprised:

(1) 5% convertible bonds due 2023 (with an option to extend to 2025) in the aggregate principal amount of US$200 million issued in April 2020. As at 31 December 2020, the net proceeds of US$196.80 million have been fully used to repay the debts and related interests of the Group; and

(2) 5% convertible bonds due 2023 (with an option to extend to 2025) in the aggregate principal amount of US$100 million issued in June 2020. As at 31 December 2020, the net proceeds of US$50.31 million have been used to repay the debts and related interests of the Group, the remaining balance of approximately US$48.80 million have been fully used to repay the debts and related interests of the Group during the Reporting Period.

The Group's financing activities continued to be supported by its bankers.

As at 30 June 2021, the debt to total equity ratio, which was expressed as a percentage of total borrowings amounted to approximately RMB29,088 million over total equity amounted to approximately RMB2,963 million, decreased from 2,596.85% as at 31 December 2020 to 981.71%. The debt ratio was 43.21% as compared with 46.71% as at 31 December 2020, which was expressed as a percentage of total borrowings over total assets amounted to approximately RMB67,312 million.

Charge on Group Assets

As at 30 June 2021, the Group's bills payables and interest-bearing bank and other loans were secured by the Group's time deposits amounted to approximately RMB14,144 million and related interest receivables amounted to approximately RMB161 million, certain property and equipment, property under development and investment properties of the Group with a carrying value of approximately RMB7,073 million, the Group's financial assets with a carrying amount of approximately RMB660 million, certain securities held as investment in an associate by the Group with a carrying amount of approximately RMB232 million and leasehold land with carrying amount of approximately RMB94 million. The Group's bills payables, secured interest-bearing bank loans and other loans amounted to approximately RMB34,514 million in total.

HUMAN RESOURCES

Employee and Remuneration Policy

As at 30 June 2021, the Group employed a total of 35,032 employees. The Group recruits and promotes individuals based on merit and their development potentials. Remuneration package offered to all employees, including Directors, is determined with reference to their performance and the prevailing salary levels in the market.

OUTLOOK AND PROSPECTS

Leveraging on supply chain and channel advantages to reduce costs, enhance efficiency and increase profitability

On supply chain development, GOME integrated the four elements of entertainment, technology, low price and service to construct a three-in-one supply chain platform of "merchants invitation + self-operation + customization" and establish a delicate supply chain system based on the principle of intelligent customization and quality products. The Group continued to strengthen the supply chain of home appliances in order to achieve a high-efficient and low-cost operation model. GOME also joined hands with online and offline third-party vendors to create a professional home appliance supply chain with diverse products and price advantages. The Group cooperated with a number of strategic partners to continuously expand its market share by taking advantage of innovative marketing tools and the changing nature of the online and offline sales scenarios.

Regarding channel operation, GOME adopted the "self-operation + third-party + agency" model to realize cross-channel output through its own online and offline platforms, third-party platforms (JD, PDD, TikTok, etc.) and third-party agent operators. GOME will also actively deepen its cooperation with industry-leading agent operators to transform agent operators into distributors and forge an innovative ecosystem of agent operations.

Efficient utilization of entertainment tools to stimulate consumer market vitality

With the trend of new retail reforms, GOME regarded entertainment as one of the important development pillars and fully deepened the entertainment marketing model to drive consumer demand. The Group strengthened the interaction between the platform and users in entertainment shopping through diversified means such as live streaming, talent show, limited-time offers, short video, matches and games.

To support the policy of "promoting sales and market development with special festivals" proposed by the Ministry of Commerce, GOME will hold various activities with brand sponsors to set up food stalls, fashion space, interactive sessions and with other fun and trendy features to enhance customer experience.

In-depth integration of online and offline operations to create a centralized business development ecosystem

With "designated webpage for each store", GOME has facilitated the interaction between offline stores and online "FUN" APP platform, and provided services to community household customers within 1-8 km radius. For offline operation, GOME's grid-based network of offline stores consists of five types of stores: city stores, commercial complex stores, regional stores, community stores and community stations. They provide "Home • Living" solutions for community household customers within 1-8 km radius. In addition, GOME planned to proactively transform its offline outlets to "one store with multiple functions", and create urban "social living rooms".

Moreover, to support the Guidance on Construction of Urban 15-Minute Convenient Living Circle issued by the Ministry of Commerce, GOME proactively promoted the joint development of different business models in the convenient living circle, and built a comprehensive commercial service system with in-depth integration of online and offline activities and mutual support between virtual and physical operations. The Group planned to integrate fully merchant resources, connecting smart communities and intelligent housekeeping, and integrating commercial and social functions, thereby creating a centralized business development ecosystem.

Continuing to improve logistics service capabilities to promote rural revitalization and facilitate development of low-tier markets

In recent years, GOME has continued to improve its logistics service capabilities and increased its efforts in rural market expansion to promote consumption upgrading in rural areas. In addition, GOME is committed to creating high-standard service experience by focusing on three aspects of on-time delivery, speedy delivery and quality experience. As a provider of high-end on-time product for large goods warehousing and delivery, GOME provides customers with customized and on-time delivery value-added services. Moreover, leveraging its leading capabilities of logistics services, GOME will also provide supply chain solutions for different industries.

Advocating fair competition to establish position as a retailing service provider with the philosophy of joint contribution and shared benefits

GOME has been advocating fair competition in a bid to help the retailing industry to grow in the direction of fairer and healthier development. The Group is dedicated to create an open platform for sharing and co-development geared to assisting suppliers, vendors and customers for executing highly efficient interactions. GOME has leveraged a decentralized retailing infrastructure coupled with its retailing capabilities as driving force to empower partners of the retailing industry in integrating more retailing resources and constructing a highly efficient ecosystem for the retailing industry. This approach would provide most consumers with a low carbon, environmental-friendly, highly efficient for all and data safe environment for sustainable consumption. Moreover, GOME has signed a cooperation agreement with state-owned Shenzhen Investment Holding Capital Co. Ltd and Shenzhen Eternal Asia Supply Chain Company Ltd (002183.SZ) in July 2021. Under this agreement, these three parties will cooperate in areas of capital, supply chain, channel and industry chain to establish a flat, sharing and decentralized strategic platform for massive consumption. Moreover, they will coordinate complementary support on resources. These industry leaders will join hands in sharpening complete chain and fully integrated service capabilities all the way from production, brand incubation, brand operation, channel management, marketing management and end-users sales.

INTERIM DIVIDEND AND DIVIDEND POLICY

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 so as to preserve capital for the funding needs of the Group.

Currently, the Board anticipates that the dividend payout ratio will be maintained at approximately 40% of the Group's distributable profit for the relevant financial year. However, the actual payout ratio in a financial year will be determined at the Board's full discretion, after taking into account, among other considerations, the working capital requirement of the Group, business environment, availability of investment and acquisition opportunities.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

1) In January 2021, the Group renewed the domestic bonds issued in 2016 in the PRC, the renewed aggregate principal amount was RMB937,399,000 with 7.6% coupon rate per annum and remaining term of 1 year.

2) In March 2021, the Group renewed the domestic bonds issued in 2019 in the PRC, the renewed aggregate principal amount was RMB16,211,000 with 7.8% coupon rate per annum and remaining term of 4 years. The Group will be entitled to adjust the coupon rate and the investors will be entitled to sell back the domestic bonds to the Group at the end of the second year.

3) On 4 March 2021, a total of 2,279,976,000 shares of the Company have been successfully placed at the placing price of HK$1.97 per share to independent placees. The net proceeds received by the Company from the placing, after deducting relating fees and expenses, were approximately HK$4,449,453,000. As at 30 June 2021, the net proceeds of approximately HK$4,449,453,000 have been used for business operation and to repay the debts and related interests of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

CORPORATE GOVERNANCE

The Company is committed to upholding good corporate governance practices. For the six months ended 30 June 2021, the Company was in compliance with the code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Upon specific enquiries made by the Company, all directors of the Company have confirmed their compliance with the Model Code during the period under review.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the interim results of the Company, together with the internal control and financial reporting matters of the Group, which includes the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2021.

RESIGNATION OF THE PRESIDENT OF THE COMPANY

The Board hereby announces that Mr. Wang Jun Zhou ("Mr. Wang") has resigned from the position of President of the Company with effective from 27 August 2021 due to his personal retirement plan.

Mr. Wang has confirmed that he does not have any disagreements with the Board, and there is no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company. The Board would like to express its deepest gratitude to Mr. Wang for his valuable contribution to the Group during his term of office.

PUBLICATION INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This announcement will be published on the websites of the Stock Exchange and the Company (www.gome.com.hk). The 2021 Interim Report will also be published on the websites of the Stock Exchange and the Company and will be despatched to the shareholders of the Company.

APPRECIATION

On behalf of the Board, I wish to thank our shareholders and business partners for their support to the Group and to extend my appreciation to all staff members for their dedication and contribution throughout the period.

By Order of the Board
GOME Retail Holdings Limited
Zhang Da Zhong
Chairman

Hong Kong, 27 August 2021

As at the date of this announcement, the Board of the Company comprises Mr. Zou Xiao Chun as executive director; Mr. Zhang Da Zhong, Ms. Huang Xiu Hong and Mr. Yu Sing Wong as non-executive directors; and Mr. Lee Kong Wai, Conway, Ms. Liu Hong Yu and Mr. Wang Gao as independent non-executive directors.

* *For identification purpose only*