



GOME RETAIL HOLDINGS LIMITED

國美零售控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 493)

PROFIT WARNING ANNOUNCEMENT

This announcement is made by GOME Retail Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rule 13.09 of the Listing Rules.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company and potential investors that during the year ended 31 December 2017 (the “**Reporting Period**”), the Group launched its “Home • Living” strategy. This new blueprint follows the Group’s plans to evolve into a one-stop home solution provider, going beyond the traditional home appliance retailer field. With the vision of “Better lifestyle through GOME”, the Group aims to energize its retail business by using cutting-edge technology and upgrading its services and has started to bearing fruit. Based on the preliminary review of the latest management accounts of the Group, during the Reporting Period, the Group’s total gross merchandise volume (“**GMV**”) for both online and offline operations is expected to grow by more than 20% as compared with the corresponding period last year. The sales from the comparable stores of the Group is expected to increase by more than 2% and the consolidated gross profit margin maintained at a high level and is expected to exceed 18%. Despite the e-commerce business entering the online-offline integration stage, and its direct sales revenue decreasing, resulting in an expected decrease of approximately 7% in the sales revenue of the Group during the Reporting Period as compared with the corresponding period last year, the GMV from the marketplace of the e-commerce business is expected to grow by more than 100% as compared to the corresponding period last year. The Group now has over 200 million members and is speeding up its expansion on the services regime and expanding into 4th and 5th tier cities to enhance its new competitive advantage.

During the Reporting Period, the overall operating performance of the Group remained strong. Based on applicable accounting standards, the Group impaired the goodwill for some of its under-performing business and impaired the long-term assets related to the e-commerce business. In addition, financial costs also increased as a result of the increase in debts. Taking into account the above factors, the Group’s loss attributable to owners of the parent during the Reporting Period is expected to fall within the range of between RMB300 million and RMB500 million, as compared to a net profit in the corresponding period last year. However, if the non-operating items such as impairment of goodwill, impairment of long-term assets related to the e-commerce business and interest on bonds payable are excluded, the profit of the Group is expected to improve as compared with the corresponding period last year.

In the future, the Group will continue with its “Home • Living” strategy and provide the shareholders with better returns.

The information disclosed above includes the data of Artway Development Limited and its subsidiaries (the “**Artway Group**”) from 1 April 2016, but does not include the figures of the Artway Group from January to March 2016. Since the acquisition of Artway Group was completed on 31 March 2016. The financial information of the Artway Group has been consolidated with the Group starting from 1 April 2016.

The information contained in this announcement is only based on the preliminary review by the Company’s management and is not based on any figures or information that has been audited or reviewed by the auditor or the audit committee of the Company. Such information is subject to finalization and if the finalized information differs significantly from the estimation set forth in this announcement, the Company will provide updates on a timely basis. Shareholders and potential investors are advised to read carefully the results announcement of the Company for the Reporting Period which is expected to be published by the end of March 2018.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 1 March 2018

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*