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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 AND INFORMATION UPDATE

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

The board of directors (the “**Board**”) of the Company wishes to update shareholders and potential investors of the Company of the latest information of the Group. During the six months ended 30 June 2023 (the “**Reporting Period**”), the Group took the current market dynamics into consideration and adopted the corporate vision of “adhering to low price and to become the best purchaser for consumers”. It is based on technology, penetrating into the operations and management, optimising industry costs, improving efficiency and experience, and establishing a brand-new technology retail enterprise.

In the first half of 2023, the Group has been affected by, amongst others, overdue debts, pending litigations and frozen funds, leading to limited working capital and a significant decline in the scale of business operations. Based on the preliminary review of the latest management accounts of the Group, the sales revenue during the Reporting Period is expected to decline by over 90% from RMB12,109 million for the corresponding period last year. Due to substantial decrease in revenue, increase in penalty interest and litigation expenses from overdue debts, the Group’s loss attributable to owners of the parent during the Reporting Period is expected to increase by approximately 15% to 25% from RMB2,966 million for the corresponding period last year.

As at 30 June 2023, the Group’s overdue interest-bearing bank and other borrowings amounted to approximately RMB16 billion. The Group has been in active negotiations with relevant banks and corporates on, amongst others, change of contractual terms or extension of the loan tenor, to reach mutually agreed arrangements.

As at 31 July 2023, the Group was involved in a total of 1,458 pending lawsuits, amounted to approximately RMB11.2 billion in aggregate, of which, the pending cases with banks and financial institutions amounted to approximately RMB9.4 billion.

As at 31 July 2023, the Group’s frozen funds amounted to approximately RMB197 million in aggregate.

The Group focuses on a closed-loop comprehensive ecology of “Home•Living”, with electrical appliances and consumer electronics products as its main business. In addition, it operates various vertical businesses of consumer products. By establishing a strong supply chain system with its self-operated procurement model, GOME provides strong empowerment for all channels, and offers consumers with low-priced products, becoming the best purchaser for consumers, and consolidating its leading position in various vertical businesses with its low pricing strategy.

The information contained in this announcement is only based on a preliminary review of the latest management accounts of the Group 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 and may be subject to adjustment. 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 August 2023.

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

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

Hong Kong, 18 August 2023

As at the date of this announcement, the Board comprises Mr. Zou Xiao Chun and Ms. Huang Xiu Hong as executive directors, Mr. Zhang Da Zhong and Ms. Dong Xiao Hong 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*