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GOME ELECTRICAL APPLIANCES HOLDING LIMITED

國美電器控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 493)

ANNOUNCEMENT

ADJUSTMENT OF CONVERSION PRICE OF RMB DENOMINATED USD SETTLED ZERO COUPON CONVERTIBLE BONDS DUE 2014

In accordance with the terms and conditions of the Convertible Bonds, the Conversion Price has been adjusted from HK\$4.96 per Share to HK\$4.54 or HK\$4.51 per Share as a result of the payment of Dividend by the Company and the proposed Open Offer with effect from 3 July 2009.

Reference is made to the announcement of GOME Electrical Appliances Holding Limited (the “**Company**”) dated 11 May 2007 (the “**CB Announcement**”) in relation to the issue by the Company of the RMB Denominated USD Settled Zero Coupon Convertible Bonds Due 2014 (the “**Convertible Bonds**”), the announcement of the Company dated 23 May 2008, the results announcement of the Company dated 27 April 2009 (the “**Results Announcement**”) and the announcement of the Company dated 22 June 2009 (the “**Open Offer Announcement**”) in relation to the proposed open offer by the Company (the “**Open Offer**”). Capitalised terms used herein have the same meaning as those defined in the CB Announcement, unless otherwise defined herein.

Adjustment of the Conversion Price relating to the Convertible Bonds

The terms and conditions of the Convertible Bonds (the “**CB Terms and Conditions**”) provide that if the Company declares any cash dividend to the shareholders of the Company (the “**Shareholders**”) which, when taken together with the aggregate of any other cash dividends previously made or paid in respect of the same financial year, exceed 30% of the Company’s consolidated profit for the year attributable to the Shareholders after deducting minority interest and tax for the financial year in relation to which the cash dividend is made, the Conversion Price (as defined in the CB Terms and Conditions) shall be adjusted by multiplying the Conversion Price in force immediately before such cash dividend by the quotient of (a) the Current Market Price (as defined in the CB Terms and Conditions) of one share of the Company (the “**Share**”) on the last trading day preceding the date on which the cash dividend is announced (the “**Relevant Market Price**”) less the Fair Market Value (as defined in the CB Terms and Conditions) on the date of such announcement of the portion of the cash dividend attributable to one Share divided by (b) the Relevant Market Price. Such adjustment shall become effective on the date when such cash dividend is actually made or if a record date is fixed therefor, immediately after such record date.

The CB Terms and Conditions also provide that if the Company issues to the Shareholders a right to subscribe for or purchase or acquire any Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the quotient of (a) the number of Shares in issue immediately before the issue plus the number of Shares the Open Offer proceeds could acquire at the Current Market Price (as defined in the CB Terms and Conditions) divided by (b) the number of Shares in issue immediately before the issue plus the number of Shares issued pursuant to the Open Offer. Such adjustment shall become effective on the date of such issue or if a record date is fixed therefor, the first day on which Shares are traded ex-rights.

As announced in the Results Announcement, the board of directors (the “**Directors**”) of the Company (the “**Board**”) do not recommended the payment of a final dividend. Accordingly, the interim dividend of HK3.0 cents (equivalent to RMB2.7 fen) per Share paid in 2008 became the total dividend for the year ended 31 December 2008 (the “**Total Dividend**” or “**Dividend**”). The Total Dividend would exceed 30% of the Company’s consolidated profit attributable to the Shareholders (after deducting minority interest and tax) for the year ended 31 December 2008. Pursuant to the CB Terms and Conditions, the Conversion Price per Share should has been adjusted from HK\$4.96 to HK\$4.95 effective from 27 April 2009 (Hong Kong time) (the “**First Adjustment**”). Pursuant to the CB Terms and Conditions, no adjustment shall be made to the Conversion Price where such adjustment (rounded down to the nearest Hong Kong cent if applicable) would be less than one per cent of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment.

As announced in the Open Offer Announcement, the Company proposes to launch an Open Offer of not less than 2,296,576,044 Shares and not more than 2,484,657,375 Shares at the subscription price of HK\$0.672 per Share on the basis of 18 Shares for every 100 existing Shares held by the qualifying shareholders on the record date and payable in full on application. Pursuant to the CB Terms and Conditions, the Conversion Price per Share has been adjusted from HK\$4.95 to HK\$4.54 per Share (assuming 2,296,576,044 Shares are issued) or from HK\$4.95 to HK\$4.51 per Share (assuming 2,484,657,375 Shares are issued) effective from 3 July 2009 (Hong Kong time) (the “**Second Adjustment**”, together with the First Adjustment, the “**Adjustments**”).

As at the date of this announcement, the total number of issued Shares of the Company is 12,758,755,804 Shares, and none of the Convertible Bonds has been converted into Conversion Shares (as defined in the CB Terms and Conditions). Following the Adjustments, the number of Conversion Shares issuable by the Company upon full conversion of the Convertible Bonds will increase by 87,342,465 (assuming 2,296,576,044 Shares are issued) or 94,203,704 (assuming 2,484,657,375 Shares are issued) Shares (the “**Additional Conversion Shares**”) and the maximum number of Conversion Shares to be issued by the Company upon full conversion of the Convertible Bonds will be 1,031,472,929 (assuming 2,296,576,044 Shares are issued) or 1,038,334,168 (assuming 2,484,657,375 Shares are issued) Conversion Shares which will be issued and allotted pursuant to the general mandate granted by the Shareholders to the Directors in the annual general meeting of the Company held on 30 June 2009.

Bondholders, Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement (as defined in the Open Offer Announcement) having become unconditional and that it has not been terminated by the Underwriter (as defined in the Open Offer Announcement) in accordance with the terms therein. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

The Bondholders who are in any doubt as to the action to be taken should consult their stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

By order of the Board
GOME Electrical Appliances Holding Limited
Ng Kin Wah
Executive Director

Hong Kong, 5 July 2009

As at the date of this announcement, the Board comprises Mr. Chen Xiao, Mr. Ng Kin Wah, Mr. Wang Jun Zhou, Ms. Wei Qiu Li and Mr. Sun Yi Ding as executive directors; Mr. Sun Qiang Chang as non-executive director; and Mr. Sze Tsai Ping, Michael, Mr. Chan Yuk Sang, Mr. Mark Christopher Greaves, Mr. Yu Tung Ho and Mr. Thomas Joseph Manning as independent non-executive directors.

* *For identification purpose only*