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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 EXERCISE PRICE OF THE WARRANTS

In accordance with the terms and conditions of the Warrant Instrument, the Subscription Price of the Warrants has been adjusted from US\$0.2481 per Share to US\$0.2298 per Share as a result of the proposed CB Issue and proposed Open Offer with effect from 15 July 2009.

Reference is made to the announcement of GOME Electrical Appliances Holding Limited (the “**Company**”) dated 2 February 2006 (the “**Warrants Announcement**”) in relation to the issue of the warrants entitling the holders thereof to subscribe for up to the aggregate amount of US\$25,000,000 for new Shares (the “**Warrants**”), the announcement of the Company dated 23 May 2008 and the announcement of the Company dated 22 June 2009 (the “**2016 Convertible Bonds and Open Offer Announcement**”) in relation to the proposed issue of the 2016 Convertible Bonds (as defined in the 2016 Convertible Bonds and Open Offer Announcement) (the “**CB Issue**”) and the proposed open offer (the “**Open Offer**”) by the Company. Capitalised terms used herein have the same meaning as those defined in the Warrants Announcement, unless otherwise defined herein.

Adjustment of exercise price of the Warrants

The terms and conditions of the Warrant Instrument dated 28 February 2006 (the “**Warrant Instrument**”) provide, *inter alia*, that if and whenever the Company shall thereafter offer to holders of shares of the Company (the “**Shares**”) new Shares for subscription by way of rights or shall grant to holders of Shares any options, warrants or other rights to subscribe for or purchase any Shares at a price which is less than that set out in the Warrant Instrument, the subscription price per Share (the “**Subscription Price**”) shall be adjusted in accordance with the Warrant Instrument.

Pursuant to the 2016 Convertible Bonds and Open Offer Announcement, the Company has proposed to issue RMB1,590 million US dollar settled 5% coupon convertible bonds due 2016 and 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 Warrant Instrument, the Subscription Price per Share has been adjusted from US\$0.2481 to US\$0.2298 (the “**Adjustment**”). The Company and the holder of the Warrants have agreed that the Adjustment will be effective as of 15 July 2009.

The issue of the 2016 Convertible Bonds is not regarded as a separate adjustment event pursuant to the Warrant Instrument and hence will not give rise to another price adjustment under the Warrant Instrument.

As at the date of this announcement, none of the holders of the Warrants has exercised its Warrants. Following the Adjustment, the number of Subscription Shares issuable by the Company upon exercise of the Warrants in full will increase by 8,024,432 Shares and the maximum number of Subscription Shares to be issued by the Company upon the exercise of the Warrants in full will be 108,790,252 Shares.

Holders of the Warrants, Shares and potential investors should note that (1) the CB Issue is subject to a number of conditions (including, among other things, the Underwriting Agreement (as defined in the 2016 Convertible Bonds and Open Offer Announcement) becoming unconditional), which may or may not be fulfilled and (2) the Open Offer is conditional upon the Underwriting Agreement (as defined in the 2016 Convertible Bonds and Open Offer Announcement) becoming unconditional and not having been terminated by the Underwriter (as defined in the 2016 Convertible Bonds and Open Offer Announcement) in accordance with the terms therein. Accordingly, the CB Issue and/or the Open Offer may or may not proceed. Holders of the Warrants, Shares and potential investors are advised to exercise caution when dealing in the securities of the Company.

Holders of the Warrants 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 of
GOME ELECTRICAL APPLIANCES HOLDING LIMITED
Chen Xiao
Chairman and President

Hong Kong, 15 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*