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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 2014 Convertible Bonds, the Conversion Price has been adjusted from HK\$4.54 per Share to HK\$4.46 per Share as a result of the proposed 2016 CB Issue with effect from 3 August 2009.

Reference is made to the announcement of GOME Electrical Appliances Holding Limited (the “**Company**”) dated 11 May 2007 (the “**2014 CB Announcement**”) in relation to the issue by the Company of the RMB Denominated USD Settled Zero Coupon Convertible Bonds Due 2014 (the “**2014 Convertible Bonds**”), 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 “**2016 CB Issue**”) and the proposed open offer (the “**Open Offer**”) by the Company, the announcement of the Company dated 5 July 2009 and the circular of the Company dated 13 July 2009. Capitalised terms used herein have the same meaning as those defined in the 2014 CB Announcement, unless otherwise defined herein.

Adjustment of the Conversion Price relating to the 2014 Convertible Bonds

The terms and conditions of the 2014 Convertible Bonds (the “**CB Terms and Conditions**”) provide that if the Company issues any securities which by their terms of issue carry rights of conversion into or exchange or subscription for shares of the Company (the “**Share(s)**”) at a consideration per Share which is less than 94 per cent of the Current Market Price (as defined in the CB Terms and Conditions), the Conversion Price (as defined in the CB Terms and Conditions) 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 such issue plus the number of

Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price divided by (b) the number of Shares in issue immediately before such issue plus the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate. Such adjustment shall become effective on the date of issue of such securities.

As announced in the 2016 Convertible Bonds and Open Offer Announcement, the Company and the Investor (as defined in the 2016 Convertible Bonds and Open Offer Announcement) have entered into the Investment Agreement (as defined in the 2016 Convertible Bonds and Open Offer Announcement) pursuant to which the Investor has conditionally agreed to subscribe for the 2016 Convertible Bonds at an aggregate consideration of approximately US\$233 million (equivalent to approximately HK\$1,804 million) at an initial Conversion Price (as defined in the 2016 Convertible Bonds and Open Offer Announcement) (the “**2016 Conversion Price**”) of HK\$1.180 and after the Open Offer is completed, the 2016 Conversion Price will be adjusted to HK\$1.108 per Share. As the adjusted 2016 Conversion Price is less than 94 per cent of the Current Market Price, pursuant to the CB Terms and Conditions, the Conversion Price per Share has been adjusted from HK\$4.54 to HK\$4.46 per Share effective from 3 August 2009 (Hong Kong time). The Conversion Price of HK\$4.51 per Share as disclosed in the announcement of the Company dated 5 July 2009 is not applicable as the number of Shares issued under the Open Offer was 2,296,576,044 (as set out in the Company’s circular dated 13 July 2009).

As at the date of this announcement, the total number of issued Shares of the Company is 15,055,331,848 Shares, and none of the 2014 Convertible Bonds has been converted into Conversion Shares (as defined in the CB Terms and Conditions). Following the adjustment, the number of Conversion Shares issuable by the Company upon full conversion of the 2014 Convertible Bonds will increase by 18,501,757 Shares (the “**Additional Conversion Shares**”) and the maximum number of Conversion Shares to be issued by the Company upon full conversion of the 2014 Convertible Bonds will be 1,049,974,686. Conversion Shares will be issued and allotted pursuant to the general mandate granted by the shareholders of the Company (the “**Shareholders**”) to the directors of the Company (the “**Board**”) in the annual general meeting of the Company held on 30 June 2009.

The Bondholders (as defined in the CB Terms and Conditions) 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, 3 August 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. Zhu Jia, Mr. Ian Andrew Reynolds and Ms. Wang Li Hong as non-executive directors; and Mr. Sze Tsai Ping, Michael, Mr. Chan Yuk Sang and Mr. Thomas Joseph Manning as independent non-executive directors.

* *For identification purpose only*