

A STRONGER GOME  
Management Presentation

22 June 2009



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Chen Xiao

*Chairman of the Board and President, GOME*

# What We Announced Today

- New Financing And A New World Class Partner
  - Investment Agreement with Bain Capital Glory Limited, an affiliate of funds advised by Bain Capital Partners, LLC (“Bain Capital”)
  - Open Offer of shares to qualifying shareholders, fully underwritten by Bain Capital Glory II Limited, an affiliate of Bain Capital
- A Satisfactory Report on Internal Controls
  - Results of Ernst & Young Internal Control Review and GOME’s Internal Audit
- An Immediate Return to The Stock Market
  - Trading will resume at 9:30am on 23 June 2009

## Investment From Bain Capital And Open Offer

- Raises sufficient new capital to meet the Company's funding needs
  - Cash injection: Net proceeds of not less than HK\$3,236m (US\$417m)
- Provides a solid financial platform to underpin GOME's operations and growth ambitions
- Allows qualifying shareholders to participate in the capital raising, and to share in the growth of the business while mitigating the dilutive impact of the transaction
- Bain Capital's investment is subject to a 12-month lock up
- Post transaction, Bain Capital's shareholding will be between 9.8% and 23.5% of the enlarged issued share capital of the Company (on a fully diluted basis, assuming full conversion of the 2016 Convertible Bonds, and subject to existing shareholders' participation in the Open Offer)

**Investment Agreement and Open Offer meet GOME's funding needs and strengthen our foundations for future growth**

# Convertible Bond Terms

<b>Gross Proceeds</b>	<ul style="list-style-type: none"><li>▪ HK\$1,804m (US\$233m)</li></ul>
<b>Subscriber</b>	<ul style="list-style-type: none"><li>▪ Bain Capital Glory Limited</li></ul>
<b>Initial Conversion Price</b>	<ul style="list-style-type: none"><li>▪ HK\$1.18 (5.4% premium to pre-suspension price)</li><li>▪ Adjusted to HK\$1.108 after the Open Offer completes</li></ul>
<b>Size</b>	<ul style="list-style-type: none"><li>▪ Convertible into ordinary equity representing 12% of the existing issued share capital</li></ul>
<b>Maturity</b>	<ul style="list-style-type: none"><li>▪ Seven years; Holders can require redemption of bonds on or at any time after the 5th anniversary of issue</li></ul>
<b>Coupon</b>	<ul style="list-style-type: none"><li>▪ 5% per annum, payable semi-annually</li></ul>
<b>Redemption at Maturity</b>	<ul style="list-style-type: none"><li>▪ Amount will give internal rate of return of 12% on principal less the paid interest</li></ul>
<b>Rationale</b>	<ul style="list-style-type: none"><li>▪ Provides solid financial platform for GOME's operations and growth ambitions</li></ul>



# Partnership with Bain Capital Brings Additional Benefits to GOME

- Bain Capital's international experience and capital market expertise further strengthens the GOME Board and enhances corporate governance with international best practices
  - Bain Capital to propose three members to the Board as Non-Executive Directors
  - Post-transaction Board structure consisting of 11 members: 4-5 Executive Directors, 3-4 Non-Executive Directors, 3 Independent Non-Executive Directors
- Industry expertise
  - Partnership with one of the foremost private equity groups in the world with a strong global retail experience
  - Retail and consumer companies Bain Capital has invested in globally – Burger King, Toys “R” Us, Michaels Stores, Staples and Dunkin’ Brands,

# Ernst & Young's Internal Control Review and GOME's Internal Audit

- After reviewing Ernst & Young's Internal Control Review and the Company's internal audit, the Board concluded that GOME has:
  - No deficiencies in the Group's internal control system in any material respect
  - No misappropriation of funds or assets in past transactions and account records
  - Adequate and effective overall internal control system
  - Connected transactions did not exceed the relevant threshold
- Following the Internal Control Review, the Board has identified several areas for improvement in GOME's internal control system
  - These include: increasing internal audit resources, establishing better risk assessment and corresponding internal audit work in accordance with the requirements of Hong Kong Listing Rules
- GOME will engage external consultants to provide training on risk management and internal controls
- GOME will appoint a senior PRC Legal Counsel to oversee PRC legal affairs and compliance issues

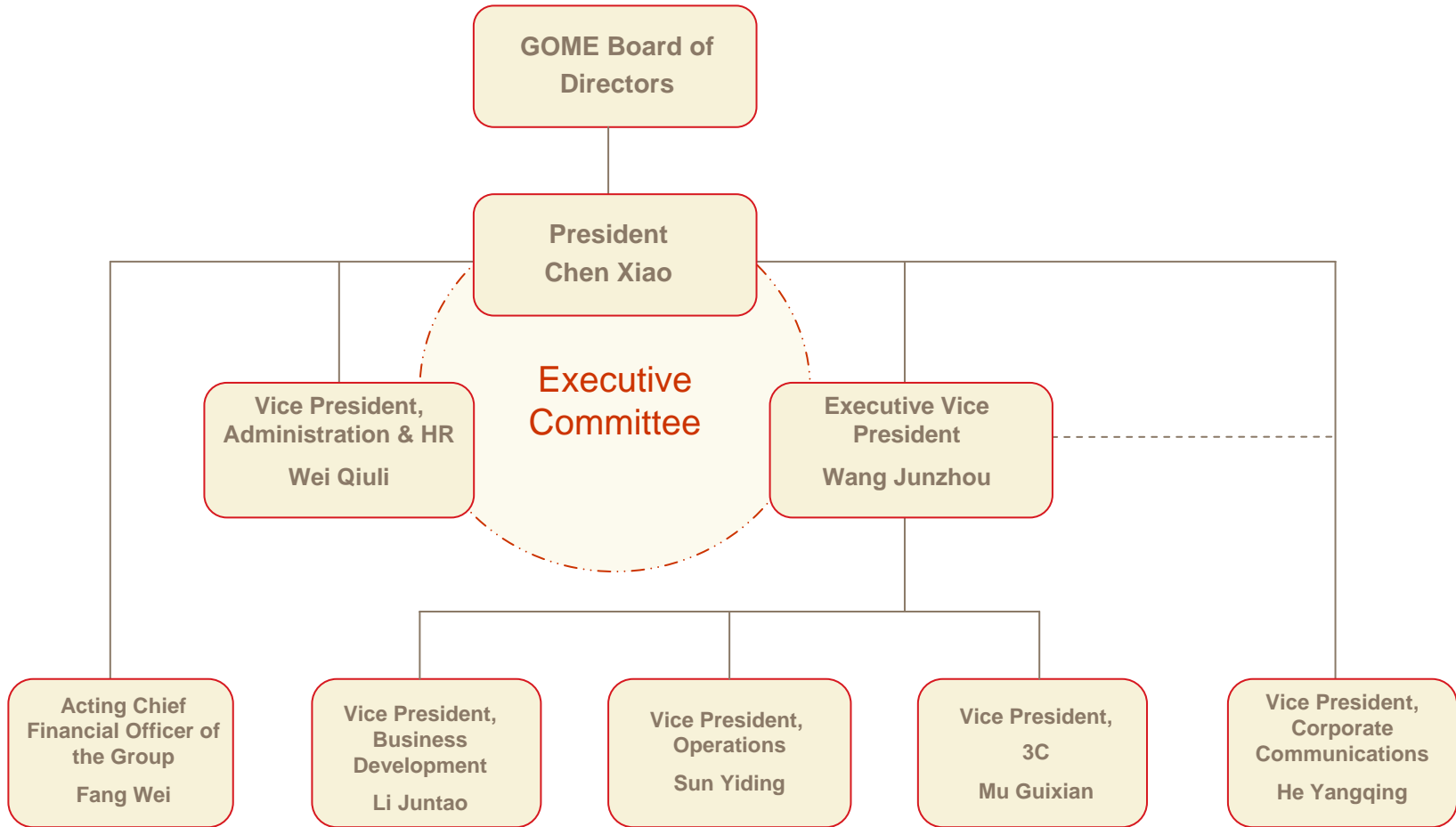
## Independent Directors' Efforts

- A Special Action Committee, comprised of independent non-executive directors, Mr. Thomas Manning, Mr. Mark Greaves and Mr. Chan Yuk Sang, was set up immediately following the trading suspension late last year
- They have provided counsel, advice and oversight on the governance processes, to ensure that minority investors' interests were well represented
- They have expressed their satisfaction, as has the whole Board, with the Investment Agreement with Bain Capital and the Open Offer
- They have expressed their satisfaction with the results of the work carried out by Ernst & Young and the plan for implementing recommendations

# Business Overview – GOME Continues to Prosper

- Maintain and grow market leadership
- GOME's first quarter 2009 recorded improved performance from fourth quarter 2008
- New strategy in place to focus on profitability growth
  - Sales per square meter improvement
  - Product mix optimization to improve margins
  - Optimize store portfolio
- Strong relationships with suppliers which utilize GOME as sales platform of choice
- Customer-oriented
  - Store layout and redesign to enhance customer experience
  - The rollout of the refreshing new logo adds excitement of GOME shopping experience
- Leverage government's "Go Rural" policy, replacement program, energy efficiency subsidies, the roll-out of 3G services and other stimulus plans
- The Company expects its operational and financial performance in the second half of 2009 to be healthy, stable and sustainable

# Strong Management Team Committed to Lead the Company Forward



# Jonathan Zhu

*Managing Director, Bain Capital*

**Bain Capital**

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# Why Bain Capital Is Investing in GOME

- Extraordinary growth opportunities exist in China's consumer and retail industries
- One of China's leading retail franchises
- Ability to support management in continued operational and profitability improvement opportunities
- Strong, deep and dedicated management team with wealth of experience
- Potential for great value creation

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# Overview of Bain Capital

- Leading global private equity firm with longstanding track record of value creation
  - 25 years of investment experience
  - US\$60 billion under management
  - Substantial track record in retail sector
- Value-added ownership
  - Extensive due diligence
  - Broad industry knowledge and operational expertise
  - Deep operational expertise helps portfolio companies succeed
- Partnership orientation and alignment
  - Active and collaborative participation at Board level
  - Bain Capital professionals are typically the largest investor in every investment the firm leads



# Bain Capital's Extensive Experience In Retail / Consumer Investments Globally



warner | music | group



## In Summary and With Gratitude

- GOME's underlying business fundamentals continue to be strong
- E&Y report is encouraging – work is ongoing to implement key recommendations to strengthen internal controls
- New capital allows the Company to build upon its solid foundation and to carry on with the execution of its strategy
- Supportive, world-class investor adds value to the company
- Dedicated and experienced management team
- Board committed to international corporate governance standards
- GOME sincerely thanks its banks, suppliers, employees and shareholders for their continued support and its independent directors for their commitment



Thank You