



GOME Announces 2009 Annual Results **Strategic Transformation Yields Encouraging Results with Net Profit up 34.35%**

Hong Kong, April 7, 2010 – GOME Electrical Appliances Holding Limited (HKSE: 493, "GOME" or "the Company", together with its subsidiaries, the "Group") today announced its results for the year ended 31 December, 2009.

- In 2009, through the implementation of a transformation strategy which focused on network rationalization and individual store profitability improvements, the Company closed 189 underperforming stores and opened 56 new ones. As a result, revenue recorded RMB42,668 million, down approximately 7.02% from last year.
- Profit attributable to equity holders, however, increased by 34.45% to RMB1,409 million from RMB1,048 million of last year.
- Basic EPS increased 25.61% from RMB0.082 to RMB0.103.
- Same store sales achieved a year-on-year increase of 2.81%.
- Sales revenue per square meter returned to growth in the last quarter, up 28.81% from the same period last year.
- Consolidated gross profit margin increased to 17.32% from 16.94% in the same period last year.
- As of December 31, 2009, the Group had a net cash position, with cash and cash equivalents of RMB6,029 million and a gearing ratio of 48.34%.

In response to the changing macroeconomic environment and evolving consumer demands, the Company implemented a transformation strategy which focused on network rationalization and individual store profitability improvements in 2009. While opening large-scale stores in premium locations to accommodate large inflows of customers, the Company closed 189 underperforming stores, resulting in net closures of 133 stores in the year. In light of these closures, the Company's revenue declined approximately 7.02% to RMB42,668 million from the previous year. Nevertheless, the remaining store base delivered 2.81% same stores sales growth for the whole year, with an impressive fourth quarter growth of 25.67%. The fall in sales revenue per square meter for 2009 narrowed to 2.06%, with the fourth quarter achieving RMB3,993 per square meter, a 28.81% increase from the same

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period last year. Management believes the strategic transformation carried out in the year 2009 delivered visible operating improvements.

In addition, via measures aimed at continually increasing gross profit margin such as differentiated product management and development of value-added services including extended warranty and after-sales maintenance, consolidated gross profit margin increased to 17.32% from 16.94% in the same period last year. Profit attributable to equity holders increased 34.45% from RMB1,048 million in 2008 to RMB1,409 million. Basic EPS was RMB0.103, a significant increase of 25.61% from RMB0.082 a year ago.

Through a series of financing arrangements, the Group raised a total of RMB5,308 million capital. The successful fundraisings communicated the investment communities' confidence in the Group and their belief in the prospects of China's home electrical appliances industry. As of December 31, 2009, the Group had a net cash position with cash and cash equivalents of RMB6,029 million. With a healthy capital position and sound capital structure, the Group has laid a solid foundation for future development.

In acknowledgement of its efficient network channels, rigorous product quality control system and high quality services, World Expo Shanghai 2010 named GOME an authorized retailer with a multi-billion sales target. This designation allows GOME, along with other retail brands under the Group, including China Paradise and Dazhong, to sell electrical appliances licensed under the World Expo name. GOME will also be entitled to contract with manufacturers to produce licensed products.

In 2010, GOME expects to capitalize on new market trends and opportunities while taking its transformation strategy to the next phase. For example, GOME aims to capture incremental growth from the state's recent industrial policies to boost domestic consumption, such as the "exchange the old for the new" and "go rural" policies. Leaner and more profitable, the Company is ready to swiftly and successfully capture market growth 2010. The Company predicts a net opening of approximately 80 stores for this year. Specifically, the Company will allocate resources to develop in second- and third-tier markets, to widen and deepen its network coverage. Back in its first tier markets, where consumers are rising in sophistication, GOME will invest in delivering shopping experiences that address each key segment's specific needs. A survey launched on various consumer segments' spending behavior will form the basis for the next phase of the Company's network optimization - approximately 150 stores are expected to be upgraded in the coming year.

The recent emergence and development of online shopping prompted the Company to conduct an in-depth research study of this market segment in China; the business plans derived will be announced shortly. The Group understands the importance of strong IT infrastructure in the retail business and has officially selected SAP as its Enterprise Resource Planning (ERP) system and is currently evaluating the implementation service provider for ERP. The implementation of the system is expected as early as May.

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Chen Xiao, Chairman and President of GOME, commented: "2009 marked a new stage of realignment in GOME's history. Previously, during rapid economic growth, we focused only on aggressive territorial expansion and our business depended on consignment from vendors. Over the past year, GOME shifted its internal focus and development toward merchandise management to be aligned with the trends we observed in consumer demand. In 2010, we will continue to push forward a win-win strategy with suppliers to fully utilize GOME's integrated service platform, achieving mutually beneficial and sustainable development for both parties. We will also help introduce more energy-saving products to the market in response to China's commitment to save energy and reduce emissions. We are confident that we will continue to lead the home appliance retail industry in China, and we will do our utmost to help improve the quality of people's lives."

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About GOME

GOME Electrical Appliances Holding Limited was listed on The Hong Kong Stock Exchange in July 2004 (HKSE: 493). The GOME Group was founded in China in 1987 and is engaged in the retail business of electrical appliances and consumer electronics in China. It is the largest retail chain of electrical appliances and consumer electronics and the largest retail chain enterprise in China.

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