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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)

PROFIT WARNING ANNOUNCEMENT

This announcement is made by GOME Electrical Appliances Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on a preliminary review of the unaudited consolidated management accounts of the Group, the Group expects to record a net loss within the range of approximately RMB600 million and RMB700 million for the nine months ended 30 September 2012, in which the unaudited interim result for the six months ended 30 June 2012 recorded a net loss of RMB501 million and the third quarter result for the three months ended 30 September 2012 would be expected to record a net loss within the range of approximately RMB100 million and RMB200 million. This is mainly attributable to a drop in the Group’s sales revenue, an increase in the Group’s staff and rental expenses as well as loss incurred by the Group’s e-commerce business. These factors are closely linked with the negative impact on the Group’s business brought about by the consumption overdrafts as well as poor consumer sentiments and confidence as a result of the China’s macro economic growth slowdown and economic stimulus policies termination, coupled with the fact that the Group’s e-commerce business is still at its integration and initial investment stage.

Nevertheless, the year-on-year decline rate of the Group’s sales revenue for the third quarter of 2012 showed improvement as compared with the year-on-year decline rate for the first half of 2012, and there had also been improvement to the Group’s profitability in the third quarter of 2012 as compared with the second quarter of 2012.

The Board wishes to remind the Shareholders and investors that, the above-mentioned information is only a preliminary estimation made by the Company, therefore it is unaudited and pending further verification. If future estimation differs materially from that set out in this profit warning announcement, the Company will provide updates on a timely basis. Investors are advised to read carefully the announcement on the Group’s unaudited results for the nine months ended 30 September 2012, which is expected to be published no later than 30 November 2012.

Potential investors and the Shareholders should exercise caution when dealing in the Company's shares.

By Order of the Board
GOME Electrical Appliances Holding Limited
Zhang Da Zhong
Chairman

Hong Kong, 22 October 2012

As at the date of this announcement, the Board comprises Mr. Ng Kin Wah and Mr. Zou Xiao Chun as executive directors; Mr. Zhang Da Zhong, Mr. Zhu Jia, Ms. Wang Li Hong and Mr. Cheung Leong as non-executive directors; and Mr. Sze Tsai Ping, Michael, Mr. Chan Yuk Sang, Mr. Lee Kong Wai, Conway and Mr. Ng Wai Hung as independent non-executive directors.

* *For identification purpose only*