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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

**(1) PROPOSED ISSUE OF RMB1,590 MILLION US DOLLAR SETTLED
5% COUPON CONVERTIBLE BONDS DUE 2016**

**(2) OPEN OFFER
OF NOT LESS THAN 2,296,576,044 OPEN OFFER SHARES AND
NOT MORE THAN 2,484,657,375 OPEN OFFER SHARES
ON THE BASIS OF 18 OPEN OFFER SHARES
FOR EVERY 100 EXISTING SHARES HELD ON RECORD DATE**

**(3) FINDINGS ON THE GROUP'S INTERNAL CONTROL SYSTEM
AND FINANCIAL POSITION**

AND

(4) RESUMPTION OF TRADING

Financial advisers to GOME Electrical Appliances Holding Limited



CAZENOVE ASIA

A Standard Chartered group company

(1) PROPOSED ISSUE OF 2016 CONVERTIBLE BONDS

The Board is pleased to announce that the Company and the Investor have entered into the Investment Agreement pursuant to which the Investor has conditionally agreed to subscribe the 2016 Convertible Bonds at an aggregate consideration of approximately US\$233 million (equivalent to approximately HK\$1,804 million).

Upon completion of the Investment Agreement and the Open Offer, the Conversion Price will be adjusted to HK\$1.108 per Conversion Share. Assuming full conversion of the 2016 Convertible Bonds at the adjusted Conversion Price of HK\$1.108 per Conversion Share, the Investor will hold approximately 1,628 million Conversion Shares, representing approximately 12.8% of the existing issued share capital of the Company and approximately 11.3% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (excluding any Shares to be issued under the Open Offer).

(2) THE OPEN OFFER

The Company proposes to launch an open offer of not less than 2,296,576,044 Open Offer Shares and not more than 2,484,657,375 Open Offer Shares at the Subscription Price of HK\$0.672 per Open Offer Share on the basis of 18 Open Offer Shares for every 100 existing Shares held by the Qualifying Shareholders on the Record Date and payable in full on application. No excess Open Offer Shares will be offered to the Qualifying Shareholders and any Open Offer Shares not taken up by the Qualifying Shareholders in accordance with their proportional allocation will be underwritten by the Underwriter.

The Open Offer is only available to the Qualifying Shareholders and will not be extended to the Excluded Overseas Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by 4:30 p.m. on Monday, 6 July 2009. The register of members of the Company will be closed from Tuesday, 7 July 2009 to Friday, 10 July 2009, both dates inclusive, to determine the eligibility of the Open Offer. The Open Offer is fully underwritten and the Underwriter has conditionally agreed to take up any Open Offer Shares which have not been taken up by the Qualifying Shareholders in the Open Offer.

Upon completion of the Proposed Issue and the Open Offer, the Investor and the Underwriter (an affiliate of the Investor) together would hold (i) approximately 1,628 million Shares, representing approximately 9.8% of the issued share capital of the Company as enlarged by the issue of the Open Offer Shares if all the Shareholders have taken up their Open Offer Shares, assuming full conversion of the 2016 Convertible Bonds, and that the 2006 Warrants and the 2014 Convertible Bonds have not been exercised or converted before the Record Date; or (ii) approximately 3,925 million Shares, representing approximately 23.5% of the issued share capital of the Company as enlarged by the issue of the Open Offer Shares if all the Shareholders have not taken up their Open Offer Shares, assuming full conversion of the 2016 Convertible Bonds, and that the 2006 Warrants and the 2014 Convertible Bonds have not been exercised or converted before the Record Date. Please refer to the section headed "Shareholding of the Company" below for further details.

(3) REASONS FOR THE PROPOSED ISSUE AND THE OPEN OFFER

In view of the credit crunch and the tightening by financial institutions in extending loans and other forms of financing to companies, the Directors consider that it is in the interests of the Company and the Shareholders as a whole to raise new capital through the Proposed Issue and the Open Offer so as to broaden the shareholder and capital base of the Company.

The Proposed Issue will introduce an independent and significant investor who shares the business vision of the Company. The Open Offer will enable the Company to access financing without significantly increasing the Company's finance costs and will also allow the Qualifying Shareholders the opportunity to participate in the long-term growth of the Company.

(4) USE OF PROCEEDS

The aggregate net proceeds from the Proposed Issue and the Open Offer is estimated to be not less than approximately HK\$3,236 million and will be applied by the Company (a) for general working capital purposes of the Group and the Dazhong Group; and (b) in connection with the 2014 Convertible Bonds.

(5) FINDINGS ON THE GROUP'S INTERNAL CONTROL SYSTEM AND FINANCIAL POSITION

The Company has completed its internal audit, and the independent auditors and advisers have also completed the Financial Review and the Internal Control Review respectively. Having considered the results of the Company's internal audit, the Internal Control Review and the Financial Review, and the financial results for the year ended 31 December 2008, the Board confirms that: (i) there had not been any deficiencies in the internal control system of the Group in any material respect as at 30 November 2008; (ii) there had not been any misappropriation of funds or assets in the past transactions and accounting records of the Group as at 30 November 2008; and (iii) during the year ended 31 December 2008, the actual amount of connected transactions did not exceed the relevant threshold as approved by the independent Shareholders.

The Board is also generally satisfied that the overall internal control system of the Group is adequate and effective. Following the Internal Control Review, the Board has identified several areas of the Group's internal control system that could be further enhanced and actions have been taken to enhance the internal control system of the Group in these areas.

(6) GENERAL

The Prospectus Documents setting out the details of the Open Offer will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Overseas Shareholders for information only.

Rothschild and Cazenove Asia (a Standard Chartered group company) have been appointed financial advisers to the Company in relation to the Proposed Issue and the Open Offer.

Shareholders and potential investors should note that (1) the Proposed Issue is subject to a number of conditions (including, among other things, that the Underwriting Agreement has become unconditional), which may or may not be fulfilled, and (2) the Open Offer is conditional upon the Underwriting Agreement having become unconditional and that it has not been terminated by the Underwriter in accordance with the terms therein. Accordingly, the Proposed Issue and/or the Open Offer may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

(7) RESUMPTION OF TRADING IN SHARES

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 24 November 2008. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 23 June 2009.

(1) PROPOSED ISSUE OF CONVERTIBLE BONDS

The Board is pleased to announce that the Company and the Investor have entered into the Investment Agreement pursuant to which the Investor conditionally agreed to subscribe the 2016 Convertible Bonds at an aggregate consideration of approximately US\$233 million (equivalent to approximately HK\$1,804 million).

Investment Agreement

Parties:

- (1) The Company, as the issuer.
- (2) The Investor, Bain Capital Glory Limited, as the subscriber of the 2016 Convertible Bonds. To the best knowledge, information and belief of the Directors, and having made all reasonable enquires, the Investor is an independent third party not connected with the Company or any of its connected persons.

Principal terms of the 2016 Convertible Bonds

Set out below is a summary of the principal terms of the 2016 Convertible Bonds:

Issuer	: the Company.
Aggregate principal amount	: RMB1,590 million to be settled in the amount of approximately US\$233 million (equivalent to approximately HK\$1,804 million).
Maturity date	: the seventh anniversary of the issue date of the 2016 Convertible Bonds.
Bondholders' put	: each Bondholder has the option to require the Company to redeem any 2016 Convertible Bonds held by it at any time after the fifth anniversary of the issue date of the 2016 Convertible Bonds.
Issue price	: 100% of the principal amount of the 2016 Convertible Bonds.
Interest	: the 2016 Convertible Bonds will bear interest at the rate of 5% per annum. The interest will be payable by the Company semi-annually in arrears.

Conversion period	: at any time from 30 calendar days after the issue date of the 2016 Convertible Bonds up to and including the maturity date.
Conversion price	: the initial Conversion Price per Conversion Share is HK\$1.180, subject to adjustment events including subdivision, consolidation and re-classification of Shares, bonus issues, capital distributions, issuance of options, rights, warrants, further issue of convertible or exchangeable bonds or Shares and other standard dilutive events. If the Open Offer is completed, the Conversion Price will be adjusted to HK\$1.108 per Conversion Share.
Ranking of the Conversion Shares	: the Conversion Shares will rank pari passu in all respects with the Shares in issue at the date of conversion and will entitle the holders thereof to receive all future distributions which are declared, made or paid after the date of allotment of such Conversion Shares.
Redemption at maturity or at Bondholder's put	: each 2016 Convertible Bond will be redeemed in US\$ on maturity or at Bondholder's put at an amount that will give an internal rate of return of 12% on the principal less the interest that has been paid.
Redemption at the option of the Investor	: the Investor and/or any of its Affiliates (as defined in the Bond Instrument) shall have the option to require the Company to redeem any 2016 Convertible Bond held by it upon the occurrence of a Specified Event (as defined below) in an amount which is the higher of (1) 1.5 times the principal (or if the maximum amount permitted by applicable law is lower, the maximum amount permitted by applicable law) or (2) an amount that will provide an internal rate of return of 25% on the principal, in either case, less the interest that has been paid. For such purposes, "Specified Event" includes, among others, the following events: <ul style="list-style-type: none"> (i) as a result of an issue of new Shares or other securities by the Company, any person or group (other than the Investor and the existing controlling shareholder of the Company) owns 25% or more of the Shares in issue or acquires all or substantially all of the assets of the Group. (ii) a default by the Company in the observance of the covenants set out in (i) and (iii) in the section headed "Appointment of Directors" below.

- Redemption at the option of the Bondholder : a Bondholder may following the occurrence of a Specified Event (as defined in the Bond Instrument) by notice to the Company demand repayment of the 2016 Convertible Bonds in an amount which is the higher of (1) 1.5 times the principal (or if the maximum amount permitted by applicable law is lower, the maximum amount permitted by applicable law) or (2) an amount that will provide an internal rate of return of 25% on the principal, in either case, less the interest that has been paid.
- Redemption upon an Event of Default : a Bondholder may following the occurrence of an Event of Default by notice in writing to the Company demand repayment of the 2016 Convertible Bonds in an amount which is the higher of (1) 1.5 times the principal (or if the maximum amount permitted by applicable law is lower, the maximum amount permitted by applicable law) or (2) an amount that will provide an internal rate of return of 25% on the principal, in either case, less the interest that has been paid.
- Redemption by the Company : if at any time the principal amount of the 2016 Convertible Bonds outstanding is equal to or less than the amount of RMB159 million, being 10% of the aggregate principal amount of the 2016 Convertible Bonds, then the Company may redeem all of the then outstanding 2016 Convertible Bonds in an amount that will provide an internal rate of return of 12% on the principal less the interest that has been paid.
- Transferability : subject to the registration of the transfer with the Company and the restrictions as set out in the section headed “Lock-up” below, the 2016 Convertible Bonds are transferable.
- Ranking : the 2016 Convertible Bonds will be direct, unconditional, unsecured and unsubordinated. The 2016 Convertible Bonds will all times rank pari passu with all other present and future unsubordinated and unsecured obligations of the Company including the 2014 Convertibles Bonds.

Conversion Price

The Conversion Price was arrived at after arm’s length negotiation between the Company and the Investor. Upon completion of the Open Offer, the Conversion Price will be adjusted from HK\$1.180 to HK\$1.108 per Conversion Share and represents:

- (i) a discount of approximately 1.1% to the last closing price of the Shares of HK\$1.120 per Share on the Last Trading Day; and

- (ii) a discount of approximately 9.8% to the average closing price of HK\$1.228 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

Conversion Shares

Assuming full conversion of the 2016 Convertible Bonds at the adjusted Conversion Price of HK\$1.108 per Conversion Share, the Investor will hold approximately 1,628 million Conversion Shares, representing approximately 12.8% of the existing issued share capital of the Company and approximately 11.3% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares (excluding any Shares to be issued under the Open Offer).

The Conversion Shares will be issued under the general mandate granted to the Board at the annual general meeting of the Company held on 22 May 2008. Pursuant to such mandate, the Directors have been authorised to allot, issue or otherwise deal with up to 637,937,790 shares of the Company of HK\$0.10 each, representing 20% of the issued share capital of the Company as at the date of the annual general meeting. The Company conducted a share subdivision exercise in 2008 pursuant to which every share of HK\$0.10 each was sub-divided into four shares of HK\$0.025 each. The subdivision was completed on 23 May 2008 and the number of Shares that the Directors have been authorised to allot, issue or otherwise deal with under the general mandate granted at the annual general meeting held on 22 May 2008 has been adjusted to 2,551,751,160 Shares. As at the date of this announcement, no Shares have been issued pursuant to such general mandate. The Conversion Shares to be issued at the adjusted Conversion Price will cover approximately 63.8% of such general mandate.

Assuming full conversion of the 2016 Convertible Bonds at the adjusted Conversion Price of HK\$1.108 per Conversion Share and after completion of the Open Offer, the Conversion Shares have a nominal amount of approximately HK\$40.7 million and a market price of approximately HK\$1,823 million based on the closing price of the Shares of HK\$1.12 on the Last Trading Day.

Conditions precedent and termination

Completion of the Investment Agreement is conditional, among others, upon:

- (i) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares (and such listing and permission not subsequently being revoked prior to the Investment Closing);
- (ii) there being no event existing or having occurred and no condition being in existence which would constitute an Event of Default;
- (iii) delivery to the Investor of the audited consolidated accounts for the financial years 2007 and 2008 for those entities owned by the Parent Group but managed by the Group and the audited consolidated accounts for the Dazhong Group for the financial year 2008;
- (iv) there being, from 31 December 2008 (being the date of the last audited financial statements of the Company) up to (and including) the Investment Closing Date, no Material Adverse Change (as defined in the Investment Agreement);
- (v) the Underwriting Agreement having become unconditional in accordance with its terms; and

- (vi) the representations and warranties given in the Investment Agreement remaining true and accurate in all material respects at the Investment Closing Date.

The Investor may, at its discretion, waive compliance with the whole or any part of the conditions precedent, other than condition (i) above.

The issue of the 2016 Convertible Bonds will not be subject to Shareholders' approval. The Investment Closing will take place on the fifth Business Day after the Final Acceptance Date for the Open Offer.

Either party may by notice to the other terminate the Investment Agreement if the conditions precedent are not fulfilled or waived on or before 15 October 2009.

Appointment of Directors

Pursuant to the Investment Agreement, the Company agrees that:

- (i) it shall use its best endeavours and subject to any mandatory requirements of law and the Listing Rules and to the extent that compliance by the Company does not contravene or result in a breach of any of the duties and obligations by the Directors under applicable law and the Listing Rules from time to time, (a) to appoint three persons nominated by the Investor as non-executive Directors (the "Investor Directors"), or two persons if the Investor and/or its affiliates hold less than 66% but not less than 33% of the total interest of the Investor in the Company on the Investment Closing Date, which is the total number of Shares issuable upon conversion of all the 2016 Convertible Bonds (on an as-if converted basis) and any Shares that the Underwriter and/or any of its affiliates takes up in the Open Offer, or one person if the Investor and/or its affiliates hold less than 33% but not less than 25% of the total number of such Shares; and (b) to procure that the Investor Directors are not removed as Directors before the expiration of the maximum term permitted by the Bye-laws (other than a removal proposed by the Shareholders (which shall not be initiated, solicited or recommended by the Company) or by reason of fraud, willful misconduct or conviction of a criminal offence);
- (ii) one Investor Director shall be appointed as a member of the Nomination Committee of the Company, which shall comprise five members and include three independent non-executive Directors and one executive Director. One Investor Director shall be appointed as a member of the Remuneration Committee of the Company which shall comprise five members and include three independent non-executive Directors and one executive Director; and
- (iii) to the extent that compliance by the Company does not contravene or result in any breach of any mandatory requirements under applicable law, the Listing Rules, or any of the duties and obligations of the Directors under applicable law and the Listing Rules from time to time, the Company shall, at the annual general meeting of the Company (or any adjournment thereof) next following the annual general meeting of the Company scheduled to be held on 30 June 2009 (or any adjournment thereof), procure the nomination of those Investor Directors who are appointed at the Investment Closing (or any replacements thereof) for election as Directors at such annual general meeting, and the Company shall not (and shall not take or omit to take any other action, the purpose or effect of which is to) nominate any other person for appointment as Directors at such annual general meeting in substitution for such Investor Directors (or any replacement thereof).

The nomination and appointment of the Investor Directors will follow the procedures of the Company with regard to the nomination and appointment of all Directors, which would include the nomination committee evaluating whether the proposed Investor Directors are suitably qualified to become Directors before they are recommended to the Board for consideration. It would be the Board's final decision on whether or not to appoint the persons nominated by the Investor as Directors. In accordance with the Bye-laws, the Investor Directors appointed at the Investment Closing are required to retire but can offer themselves for re-election at the next annual general meeting of the Company.

Lock-up

The Investor undertakes to the Company that it shall not transfer, dispose of or create any encumbrance over the 2016 Convertible Bonds or the Open Offer Shares taken up by the Underwriter or Conversion Shares during the period of 12 months from the Investment Closing Date save for: (i) being part of a financing transaction following which the Investor retains an option or other derivative interest in the underlying 2016 Convertible Bonds or Conversion Shares without altering the legal relationship between the Investor and the Company; (ii) where the 2016 Convertible Bonds or Conversion Shares are disposed of or transferred to any affiliate of the Investor; (iii) a disposal or transfer of Conversion Shares in connection with a top-up placing of Shares by the Company where the Investor is a seller; (iv) a disposal or transfer of the 2016 Convertible Bonds or Conversion Shares in connection with a takeover offer made by a third party pursuant to applicable laws and regulations; (v) a disposal or transfer of Conversion Shares to the Company in connection with a repurchase by the Company of Shares pursuant to applicable laws and regulations; (vi) a disposal or transfer of the 2016 Convertible Bonds or Conversion Shares pursuant to a court order; (vii) a disposal or transfer of Conversion Shares in connection with stock lending transactions by the Investor; or (viii) with the prior written consent of the Company.

Application for Listing

The Company will apply to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Conversion Shares which may fall to be issued upon conversion of the 2016 Convertible Bonds. No listing application will be made for the 2016 Convertible Bonds on the Stock Exchange or any other stock exchange.

(2) THE OPEN OFFER

The Board further announces that the Company will launch the Open Offer on the terms set out below:

Issue statistics

Basis of the Open Offer	: 18 Open Offer Shares for every 100 existing Shares held on the Record Date
Subscription Price	: HK\$0.672 per Open Offer Share
Number of Shares in issue as at the date of this announcement	: 12,758,755,804 Shares

Number of new Shares to be allotted and issued upon the full exercise of the 2006 Warrants	: 100,765,820 Shares
Number of new Shares to be allotted and issued upon full conversion of the 2014 Convertible Bonds	: 944,130,464 Shares
Total number of Shares of the Company in issue upon the full exercise of the 2006 Warrants and full conversion of the 2014 Convertible Bonds	: 13,803,652,088 Shares
Number of Open Offer Shares	: Not less than 2,296,576,044 Open Offer Shares and not more than 2,484,657,375 Open Offer Shares (assuming full exercise of the 2006 Warrants and the conversion of the 2014 Convertible Bonds in full prior to the Record Date).
Number of Open Offer Shares underwritten by the Underwriter	: Not less than 2,296,576,044 Open Offer Shares, representing approximately 18.0% of the existing issued share capital of the Company or approximately 15.3% of the issued share capital of the Company as enlarged by the issue of the Open Offer Shares (assuming no exercise of the 2006 Warrants and no conversion of the 2014 Convertible Bonds before the Record Date) and not more than 2,484,657,375 Open Offer Shares, representing approximately 19.5% of the existing issued share capital of the Company and 15.3% of the issued share capital of the Company as enlarged by the issue of the Open Offer Shares (assuming full exercise of the 2006 Warrants and full conversion of the 2014 Convertible Bonds prior to the Record Date).
Number of Shares in issue upon completion of the Open Offer	: Not less than 15,055,331,848 Shares and not more than 16,288,309,463 Shares (assuming full exercise of the 2006 Warrants and the full conversion of the 2014 Convertible Bonds prior to the Record Date).

As at the date of this announcement, the Company has (i) no outstanding options under its employee share option scheme; (ii) the 2006 Warrants in the outstanding amount of US\$25 million which confer the holders the right to subscribe 100,765,820 Shares; and (iii) the 2014 Convertible Bonds in the outstanding amount of RMB4,600 million which entitle the holders to convert into 944,130,464 Shares. Save for the 2014 Convertible Bonds and the 2006 Warrants, the Company has no other outstanding warrants, options or convertible securities as at the date of this announcement.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Prospectus to the Excluded Overseas Shareholders, if any, for information only. To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date (i) be registered on the register of members of the Company; and (ii) not be the Excluded Overseas Shareholders. In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Hong Kong branch share register and transfer office of the Company, Tricor Abacus Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Monday, 6 July 2009.

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong and Bermuda. The Board will make enquiries to its lawyers regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange and may exclude such overseas shareholders on the basis that it would be necessary or expedient to exclude such Shareholders from the Open Offer.

The Open Offer Shares to which the Excluded Overseas Shareholders would have been entitled will be underwritten by the Underwriter.

The invitation to subscribe for the Open Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in the entitlements on the Stock Exchange or excess application arrangement under the Open Offer.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 7 July 2009 to Friday, 10 July 2009, both dates inclusive, to determine the entitlement to the Open Offer. No transfer of Shares will be registered during this period.

Subscription Price

The Subscription Price is HK\$0.672 per Open Offer Share, payable in full on application. The Subscription Price represents:

- (i) a discount of 40.0% to the last closing price of the Shares of HK\$1.120 per Share on the Last Trading Day;
- (ii) a discount of approximately 45.3% to the average closing price of HK\$1.228 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the current market conditions. Each Qualifying Shareholder is entitled to subscribe for the Open Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors believe the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Status of the Open Offer Shares

The Open Offer Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Open Offer Shares. Holders of the Open Offer Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the date of allotment and issue of the Open Offer Shares.

The Open Offer Shares have a nominal amount of not less than approximately HK\$57 million and not more than approximately HK\$62 million, and a market price of not less than approximately HK\$2,572 million and not more than approximately HK\$2,783 million based on the closing price of the Shares of HK\$1.12 on the Last Trading Day.

Certificates of the Open Offer Shares

Subject to fulfilment of the conditions of the Open Offer, share certificates for the Open Offer Shares are expected to be posted on or before Friday, 31 July 2009 to those entitled thereto by ordinary post at their own risk.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Open Offer Shares.

Underwriting Agreement

Underwriter: Bain Capital Glory II Limited, an affiliate of the Investor. To the best knowledge, information and belief of the Directors, and having made all reasonable enquires, each of the Investor and the Underwriter is an independent third party not connected with the Company or any of its connected persons.

Number of Open Offer Shares underwritten

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Open Offer Shares which have not been taken up by the Qualifying Shareholders and those Open Offer Shares which would have been offered to the Excluded Overseas Shareholders pursuant to the Open Offer. The Open Offer is fully underwritten. The Underwriter intends to nominate the Investor to take up the Open Offer Shares which have not been taken up by the Qualifying Shareholders and those Open Offer Shares which would have been offered to the Excluded Overseas Shareholders pursuant to the Open Offer.

Conditions of the Open Offer and termination

The Open Offer is conditional, among others, upon:

- (i) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Posting Date;
- (ii) the registration with the Registrar of Companies in Bermuda of one copy of the Prospectus Documents duly signed by one Director (for and on behalf of all Directors) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Companies Act 1981 of Bermuda not later than the Posting Date;

- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Overseas Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Posting Date;
- (iv) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Open Offer Shares by no later than the first day of their dealings;
- (v) if necessary, the Bermuda Monetary Authority granting consent to the issue of the Open Offer Shares by the Latest Time for Termination or such other time as the Underwriter may agree with the Company in writing;
- (vi) the representations and warranties given in the Underwriting Agreement remaining true and accurate in all material respects and not misleading in any material respect; and
- (vii) there being, from 31 December 2008 up to (and including) the Latest Time for Termination, no Material Adverse Change (as defined in the Investment Agreement).

The Underwriter shall be entitled in its absolute discretion to waive fulfillment of all or any of the conditions set out above (other than (i) to (v)) or to extend the time provided for fulfillment of any such conditions.

If any of the conditions precedent set out above is not fulfilled or waived by the Underwriter by the time and/or date specified therein or by such time specified (or such later time and/or date as the Underwriter may agree), either party may by notice in writing to the other terminate the Underwriting Agreement in which case no party to the Underwriting Agreement shall have any claim against any other party to the Underwriting Agreement except for any antecedent breaches thereof.

The Open Offer is not subject to the Shareholders' approval.

Timetable of the Open Offer

	2009
Last day of dealing in Shares on a cum-entitlement basis	2 July
First day of dealing in Shares on an ex-entitlement basis	3 July
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:30 p.m. on 6 July
Register of members of the Company closes (both dates inclusive)	7 July to 10 July
Record Date	10 July
Register of members for the Company reopens	13 July
Despatch of the Prospectus Documents	13 July
Latest time for acceptance of and payment for the Open Offer Shares	4:00 p.m. on 27 July
Latest time for the Open Offer to become unconditional	4:00 p.m. on 29 July
Announcement of the results of the Open Offer	31 July
Share certificates for Open Offer Shares to be posted	31 July
Dealing in Open Offer Shares commences	4 August

All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Open Offer will be announced as appropriate.

Adjustments to the 2006 Warrants and the 2014 Convertible Bonds

As at the date of this announcement, the Company has the 2006 Warrants in the outstanding amount of US\$25 million which confer the holders the right to subscribe 100,765,820 Shares and the 2014 Convertible Bonds in the outstanding amount of RMB4,600 million which entitle the holders to convert into 944,130,464 Shares. Save for the 2006 Warrants and the 2014 Convertible Bonds the Company has no other outstanding warrants, options or convertible securities. Adjustments to the conversion prices of the 2006 Warrants and the 2014 Convertible Bonds may be required under the relevant terms of the 2006 Warrants and the 2014 Convertible Bonds as a result of the Proposed Issue and/or the Open Offer. An approved investment bank or the auditors of the Company will be appointed to certify the necessary adjustments, if any, to the conversion prices of the 2006 Warrants and the 2014 Convertible Bonds. Further announcement will be made by the Company in this regard.

(3) REASONS FOR THE PROPOSED ISSUE AND THE OPEN OFFER

Reference is made to the announcements of the Company dated 24 November 2008 and 28 November 2008 respectively in relation to the investigation of Mr. Wong Kwong Yu, the controlling Shareholder and ex-Chairman of the Company, by the PRC authorities for certain suspected economic crimes (the “Investigation”). At the request of the Company, trading in the Shares was suspended on the Stock Exchange from 9:30 a.m. on 24 November 2008.

The Company confirms that it has not received any legal documents in connection with the Investigation from any regulatory, governmental or judicial authority in the PRC. To the best of the knowledge, information and belief of the Company and based on the information available to the Company as at the date of this announcement, the Investigation is not related to the Group.

In order to establish that there has been no irregularity and funds or assets of the Group have not been misappropriated, the Company has, following the suspension of trading in the Shares, conducted an internal audit and appointed independent auditors and advisers to conduct the Internal Control Review and the Financial Review (both as defined below). The results on the Group’s internal audit, the Internal Control Review and the Financial Review are set out in more details in the section headed “Findings on the Group’s Internal Control System and Financial Review” below.

In view of the credit crunch and the tightening by financial institutions in extending loans and other forms of financing to companies, the Directors consider that it is in the interests of the Company and the Shareholders as a whole to raise new capital through the Proposed Issue and the Open Offer so as to broaden the shareholder and capital base of the Company. The terms of the Proposed Issue and the Open Offer were concluded after arm’s length negotiations and are on general commercial terms. The Directors, including the independent non-executive Directors, consider that such terms are fair and reasonable under the current market conditions.

The Proposed Issue will introduce an independent and significant investor who shares the business vision of the Company. The Board believes that the Investor will be able to add considerable value by bringing international best practices in business strategy and corporate governance to the operations of the Group. The Investor and the Underwriter are affiliates of Bain Capital, LLC (“Bain Capital”). Bain Capital is a global private investment firm that manages several pools of capital including private equity, venture capital, public equity and leveraged debt assets, and has approximately US\$60 billion of assets under management. Since its founding in 1984, Bain Capital has made private equity investments and add-on acquisitions in more than 300 companies in a variety of industries around the world, and has a team of more than 300 professionals worldwide. Bain Capital is one of the most active private investors in retail and consumer companies globally, having invested in leading companies such as Burger King, Toys “R” Us, Staples, Michaels Stores, Domino’s Pizza, Dollarama, Dunkin’ Brands and Edgars Consolidated Stores. Headquartered in Boston, Massachusetts, the United States of America, Bain Capital has offices in Hong Kong, Shanghai, Tokyo, New York, London, Munich and Mumbai.

The Open Offer will enable the Company to access financing without significantly increasing the Company’s finance costs and will also allow the Qualifying Shareholders the opportunity to participate in the long-term growth of the Company. The Directors thus consider that the Open Offer is an appropriate means for the Company to raise additional funds.

(4) USE OF PROCEEDS

The aggregate net proceeds from the Proposed Issue and the Open Offer is estimated to be not less than approximately HK\$3,236 million and will be applied by the Company (a) for general working capital purposes of the Group and the Dazhong Group; and (b) in connection with the 2014 Convertible Bonds.

(5) SHAREHOLDING OF THE COMPANY

The table below sets out the Company’s shareholding structure as at the date of this announcement and upon completion of the Open Offer and the full conversion of the 2016 Convertible Bonds under the two scenarios as further detailed below:

- (i) Scenario A – Change in shareholding of the Company (assuming the 2006 Warrants and the 2014 Convertible Bonds have not been exercised/converted before the Record Date):

Shareholders	Shareholding of the Company as at the date of this announcement		Shareholding of the Company after completion of the Open Offer but before the conversion of the Conversion Shares under the 2016 Convertible Bonds (assuming all the Shareholders have taken up their Open Offer Shares)		Shareholding of the Company after completion of the Open Offer but before the conversion of the Conversion Shares under the 2016 Convertible Bonds (assuming all the Shareholders have not taken up their Open Offer Shares)		Shareholding of the Company after completion of the Open Offer and full conversion of the 2016 Convertible Bonds (assuming all the Shareholders have taken up their Open Offer Shares)		Shareholding of the Company after completion of the Open Offer and full conversion of the 2016 Convertible Bonds (assuming all the Shareholders have not taken up their Open Offer Shares)	
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Mr. Wong Kwong Yu and associates	4,535,118,212	35.5	5,351,439,490	35.5	4,535,118,212	30.1	5,351,439,490	32.1	4,535,118,212	27.2
Mr. Chen Xiao	889,128,064	7.0	1,049,171,115	7.0	889,128,064	5.9	1,049,171,115	6.3	889,128,064	5.3
2006 Warrants holders	–	–	–	–	–	–	–	–	–	–
2014 Convertible Bonds holders	–	–	–	–	–	–	–	–	–	–
Investors/Underwriter	–	–	–	–	2,296,576,044	15.3	1,627,924,595	9.8	3,924,500,639	23.5
Public Shareholders	<u>7,334,509,528</u>	<u>57.5</u>	<u>8,654,721,243</u>	<u>57.5</u>	<u>7,334,509,528</u>	<u>48.7</u>	<u>8,654,721,243</u>	<u>51.9</u>	<u>7,334,509,528</u>	<u>44.0</u>
Total	<u><u>12,758,755,804</u></u>	<u><u>100.0</u></u>	<u><u>15,055,331,848</u></u>	<u><u>100.0</u></u>	<u><u>15,055,331,848</u></u>	<u><u>100.0</u></u>	<u><u>16,683,256,443</u></u>	<u><u>100.0</u></u>	<u><u>16,683,256,443</u></u>	<u><u>100.0</u></u>

(ii) Scenario B – Change in shareholding of the Company (assuming the 2006 Warrants and the 2014 Convertible Bonds have been exercised/converted in full before the Record Date):

Shareholders	Shareholding of the Company as at the date of this announcement		Shareholding of the Company after completion of the Open Offer but before the conversion of the Conversion Shares under the 2016 Convertible Bonds (assuming all the Shareholders have taken up their Open Offer Shares)		Shareholding of the Company after completion of the Open Offer but before the conversion of the Conversion Shares under the 2016 Convertible Bonds (assuming all the Shareholders have not taken up their Open Offer Shares)		Shareholding of the Company after completion of the Open Offer and full conversion of the 2016 Convertible Bonds (assuming all the Shareholders have taken up their Open Offer Shares)		Shareholding of the Company after completion of the Open Offer and full conversion of the 2016 Convertible Bonds (assuming all the Shareholders have not taken up their Open Offer Shares)	
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Mr. Wong Kwong Yu and associates	4,535,118,212	35.5	5,351,439,490	32.9	4,535,118,212	27.8	5,351,439,490	29.9	4,535,118,212	25.3
Mr. Chen Xiao	889,128,064	7.0	1,049,171,115	6.4	889,128,064	5.5	1,049,171,115	5.9	889,128,064	5.0
2006 Warrants holders	–	–	118,903,667	0.7	100,765,820	0.6	118,903,667	0.7	100,765,820	0.6
2014 Convertible Bonds holders	–	–	1,114,073,947	6.8	944,130,464	5.8	1,114,073,947	6.2	944,130,464	5.3
Investors/ Underwriter	–	–	–	–	2,484,657,375	15.3	1,627,924,595	9.1	4,112,581,970	23.0
Public Shareholders	<u>7,334,509,528</u>	<u>57.5</u>	<u>8,654,721,244</u>	<u>53.1</u>	<u>7,334,509,528</u>	<u>45.0</u>	<u>8,654,721,244</u>	<u>48.3</u>	<u>7,334,509,528</u>	<u>40.9</u>
Total	<u>12,758,755,804</u>	<u>100.0</u>	<u>16,288,309,463</u>	<u>100.0</u>	<u>16,288,309,463</u>	<u>100.0</u>	<u>17,916,234,058</u>	<u>100.0</u>	<u>17,916,234,058</u>	<u>100.0</u>

Notes:

1. Total may not add up to 100 due to rounding.
2. Assuming no adjustment has been made to the exercise or conversion prices of the 2006 Warrants or the 2014 Convertible Bonds.

(6) FINDINGS ON THE GROUP'S INTERNAL CONTROL SYSTEM AND FINANCIAL POSITION

Reference is made to the announcements of the Company dated 24 November 2008, 28 November 2008, 10 December 2008, 24 December 2008 and 18 January 2009, respectively.

As indicated in the above previous announcements, in order to assist the Board: (1) to assess the Group's internal control and risk management functions; and (2) to establish that there has been no irregularity or misappropriation of funds or assets within the Group, the Company performed an internal audit and also appointed:

- (i) Ernst & Young (China) Advisory Limited, independent internal control and risk management advisers, to conduct: (i) an assessment of the recording and reporting controls over the connected transactions of the Group; and (ii) an assessment of the Group's internal control system and risk management mechanism (the "Internal Control Review") as at 30 November 2008; and

- (ii) Ernst & Young, Certified Public Accountants, Hong Kong, independent external auditors, to conduct a review on the Group's financial position as at 30 November 2008 (the "Financial Review") in accordance with International Accounting Standard ("IAS") 34 except that it does not present comparative amounts of the condensed consolidated statements of income and cash flows for the same period last year.

The Company has completed its internal audit, and the independent auditors and advisers have also completed the Financial Review and the Internal Control Review respectively. The Audit Committee of the Company had reviewed and discussed in detail the results of the Company's internal audit, the Internal Control Review and the Financial Review. The SAC has also reviewed the results of the Internal Control Review and the Financial Review and reported its findings to the Board. Having considered the results of the Company's internal audit, the Internal Control Review and the Financial Review, and the financial results of the Company for the year ended 31 December 2008, the Board confirms that: (i) there had not been any deficiencies in the internal control system of the Group in any material respect as at 30 November 2008; (ii) there had not been any misappropriation of funds or assets in the past transactions and accounting records of the Group as at 30 November 2008; and (iii) during the year ended 31 December 2008, the actual amount of connected transactions did not exceed the relevant threshold as approved by the independent Shareholders.

The Board is also generally satisfied that the overall internal control system of the Group is adequate and effective. Following the Internal Control Review, the Board has identified several areas of the Group's internal control system that could be further enhanced and actions have been taken to enhance the internal control system of the Group in these areas. Going forward, the Group will further increase its internal audit resources and establish a better system for risk assessment and the corresponding internal audit work. The Board and the Audit Committee of the Company will review the effectiveness of the internal control system in accordance with the requirements under Appendix 14 of the Listing Rules and the "Internal Control-Integrated Framework" of the Report of the Committee of Sponsoring Organisations of the Treadway Commission, which is recommended in the "Internal Control and Risk Management – A Basic framework" issued by the Hong Kong Institute of Certified Public Accountants. External consultants will be engaged by the Company, as and when appropriate, to provide training on risk management and internal controls, or perform other specific review projects for the Group.

(7) GENERAL

The Company is principally engaged in the retailing of electrical appliances and electronic consumer products in the PRC.

The Company has not conducted any fund raising exercise by the issue of securities in the 12 months immediately preceding the date of this announcement.

The Board confirms that it is not aware of any material adverse change in the financial or trading position of the Company since 31 December 2008, being the date to which the latest published audited financial statements of the Company were made up. In addition, the Company has obtained support from its principal suppliers and banks.

The Prospectus Documents setting out the details of the Open Offer will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Overseas Shareholders for information only.

Rothschild and Cazenove Asia (a Standard Chartered group company) have been appointed financial advisers to the Company in relation to the Proposed Issue and the Open Offer.

Shareholders and potential investors should note that (1) the Proposed Issue is subject to a number of conditions (including, among other things, that the Underwriting Agreement has become unconditional), which may or may not be fulfilled, and (2) the Open Offer is conditional upon the Underwriting Agreement having become unconditional and that it has not been terminated by the Underwriter in accordance with the terms therein. Accordingly, the Proposed Issue and/or the Open Offer may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

(8) RESUMPTION OF TRADING IN SHARES

Trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 24 November 2008. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 23 June 2009.

(9) DEFINITIONS

“2006 Warrants”	the warrants issued by the Company on 28 February 2006 entitling the holders thereto to subscribe for new Shares up to the aggregate amount of US\$25,000,000;
“2014 Convertible Bonds”	RMB4,600 million US Dollar settled zero coupon convertible bonds due 2014 issued by the Company;
“2016 Convertible Bonds”	RMB1,590 million US Dollar settled 5% convertible bonds due 2016 proposed to be issued by the Company pursuant to the Investment Agreement;
“associate”	has the meaning given to it under the Listing Rules;
“Board”	the board of Directors;
“Bondholder(s)”	holder(s) of the 2016 Convertible Bonds;
“Bond Instrument”	the instrument constituting the 2016 Convertible Bonds;
“Business Day”	a day (excluding Saturday or Sunday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks in Hong Kong are open for business;

“Bye-laws”	the bye-laws of the Company;
“Cazenove Asia”	Cazenove Asia Limited, an entity incorporated in Hong Kong and licensed under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities. Cazenove Asia Limited is a Standard Chartered group company. The mark “Cazenove” and marks containing “Cazenove” are trade marks of Cazenove IP Limited and are used under limited license. Cazenove Asia Limited and its subsidiaries and associates are now subsidiaries or associates of Standard Chartered Bank (Hong Kong) Limited, and are not affiliated with JPMorgan Cazenove Limited, Cazenove Inc., or their subsidiaries;
“Company”	GOME Electrical Appliances Holding Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange;
“Conversion Price”	the price at which Shares will be issued upon conversion of the 2016 Convertible Bonds;
“Conversion Share(s)”	new Share(s) to be allotted and issued upon conversion of the 2016 Convertible Bonds;
“Dazhong”	Beijing Dazhong Home Electrical Appliances Retail Co. Ltd., a chain of electrical appliances retail stores managed by the Group since December 2007;
“Dazhong Group”	Dazhong and its subsidiaries;
“Directors”	the directors of the Company;

“Event of Default”

the events of default provided in the Bond Instrument are: (i) if the Company fails to make a payment in accordance with the terms of the 2016 Convertible Bonds; (ii) if there is a default in the performance by the Company under the Bond Instrument; (iii) any failure by the Company to deliver Shares following conversion of the 2016 Convertible Bonds; (iv) if the holder of any encumbrance takes possession of the whole or a material part of the property, assets or undertaking of the Company, Dazhong, Parent or any Material Subsidiaries (as defined in the Bond Instrument); or any of the foregoing occurs in respect of a whole or a material part of the property, assets or undertaking of any member of the Group, the Dazhong Group or the Parent Group which would have a material adverse effect on the Group; (v) if any indebtedness of any of the Company, Dazhong or any Material Subsidiaries (as defined in the Bond Instrument) becomes due and payable before its stated maturity by reason of an event of default or any such indebtedness is not paid when due, provided that the aggregate amount of the relevant indebtedness exceeds RMB100 million; (vi) if trading of the Shares on the Stock Exchange is suspended for a period of 30 consecutive days or listing of the Shares on the Stock Exchange is revoked or withdrawn; (vii) the 2016 Convertible Bonds or any terms thereof cease to be in full force and effect or become unenforceable; (viii) if any variation is made to any of the memorandum of association of the Company or the By-laws which adversely affects the rights and interests of the holders of the 2016 Convertible Bonds; (ix) if an effective shareholders’ resolution is passed or an order of a court is made that any of the Company, Dazhong, Parent or any of the Material Subsidiaries (as defined in the Bond Instrument) be wound up; (x) if any of the Company, Dazhong, Parent or any of the Material Subsidiaries (as defined in the Bond Instrument) is unable to pay its debts as they fall due, or initiates proceedings under any applicable bankruptcy law or enters into any composition with its creditors; or a distress is levied on any of the Company, Dazhong, Parent or any of the Material Subsidiaries (as defined in the Bond Instrument);

“Excluded Overseas Shareholders”

the Shareholders, whose addresses as shown on the register of members of the Company on the Record Date are in places outside Hong Kong where, in the opinion of the Directors that it is necessary or expedient to exclude such Shareholders from the Open Offer on account either of the legal restriction under the laws or the requirements of the relevant regulatory body or stock exchange in such places;

“Final Acceptance Date”

27 July 2009, the latest date for the acceptance of the Open Offer Shares;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Investment Agreement”	the investment agreement dated 7 June 2009, as amended by a supplemental agreement thereto dated 19 June 2009, in each case, made between the Company and the Investor regarding the issue by the Company of the 2016 Convertible Bonds to the Investor;
“Investment Closing”	completion of the Investment Agreement;
“Investment Closing Date”	the date on which the Investment Closing will take place;
“Investor”	Bain Capital Glory Limited, a company incorporated in the Cayman Islands;
“Last Trading Day”	21 November 2008, the last full trading day immediately before the suspension of trading in the Shares on 24 November 2008;
“Latest Time for Termination”	4:00 p.m. on the second Business Day after the Final Acceptance Date or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Open Offer”	the proposed issue of the Open Offer Shares on the basis of 18 Open Offer Shares for every 100 existing Shares held by the Qualifying Shareholders on the Record Date on the terms to be set out in the Prospectus Documents and summarised herein;
“Open Offer Share(s)”	new Share(s) to be allotted and issued under the Open Offer;
“Parent”	Gome Electrical Appliances Retail Co. Ltd., a company incorporated in the PRC which is beneficially owned by Mr. Wong Kwong Yu, the controlling shareholder of the Company;
“Parent Group”	Parent and its subsidiaries;
“Posting Date”	the date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents;
“PRC”	the People’s Republic of China;
“Proposed Issue”	the proposed issue of the 2016 Convertible Bonds pursuant to the Investment Agreement;

“Prospectus”	the prospectus to be issued by the Company in respect of the Open Offer;
“Prospectus Documents”	the Prospectus and the application form in respect of the assured entitlement under the Open Offer;
“Qualifying Shareholders”	the Shareholders, other than the Excluded Overseas Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date;
“Record Date”	10 July 2009, the date by reference to which entitlements to the Open Offer will be determined;
“Registrar”	Tricor Abacus Limited located at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, the Hong Kong branch share registrar and transfer office of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Rothschild”	N M Rothschild & Sons (Hong Kong) Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and a financial adviser to the Company in relation to the Proposed Issue and the Open Offer;
“SAC”	the Special Action Committee of the Board
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.025 each in the issued share capital of the Company;
“Shareholder(s)”	registered holder(s) of the Shares from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of HK\$0.672 per Open Offer Share;
“Underwriter”	Bain Capital Glory II Limited, a company incorporated in the Cayman Islands;
“Underwriting Agreement”	the underwriting agreement dated 7 June 2009 entered into between the Company and the Underwriter in respect of the Open Offer;

“US Dollar” or “US\$”

United States dollar, the lawful currency of the United States of America; and

“%”

per cent.

For illustration purposes, amounts in US\$ and RMB in this announcement have been translated into HK\$ at US\$1.00 = HK\$7.7520 and RMB1.00 = HK\$1.1344, respectively.

By Order of the Board
GOME Electrical Appliances Holding Limited
Chen Xiao
Chairman and President

Hong Kong, 22 June 2009

As at the date of this announcement, the Board comprises Mr. Chen Xiao, Mr. Ng Kin Wah, Mr. Wang Jun Zhou and Ms. Wei Qiu Li 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, Dr. Liu Peng Hui, Mr. Yu Tung Ho and Mr. Thomas Joseph Manning as independent non-executive directors.