Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 PURSUANT TO RULE 13.09(1) OF THE LISTING RULES

SUMMARY

TERMINATION LETTER RECEIVED FROM BEIJING GOME

On 27 August 2010, the Company received a Termination Letter from Beijing GOME, a company owned and controlled by Mr. Wong. In the Termination Letter, Beijing GOME stated its intention to terminate the Intra-Group Agreements between the Listed Group and the Unlisted Group regarding certain procurement and management arrangements if the Requisitioned Resolutions proposed by Shinning Crown are voted against in the forthcoming Special General Meeting of the Company on 28 September 2010. The Company regards this act as being clearly motivated by Mr. Wong's desire to force Shareholders to support the Requisitioned Resolutions which Shinning Crown has put forward to be considered at the forthcoing Special General Meeting, and which are designed to further Mr. Wong's own interests.

However, the Board believes that termination of the Intra-Group Agreements will not in any event have any significant adverse effects on the Listed Group, and indeed is expected to have a number of benefits to the Listed Group in the future.

Accordingly, the Board believes that Shareholders should not be concerned by the ultimatum put forward in the Termination Letter and should instead exercise their vote at the Special General Meeting in support of the current management team and against the Requisitioned Resolutions, as recommended by the Board in the Circular.

REQUEST LETTER FROM MR. WONG TO PARTICIPATE IN ANY PLACING OF SHARES UNDER THE EXISTING ISSUE MANDATE

On 27 August 2010, the Company received the Request Letter from Shinning Crown offering to subscribe for 55 to 65 per cent. of the aggregate number of Shares which are capable of being allotted and issued under the Existing Issue Mandate at a subscription price that represents a premium of 5 per cent. over the average subscription price per New Share which a third party investor is prepared to pay in respect of the remaining 35 to 45 per cent. of the number of New Shares.

The Board has not made any decision to issue New Shares under the Existing Issue Mandate at this time, and therefore the terms of the Request Letter can only be based on speculation on Mr. Wong's part. As Shinning Crown is a substantial Shareholder and a connected person of the Company, the Board is not able to issue any New Shares pursuant to the Existing Issue Mandate to Shinning Crown or its 100 per cent. shareholder, Mr. Wong, or any of their respective associates, in the manner proposed in the Request Letter.

The Board will consider all pertinent facts in relation to any proposed transaction (including any proposed issue of New Shares under the Existing Issue Mandate) to ensure that any such transactions entered into are in the best interests of the Company and the Shareholders as a whole, and not solely to accord with the individual interests of any particular Shareholder.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

Reference is made to the circular to shareholders of the Company dated 23 August 2010 (the "**Circular**") issued in relation to, amongst other things, the resolutions proposed pursuant to a requisition letter from Shinning Crown Holdings Inc ("**Shinning Crown**"), a substantial shareholder of the Company, which is wholly-owned by Mr. Wong. Terms and expressions used in this announcement shall have the same meaning as is given to them in the Circular unless otherwise stated.

TERMINATION LETTER RECEIVED FROM BEIJING GOME

On 27 August 2010, the Company received a letter from Beijing Gome Electrical Appliance Co., Ltd（北京國美電器有限公司）("**Beijing GOME**"), a company which is owned and controlled by Mr. Wong (the "**Termination Letter**"), stating various intentions in relation to the existing arrangements which are in place between the Company and its subsidiaries (the "**Listed Group**") and the companies operating under the 'Gome' brand which are owned and controlled by Mr. Wong (the "**Unlisted Group**"). In particular, the Termination Letter referred to the following agreements (the "**Intra-Group Agreements**"):

1. the management agreement between GOME Electrical Retail Co. Ltd.（國美電器零售有限公司）("**GOME Electrical Retail**") and Jinan Wansheng Yuan Economic Consulting Company Limited（濟南萬盛源經濟諮詢有限公司）("**Jinan Wansheng**") dated 22 June 2009 (the "**Management Agreement**");

2. the procurement agreement between Gome Electrical Retail and Kunming Hengda Logistics Company Limited（昆明恒達物流有限公司）("**Kunming Hengda**") dated 22 June 2009 (the "**Procurement Agreement**");

3. the master purchase agreement between Beijing Gome and GOME Appliance Company Limited（國美電器有限公司）("**GOME Appliance**") dated 17 March 2005 as supplemented by a supplemental master purchase agreement dated 21 December 2007 (the "**Master Purchase Agreement**"); and

4. the master supply agreement between Beijing GOME and GOME Appliance dated 17 March 2005 as supplemented by a supplemental master supply agreement dated 21 December 2007 (the "**Master Supply Agreement**").

In the Termination Letter, Beijing GOME states a number of intentions in relation to the Intra-Group Agreements as follows:

- If all of the resolutions proposed by Shinning Crown were voted against at the Special General Meeting, the Intra-Group Agreements would be terminated on 31 October 2010.

- If all of the resolutions proposed by Shinning Crown were approved at the Special General Meeting, the Intra-Group Agreements would not be terminated.

- If some of the resolutions proposed by Shinning Crown were voted against at the Special General Meeting, and some were voted for, Beijing GOME would notify the Company within seven days after the Special General Meeting of its intentions in relation to the Intra-Group Agreements.

The Intra-Group Agreements

Management Agreement

Under the Management Agreement, Jinan Wansheng has agreed to provide or procure any subsidiary of the Listed Group to provide various management services to the Unlisted Group. Such services include providing training to the staff of the Unlisted Group, making suggestions on how the Unlisted Group can develop and improve its business and providing other services as agreed by the parties from time to time. During 2009, the aggregate fee paid to the Listed Group under the Management Agreement was RMB95,210,000. The Management Agreement remains valid until 31 December 2012 and is terminable on 60-days notice from either party.

Procurement Agreement

Under the Procurement Agreement, Kunming Hengda has agreed to provide or procure any subsidiary of the Listed Group to provide procurement services to the Unlisted Group. During 2009, the aggregate fee paid to the Listed Group under the Procurement Agreement was RMB138,331,000. Similarly to the Management Agreement, the Procurement Agreement remains valid until 31 December 2012 and is terminable on 60-days notice from either party.

Master Purchase Agreement and Master Supply Agreement

Under the Master Purchase Agreement, Beijing GOME has agreed to sell electrical appliances and consumer electronics products to GOME Appliance and the subsidiaries of the Company from time to time. During 2009, Beijing GOME sold products with an aggregate value of RMB92,527,000 to the Listed Group under the Master Purchase Agreement. Under the Master Supply Agreement, GOME Appliance has agreed to sell, or procure the subsidiaries of the Company to sell, electrical appliances and consumer electronic products to Beijing GOME from time to time. During 2009, GOME Appliance sold or procured the sale of products with an aggregate value of RMB360,134,000 to the Unlisted Group. Both the Master Purchase Agreement and the Master Supply Agreement remain valid until 31 December 2010 and are terminable on 60-days notice from GOME Appliance to Beijing GOME. Despite the assertions in the Termination Letter, Beijing GOME does not have the right to terminate either of these agreements unilaterally.

Impact of termination of the Intra-Group Agreements

The Intra-Group Agreements were originally put in place in 2004 at the time that GOME Appliance Co., Ltd was merged with China Eagle Group Company Limited (the former name of the Company). The Intra-Group Agreements were principally designed to enable the Unlisted Group to leverage the scale, systems and management capabilities of the Listed Group in return for the payment of a fee.

Overall, the Board believes that termination of the Intra-Group Agreements will not have any significant adverse effects on the Listed Group, and indeed is expected to have a number of benefits to the Listed Group in the future. In particular, the Board notes the following:

- Although the collective scale of the Listed Group and the Unlisted Group does generate some economies of scale when purchasing products from suppliers, the Listed Group alone will continue to have immense purchasing power and is expected to continue to benefit from preferable terms with suppliers even without the added purchasing power of the Unlisted Group. In addition, a significant proportion of product supplies are procured directly by the Listed Group and the Unlisted Group, respectively, at a regional level, and these supplies will not be affected by the termination of the Intra-Group Agreements.

- As a standalone group, the Listed Group will continue to have strong relationships with its banking partners and other credit providers, and the Board does not anticipate termination of the Intra-Group Agreements having any material impact on the Listed Group's ability to access credit, or the terms on which such credit is made available.

- The senior management team at headquarters and all centralised staff that support the retail network as a whole, are already employed by the Listed Group, and accordingly the Listed Group will continue to have the benefit of their services after termination of the Intra-Group Agreements. The senior management team which, together with the Board, has been responsible for developing the Five-Year Plan, are all employed by the Listed Group and will continue to work for the benefit of the Listed Group and the Shareholders as a whole in implementing the Five-Year Plan following termination of the Intra-Group Agreements.

- The significant management time and resources which are currently used to deliver the services provided under the Intra-Group Agreements to the Unlisted Group, will become available to be redeployed to focus on the strategic priorities of the Listed Group under the Five-Year Plan. This shift will allow further time and resources to be focused on expansion of the store network and development of those aspects of the business which are ultimately expected to deliver the maximum value to Shareholders.

- The majority of operational systems (such as financial and information technology systems and the ERP software) which are utilised by both the Listed Group and the Unlisted Group, are owned or licensed by the Listed Group. The Listed Group will therefore continue to be able to access and benefit from these systems following termination of the Intra-Group Agreements.

- Termination of the Intra-Group Agreements may in the future enable the Listed Group to explore possible expansion.

The Listed Group will cease to receive any fees from the Unlisted Group under the Intra-Group Agreements after they are terminated. In 2009, the Listed Group received gross fees of RMB233,541,000, representing approximately 0.5% of the revenue and other income and gains of the Listed Group. However, as referred to above, satisfying the Listed Group's obligations under the Intra-Group Agreements does take up a significant amount of internal resources, both financial and human. The Board is of the view that the Listed Group will, in the medium and long term, derive a net benefit from terminating the Intra-Group Agreements.

Shareholders should not be concerned by termination of the Intra-Group Agreements

The Company regards the delivery of the Termination Letter as being clearly motivated by Mr. Wong's desire to force Shareholders to support the Requisitioned Resolutions which Shinning Crown has put forward to be considered at the forthcoming Special General Meeting, and which are designed to further Mr. Wong's own interests. However, the Board believes that termination of the Intra-Group Agreements will not in any event have any significant adverse effects on the Listed Group, and indeed is expected to have a number of benefits to the Listed Group in the future.

Accordingly, the Board believes that Shareholders should not be concerned by the ultimatum put forward in the Termination Letter and should instead exercise their vote at the Special General Meeting in support of the current management team and against the Requisitioned Resolutions, as recommended by the Board in the Circular.

REQUEST LETTER FROM MR. WONG TO PARTICIPATE IN ANY PLACING OF SHARES UNDER THE EXISTING ISSUE MANDATE

In addition to the Termination Letter, on 27 August 2010, the Company also received a letter (the "**Request Letter**") from Shinning Crown, a company wholly-owned by Mr. Wong, offering to subscribe for 55 to 65 per cent. of the aggregate number of Shares (the "**New Shares**") which are capable of being allotted and issued under the Existing Issue Mandate. Under the Request Letter, Shinning Crown offers to subscribe for New Shares at a subscription price that represents a premium of 5 per cent. over the average subscription price per New Share which a third party investor is prepared to pay in respect of the remaining 35 to 45 per cent. of the number of New Shares which are capable of being allotted and issued under the Existing Issue Mandate.

The Board has not made any decision to issue New Shares under the Existing Issue Mandate at this time, and therefore the terms of the Request Letter can only be based on speculation on Mr. Wong's part. As Shinning Crown is a substantial Shareholder and a connected person of the Company, the Board is not able to issue any New Shares pursuant to the Existing Issue Mandate to Shinning Crown or its 100 per cent. shareholder, Mr. Wong, or any of their respective associates, in the manner proposed in the Request Letter.

The Board will consider all pertinent facts in relation to any proposed transaction (including any proposed issue of New Shares under the Existing Issue Mandate) to ensure that any such transactions entered into are in the best interests of the Company and the Shareholders as a whole, and not solely to accord with the individual interests of any particular Shareholder.

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

Hong Kong, 30 August 2010

As at the date of this announcement, the Board of the Company 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*