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
LETTER RECEIVED FROM SOLICITORS ON BEHALF OF SHINNING CROWN AND SPECIAL GENERAL MEETING

This is a voluntary announcement made by the Board of Directors (the "**Board**") of GOME Appliances Holding Limited (the "**Company**"). 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.

LETTER RECEIVED FROM SOLICITORS ON BEHALF OF SHINNING CROWN

Undertaking and confirmation sought by Shinning Crown

Shortly before midnight on 13 September 2010, the Company received a letter from solicitors acting for Shinning Crown (the "**Letter**") stating that Shinning Crown was concerned that the Board had taken, and may take further, steps to dilute Shinning Crown's interests in the Company by issuing Shares under the general mandate approved by Shareholders (including Shinning Crown) at the annual general meeting of the Company (the "**AGM**") on 11 May 2010 (the "**General Mandate**").

In the Letter, Shinning Crown notes that its concerns in relation to improper use of the General Mandate are fuelled by (i) the issuance of the Bain Convertible Bonds in 2009, (ii) the refusal of the Board to relinquish the General Mandate, and (iii) statements made in certain publications attributed to Mr. Chen. The Letter also suggested that the Company had abundant capital resources and did not therefore need to raise additional capital by issuing new Shares.

The Letter sought (i) a confirmation that the Board has not exercised its power to issue, allot and/or deal with Shares under the General Mandate (the "**Confirmation**"), and (ii) an undertaking that the Board will not issue, allot and/or deal with Shares under the General Mandate without giving Shinning Crown at least 21 days notice of its intention to issue, allot, and/or deal with such Shares (the "**Undertaking**").

The Company's response to the Letter

The Company responded to the Letter earlier today. In response to the particular points that Shinning Crown claimed had fuelled its concerns about improper use of the General Mandate, the Company noted as set out below.

Investment by Bain Capital

As set out in the Circular, the investment in the Company by Bain Capital was made to assist in addressing the liquidity crisis faced by the Company at the time the investment was made. The investment by Bain Capital was made on competitive investment terms and was the least dilutive for the then Shareholders of the Company out of the proposals put to the Company. The Share price of the Company reacted very positively when the investment by Bain Capital was announced in June 2009, clearly indicating Shareholders' and the market's endorsement of the terms of the investment. Therefore, it is clear that, far from being an example of a misuse by the Board of its power under the General Mandate, this was a carefully considered transaction executed in the best interests of the Company and Shareholders as a whole.

The General Mandate

Given that the General Mandate was approved by Shareholders of the Company (including by Shinning Crown) at the AGM, it would be entirely inappropriate for the Board to relinquish the General Mandate at the request of one Shareholder. To do so would be to ignore and disrespect the wishes of every other Shareholder of the Company that voted in favour of the General Mandate at the AGM, which is contrary to the fiduciary duties of the directors of the Company. The Board cannot simply operate on the instructions of one Shareholder, and has at all times, and will continue to act in the best interests of the Company and its Shareholders as a whole. Furthermore, the latest request from Shinning Crown contradicts what Shinning Crown has previously requisitioned the Company to do, which is to ask that all Shareholders of the Company be given the opportunity to vote on whether or not to cancel the General Mandate.

Statements in media publications

The Company has attracted a very significant amount of media attention in recent times, and messages inevitably become mixed in such an environment. The position of the Company has been very clearly set out in the formal announcements published by the Company on 5 and 30 August 2010, and in the Circular published on 23 August 2010. Those publications set out the formal position of the Board and reliance should be placed on those statements and not on any reporting made by the press.

Cash resources

The current state of the Company's cash resources is not the only consideration for the Board in assessing whether or not the Company has a legitimate commercial reason for issuing Shares (whether under the General Mandate or otherwise). The Board will take into account all pertinent factors in deciding whether, when and to whom to issue any new Shares in the Company. Factors such as the Company's future need for capital (regardless of its current position), the terms on which Shares could be issued and the potential additional attributes a new investor could bring to the Company are all entirely legitimate and relevant considerations for the Board to take into account.

The Confirmation and Undertaking

In its response, in relation to the Confirmation, the Company noted that had the Board exercised its power to issue or agree to issue Shares under the General Mandate, a corresponding announcement would have been made in accordance with the Company's obligations under the Listing Rules. Therefore, in the absence of any announcement, it is abundantly clear that no such issue of Shares has taken place.

The Board confirmed that it does not believe there is any legal basis for the Undertaking sought. In any event, the Board noted that it cannot agree to give the Undertaking for the following reasons:

- the General Mandate was approved by the Shareholders of the Company (including by Shinning Crown) in general meeting and it would be inappropriate for the Board, particularly when a general meeting has been requisitioned to consider whether or not to cancel the General Mandate at Shinning Crown's request, to seek to fetter its powers or to vary the scope of the General Mandate in the manner suggested by Shinning Crown without first seeking the approval of the Shareholders in general meeting; and

- any decision to exercise the General Mandate to issue, allot and/or deal with the Shares of the Company is likely to constitute price sensitive information. The selective disclosure of price sensitive information in the manner proposed by Shinning Crown is prohibited under the Listing Rules and may constitute a breach of the Securities and Futures Ordinance, and therefore as a legal and practical matter, the Board cannot agree to give the Undertaking.

The Board further noted that, if the Board decides to exercise its power under the General Mandate to issue any Shares in the Company, then once agreement on the proposed issue of Shares has been reached, the Company will be obliged under the Listing Rules to make a public announcement. The Company has and will continue to comply with its obligations under the Listing Rules.

In light of the foregoing, the Board concluded that the request from Shinning Crown was unreasonable and contrary to the responsibilities and fiduciary duties of the directors of the Company, and accordingly the Board was not in a position to comply with the request.

THE SPECIAL GENERAL MEETING

The General Mandate

At the AGM, Shareholders (including Shinning Crown) approved the General Mandate, pursuant to which the Board is authorised to allot and issue new Shares not exceeding 20 per cent. of the issued Share capital of the Company as at the date of the AGM.

Whilst the Board notes that having a general mandate to issue up to 20 per cent. of the issued Share capital of the Company is permitted under the Listing Rules and very common for companies listed in Hong Kong, the Board is aware of international governance guidelines suggesting that general mandates should ordinarily authorise the issue of a smaller proportion of the issued share capital of the company concerned, and the Company will earnestly consider that in due course. However, as set out in the Circular, at this time the Board considers the retention of the General Mandate to issue Shares representing up to 20 per cent. of the issued Share capital of the Company to be critical, and there is therefore a need for the Company to depart from regular policy-driven considerations at this time.

The exceptional circumstances facing the Company and the need for a 20 per cent. General Mandate

As set out in the Circular, the Company will need to make significant capital expenditure to implement the Five-Year Plan, with the target of opening approximately 700 new stores by the end of 2014. Given the uncertainty which the Company has faced as a result of the recent actions of Mr. Wong, the Board is concerned that if it decides to raise capital in the short term, it may be endeavouring to do so at a time when it cannot rely on support from the Company's largest Shareholder. This uncertainty may also make it more difficult for the Company to secure commitments at a compelling price from any potential strategic investors, narrowing the Board's range of viable alternatives for raising capital. Therefore, in the short term, the Boards expects that it will be able to raise capital, should it choose to do so, on terms which represent the best value for Shareholders under the General Mandate, rather than through further specific mandates or otherwise. In essence, to raise money through the General Mandate is simpler, less risky and therefore better value for Shareholders.

Your vote is important to the Company

The Board asks Shareholders to vote at the Special General Meeting by endorsing the existing management team, and by giving that management team the mandate they need to continue to build on the achievements of the past 18 months, and to take the Company forward through implementation of the Five-Year Plan. Shareholders' support is crucial to maintaining the continuity of the Board and its business plan, and to ensuring the Board has the flexibility to implement the Five-Year Plan and manage the operations of GOME in the most efficient manner. Unless the Board is supported on these issues, and specifically in relation to the General Mandate, the Board would need to make alternative arrangements as and when it decides to raise new capital. The Board expects that the terms on which the Company can raise capital under the General Mandate will represent the best value to Shareholders, and given the uncertainty caused by Mr. Wong's recent actions, capital raised in other ways will be on less attractive terms for the Company and Shareholders.

Voting recommendation

As stated in the Circular, for the reasons set out in the Circular, the Board recommends that all shareholders VOTE FOR Resolutions 1, 2 and 3 set out in the Circular.

As stated in the Circular, for the reasons set out in the Circular, the Board recommends that all shareholders VOTE AGAINST Resolutions 4, 5, 6, 7 and 8 set out in the Circular.

Should you have any questions, please contact us on +852 3769 8388.

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

15 September 2010, Hong Kong

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*