

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)

DISCLOSEABLE TRANSACTION ANNOUNCEMENT PURSUANT TO RULE 13.13 OF THE LISTING RULES

Reference is made to the announcement and the circular of the Company dated 14 December 2007 and 4 January 2008, respectively.

The Board announces that Tianjin Consultancy, a subsidiary of the Company, has entered into the Renewed Loan Transaction, pursuant to which Tianjin Consultancy has entered into the Renewed Loan Agreement to refinance the Original Loan in the amount of RMB3.6 billion through the Lending Bank to the Beijing Zhansheng for a period of two years from 15 December 2009 to 14 December 2011. The Original Loan was extended by the Company in 2007 to Beijing Zhansheng for the purchase of the entire registered share capital of Dazhong. The Original Loan had a term of one year and was renewed by the Company in 2008 for a further term of one year to 12 December 2009.

Pursuant to the entering into of the Renewed Loan Agreement, new security agreements have also been entered to reflect the term of the Renewed Loan.

Tianjin Consultancy has also entered into the supplemental agreements to the Management Agreement and the Option Agreement to amend certain terms of these agreements to reflect the term of the Renewed Loan. Save for such changes, the terms and conditions of the Management Agreement and the Option Agreement remain unchanged.

The entering into of the Renewed Loan Transaction constitutes a discloseable transaction for the Company within the meaning of the Listing Rules, and also a transaction subject to the requirements of Rule 13.13 of the Listing Rules.

BACKGROUND

Reference is made to the announcement and the circular of the Company dated 14 December 2007 and 4 January 2008, respectively, pursuant to which Tianjin Consultancy, a wholly-owned subsidiary of the Company, has provided a loan (the “**Original Loan**”) in the amount of RMB3.6 billion to Beijing Zhansheng for the purchase of the entire issued share capital of Dazhong. At the same time of the entering into the Original Loan, Tianjin Consultancy has also entered into the Management Agreement and the Option Agreement pursuant to which the Company has obtained

the management right to the retail stores owned by Dazhong, and the option to purchase the equity interest in Dazhong. Shareholders and the public should refer to the announcement of the Company dated 14 December 2007 and the circular dated 4 January 2008 for details of the Original Loan, the Management Agreement and the Option Agreement.

The Original Loan was for a term of one year from 14 December 2007 to 13 December 2008. In December 2008, pursuant to the terms of the Original Loan, its term has been extended for one year to 12 December 2009.

The Board announces that Tianjin Consultancy has entered into the Renewed Loan Transaction pursuant to which Tianjin Consultancy has entered into the Renewed Loan Agreement to refinance the Original Loan through the Lending Bank to the Beijing Zhansheng.

RENEWED LOAN TRANSACTION DOCUMENTS

(1) THE RENEWED LOAN AGREEMENT

Date

15 December 2009

Parties

- (1) Beijing Zhansheng;
- (2) Tianjin Consultancy; and
- (3) The Lending Bank.

Beijing Zhansheng is owned by 劉春林 (Liu Chunlin) and 韓月軍 (Han Yuejun) who are independent third parties. The Lending Bank is a registered commercial bank in the PRC. To the best knowledge of the Directors, after enquiry, each of Liu Chunlin, Han Yuejin and the Lending Bank is independent of and not connected with the Company or any of its connected persons.

Principal Terms

Tianjin Consultancy will enter into the Renewed Loan Agreement to refinance the Original Loan. The Renewed Loan will be in the amount of RMB3.6 billion extended to the Beijing Zhansheng through the Lending Bank on terms and conditions set out in the Renewed Loan Agreement which, save for its term and the applicable interest rate, are materially the same as the Original Loan Agreement. The term of the Renewed Loan will be for a period of two years from 15 December 2009 to 14 December 2011. The relevant interest rate under the Renewed Loan will be reduced from the current applicable interest rate of 5.103% in the Original Loan to 4.86% per annum to reflect the current market interest rate. The revised interest rate under the Renewed Loan was determined by reference to the interest rate published by the People's Bank of China.

The Renewed Loan will be repaid in one lump sum on the expiry of 24 months from the commencement of the Renewed Loan Agreement, unless extended in writing by the parties.

(2) THE DAZHONG SHARE PLEDGE AGREEMENT

Date

15 December 2009

Parties

- (1) Beijing Zhansheng; and
- (2) Tianjin Consultancy.

Principal Terms

Pursuant to the terms of the Renewed Loan, Beijing Zhansheng and Tianjin Consultancy have entered the Dazhong Share Pledge Agreement to reflect the term of the Renewed Loan. Save for such changes, the terms of the Dazhong Share Pledge Agreement are materially the same as the pledge agreement of 2007 entered into between Beijing Zhansheng and Tianjin Consultancy in respect of the Original Loan. Pursuant to the Dazhong Share Pledge Agreement, Beijing Zhansheng will charge to Tianjin Consultancy the entire registered share capital of the Dazhong (including any dividends and other interests arising in relation to the relevant share capital) as security for the Renewed Loan (including, but not limited to, the principal, interest, penalty, fees and expenses incurred by the Company for any enforcement of the Renewed Loan Agreement).

(3) THE BEIJING ZHANSHENG SHARE PLEDGE AGREEMENT

Date

15 December 2009

Parties

- (1) Liu Chunlin;
- (2) Han Yuejun; and
- (3) Tianjin Consultancy.

Principal Terms

Pursuant to the terms of the Renewed Loan, Liu Chunlin, Han Yuejun and Tianjin Consultancy have entered into the Beijing Zhansheng Share Pledge Agreement to reflect the term of the Renewed Loan. Save for such changes, the terms of the Beijing Zhansheng Share Pledge Agreement are materially the same as the pledge agreement of 2007 entered into between Liu Chunlin, Han Yuejun and Tianjin Consultancy in respect of the Original Loan. Pursuant to the Beijing Zhansheng Share Pledge Agreement, Liu Chunlin and Han Yuejun, as shareholders of Beijing Zhansheng, will charge to Tianjin Consultancy the entire registered share capital of the Beijing Zhansheng (including any dividends and other interests arising in relation to the relevant share capital) as security for the Renewed Loan (including but not limited to the principal, interest, penalty, fees and expenses incurred by the Company for any enforcement of the Renewed Loan Agreement).

Save for the extension of the term of the Original Loan, the change in the interest rate charged and other relevant changes, all other terms of the Renewed Loan Agreement, the Dazhong Share Pledge Agreement and the Beijing Zhansheng Share Pledge Agreement remain materially the same as the loan and security documents for the Original Loan.

Tianjin Consultancy has also entered into the supplemental agreements to the Management Agreement and the Option Agreement to amend certain terms of these agreements to reflect the term of the Renewed Loan. Save for such changes, the material terms and conditions of the Management Agreement and the Option Agreement remain unchanged.

REASONS FOR ENTERING THE RENEWED LOAN AGREEMENT

The Company has through the Original Loan Transaction, the Management Agreement and the Option Agreement obtained the right to manage the retail stores owned by Dazhong. The Company considers that it is in the interest of the Company and its shareholders as a whole to continue such relationship. As the Original Loan Agreement is due to expire on 12 December 2009, in order for the Group to secure the continuous management right to Dazhong, it is necessary for the Group to enter the Renewed Loan Transaction.

The securing of the management right to Dazhong is the continuous effort of the Group to increase shareholders' return through market integration and industry cooperation. By entering into of the Renewed Loan Agreement and related security documents and in turn the Management Agreement and the Option Agreement, the Group reinforced its position as the leading retailer of electrical appliances and electronic consumer products in the PRC and in particular the Beijing area.

The Management Agreement allows the Group to achieve integration in the PRC market and in particular the Beijing area market and stabilize market prices. Moreover, through the integration of the supply channels of the Company with those of Dazhong, the Group is able to lower its supply costs and increased operating efficiency, as well as providing the Group with additional income streams via the management fees and interest earned under the Management Agreement.

GENERAL

Each of the Group and the Dazhong is principally engaged in the retailing of electrical appliances and electronic consumer products. Beijing Zhansheng is principally engaged in investment and trading.

The Directors consider that the Renewed Loan Transaction has been entered into in the usual and ordinary course of business of the Group. They also consider that the terms of the transactions contemplated under the Renewed Loan Transaction, the Management Agreement and the Option Agreement have been negotiated and conducted on an arm's length basis and on normal commercial terms which are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The entering into of the Renewed Loan Transaction constitutes a discloseable transaction of the Company within the meaning of the Listing Rules, and also a transaction subject to the requirements of Rule 13.13 of Listing Rules.

DEFINITIONS

“Beijing Zhansheng”	北京戰聖投資有限公司(Beijing Zhansheng Investment Co. Ltd.), a company incorporated with limited liability under the laws of the PRC;
“Beijing Zhansheng Share Pledge Agreement”	the Share Pledge Agreement (股權質押協議) dated 15 December 2009 entered into between Liu Chunlin, Han Yuejun and Tianjin Consultancy;
“Board”	the board of directors of the Company;
“Company”	GOME Electrical Appliances Holding Limited, a company incorporated in Bermuda and whose shares are listed on the main board of the Stock Exchange;
“Dazhong “	北京市大中家用電器連鎖銷售有限公司(Beijing Dazhong Home Appliances Retail Co. Ltd.), a company incorporated with limited liability under the laws of the PRC which owns a chain of electrical appliances retail stores managed by the Group since December 2007;
“Dazhong Share Pledge Agreement”	the Share Pledge Agreement (股權質押協議) dated 15 December 2009 entered into between the Beijing Zhansheng and Tianjin Consultancy;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Lending Bank”	興業銀行股份有限公司北京分行 (Beijing Branch of Industrial Bank Co. Ltd.);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Management Agreement”	the Management Agreement (委託經營協議) dated 14 December 2007 entered into between the Beijing Zhansheng and Tianjin Consultancy;
“Option Agreement”	the Exclusive Purchase Agreement (獨家購買權協議) dated 14 December 2007 and entered into between Tianjin Consultancy and the Beijing Zhansheng;
“Original Loan Agreement”	the entrustment loan agreement (委託貸款合同) dated 14 December 2007 entered into between Tianjin Consultancy, the Lending Bank and the Beijing Zhansheng;

“Original Loan Transaction”	the transactions and related matters as contemplated under the Original Loan Agreement and related documents, the original Dazhong share pledge agreement dated 14 December 2007 and the Beijing Zhansheng share pledge agreement dated 14 December 2007;
“PRC”	the People’s Republic of China;
“Renewed Loan”	the renewed loan in the amount of RMB3.6 billion extended by Tianjin Consultancy to Beijing Zhansheng through the Lending Bank;
“Renewed Loan Agreement”	the entrustment loan agreement (委託貸款合同) dated 15 December 2009 between Tianjin Consultancy, the Lending Bank and the Beijing Zhansheng under the Renewed Loan Transaction;
“Renewed Loan Transaction”	the transactions and related matters as contemplated under the Renewed Loan Agreement, the Dazhong Share Pledge Agreement and the Beijing Zhansheng Share Pledge Agreement;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Tianjin Consultancy”	天津國美商業管理諮詢有限公司(Tianjin GOME Commercial Consultancy Company Limited), a company incorporated with limited liability under the laws of the PRC and a subsidiary of the Company.

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

15 December 2009

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*