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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 PURSUANT TO RULE 13.09(1) OF THE LISTING RULES AND RESUMPTION OF TRADING

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Claim against Mr. Wong Kwong Yu

GOME Electrical Appliances Holding Limited (“**GOME**” or the “**Company**”) announces that, following an internal investigation over the past few months, the board of directors of the Company (the “**Board**”) has resolved, among other things, to institute legal proceedings against its indirect shareholder and former executive director, namely, Mr. Wong Kwong Yu (“**Mr. Wong**”) seeking compensation in connection with, among other things, his alleged breach of fiduciary duties as a director of the Company relating to the repurchases of the Company’s own shares in or about January and February 2008, and breach of trust (collectively referred to as the “**Breaches**”).

The Company has filed a writ of summons against Mr. Wong for the Breaches in the High Court of the Hong Kong Special Administrative Region on 5 August 2010 to claim for damages suffered by the Company as a result of the Breaches. The Board will make a further announcement on any material developments in respect of these legal proceedings against Mr. Wong as and when appropriate in accordance with the Listing Rules.

Requisition letter received from a company wholly-owned by Mr. Wong Kwong Yu

The Company also announces that following the Board’s decision to proceed with legal proceedings in respect of the Breaches, it received a letter (the “**Requisition Letter**”) from Shinning Crown Holdings Inc (“**Shinning Crown**”), a company wholly-owned by Mr. Wong and a substantial shareholder of the Company, yesterday at around seven-thirty in the evening which was further supplemented by a letter received this morning, proposing that the following resolutions be put to shareholders of the Company at a special general meeting (“**SGM**”):

- the cancellation of the Company’s general mandate, as passed at this year’s annual general meeting of the Company (“**AGM**”)
- the removal of Chen Xiao from his duties as Executive Director and Chairman of the Board

- the removal of Sun Yi Ding from his duties as Executive Director of the Company, while maintaining his operational role as a Vice President of the Company
- the nomination of Zou Xiao Chun as Executive Director of the Company
- the nomination of Huang Yan Hong as Executive Director of the Company

In the Requisition Letter, Shinning Crown alleged that the Company's performance has deteriorated in the last year due to improper management by the Board, as led by Mr. Chen Xiao, and as such, Shinning Crown is proposing to remove Mr. Chen Xiao and Mr. Sun Yi Ding from their current positions on the Board.

Shinning Crown has stated that unless the Company proposes an SGM within the requisite time period to make these changes, it will call for an SGM itself, as it is entitled to as a holder of more than 10 per cent of the Company's issued ordinary shares under the Bye-laws of GOME and the Bermuda Companies Act 1981.

The Company has up to 21 days to formally consider its response to the Requisition Letter before it is obliged to give notice convening an SGM under the Bermuda Companies Act 1981. However, the Board met today to consider and provide an initial response to the Requisition Letter. The Board is unanimous in its belief that the proposals put forward in the Requisition Letter are unwarranted and driven by the interests of just one shareholder. The Board has every confidence in the current management team, and believes that the management team has always, and continues to act and behave with the best interests of GOME and its shareholders as a whole in mind.

The arrest and later conviction of Mr. Wong for various economic crimes caused a great deal of uncertainty for the Company, and inevitably has had, and to some extent continues to have, a significant adverse effect on the Company's activities, and in particular the Company's ability to access capital. In response to these challenges, under the guidance from the Board, as led by Mr. Chen Xiao, and the joint efforts of the management team and the employees, GOME's financial stability and operational strength have been restored. The management team and employees have come together to build the business, improve and strengthen relations with customers and vendors, and overhaul the strategy in response to the evolving market environment. Accordingly, the Board is strongly opposed to the removal of Mr. Chen Xiao and Mr. Sun Yi Ding from their current positions, which it considers to be completely unmerited and potentially again seriously disruptive to the stability and ongoing development of the Company's business, at a time when the Company is showing encouraging signs of recovering from the difficulties brought about by Mr. Wong's arrest and conviction. In addition, with all due respect to the individuals concerned, the Board also notes that the candidates put forward by Mr. Wong to stand as Executive Directors of the Company do not have the same depth of industry experience and recognized leadership as Mr. Chen Xiao and Mr. Sun Yi Ding.

The Board is also strongly opposed to the cancellation of the general mandate to issue new shares in the Company, which was approved by shareholders at the Company's last AGM just a few months ago, and the removal of which could significantly restrict management's flexibility to access capital and to operate and grow the Company's business to its full potential, and put the Company at a distinct disadvantage in a highly competitive market environment.

Since the introduction of Bain Capital Glory Limited ("**Bain**") as a strategic investor in the Company last year, the partnership with the Bain team has been welcome and invigorating for the Company, bringing capital, broader industry and international expertise, and deeper corporate governance.

In the coming weeks, Mr. Chen Xiao will set out in detail GOME's new strategy, developed with the support of Bain, to further develop the Company's network and strengthen its retail capability. The Board believes there are strong prospects for the ongoing growth of GOME's business given the strong demographics and continued economic growth expected in China in the future. In an underdeveloped but fast-growing China market, the Board believes that GOME will continue to lead the development of the industry.

The Board unanimously believes that Mr. Wong's actions, through Shinning Crown, are not in the best interests of GOME and its shareholders as a whole, and that the interests of GOME and its shareholders as a whole will be better served by the careful and committed stewardship of the existing professional management team of the Company, led by Chairman Mr. Chen Xiao and President Mr. Wang Jun Zhou. The Board strongly urges shareholders to support the Company at this time. The Board will keep shareholders fully apprised of developments in relation to this matter as they occur.

Given that two of the resolutions put forward in the Requisition Letter relate to the proposed removal of Mr. Chen Xiao from his duties as Chairman and an Executive Director of GOME, and Mr. Sun Yi Ding from his duties as an Executive Director of GOME respectively, Mr. Chen Xiao and Mr. Sun Yi Ding abstained from voting on this matter at the Board meeting today. Mr. Ng Kin Wah, an Executive Director of GOME, also abstained from voting on all resolutions under the Requisition Notice at the Board meeting today as he is also a director of Shinning Crown, the requisitioner of the SGM.

Resumption of trading

Trading in the Company's shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 5 August 2010. Application has been made to the Stock Exchange for the resumption of trading in the Company's shares with effect from 9:30 a.m. on 6 August 2010.

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

Hong Kong, 5 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*