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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)

ENTRY INTO A MEMORANDUM OF UNDERSTANDING WITH SHINNING CROWN, PROPOSED ENLARGEMENT OF THE BOARD AND PROPOSED APPOINTMENT OF DIRECTORS

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

MEMORANDUM OF UNDERSTANDING

The Company entered into a legally binding Memorandum of Understanding on 10 November 2010 with Shinning Crown in relation to a proposal (a) to increase the maximum permitted number of Directors from eleven (11) (as resolved by the Shareholders on 31 January 1992) to thirteen (13) (“**Board Enlargement**”); and (b) to appoint Mr. Zou Xiao Chun (“**Mr. Zou**”) and Ms. Huang Yan Hong (“**Ms. Huang**”), each nominated by Shinning Crown, as an executive Director and a non-executive Director respectively (“**Proposed Appointments**”).

Subject to Mr Zou’s appointment as an executive Director and Ms. Huang’s appointment as a non-executive Director being approved by Shareholders at the SGM to be convened by the Company, Mr. Zou and Ms. Huang will also be appointed as members of various committees of the Board. Mr. Zou will be appointed as a member of the nomination committee and the executive committee of the Board, and Ms. Huang will be appointed as a member of the remuneration committee of the Board.

Pursuant to the terms of the Memorandum of Understanding, both parties have committed to cooperate in all respects to implement actions and initiatives to build a stronger and more profitable Company in the best interests of the Company and Shareholders as a whole.

The Company and Shinning Crown are each entitled to terminate the Memorandum of Understanding upon, amongst other things, giving thirty (30) days’ written notice to the other party.

PROPOSED ENLARGEMENT OF THE BOARD

At present, the Board comprises eleven (11) Directors, namely: 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.

In accordance with bye-law 101 of the Bye-Laws, the Company proposes to seek Shareholders' approval at the SGM to increase the maximum permitted number of Directors from eleven (11) to thirteen (13).

PROPOSED APPOINTMENT OF DIRECTORS

In accordance with bye-law 102(A) of the Bye-Laws, the Company proposes to seek Shareholders' approval at the SGM for the appointment of Mr. Zou as an executive Director and Ms. Huang as a non-executive Director.

Subject to approval of the Shareholders at the SGM, Mr. Zou will be appointed as an executive Director and Ms. Huang will be appointed as a non-executive Director for a term of three (3) years commencing from the conclusion of the SGM.

Mr. Zou's Biography

Mr. Zou, aged 40, graduated from the Department of Law of Jiangxi University (江西大學法律專業專科) in June 1990, and was granted the Chinese Lawyers Qualification Certificate (中國律師資格證書) by the Judicial Department of Jianxi Province (江西省司法廳) in July 1991 by passing an examination in August 1990. Mr. Zou was also granted the Chinese Tax Advisers Qualification Certificate (中國稅務師資格證書) by the National Tax Bureau of Jiangxi Province (江西省國家稅務局) in September 1995, the Pass Certificate for the National Notary Public Qualification Examination (國家公證員資格考試合格證書) by the National Ministry of Justice (國家司法部) in December 1995, the Training Completion Certificate for Lawyers Practising in Tenders of Large-to-Medium Infrastructure Projects (律師從事基本建設大中型項目招標投標業務培訓結業證書) by the Judicial Department of Jiangxi Province (江西省司法廳) and the Planning Committee of Jiangxi Province (江西省計劃委員會) jointly in July 1999, Qualification Certificate for Lawyers Practising in Securities Law (律師從事證券法律業務資格證書) by the National Ministry of Justice (中國司法部) and the Chinese Securities Regulatory Commission (中國證監會) jointly in February 2000, Training Completion Certificate for Independent Directors of Listed Companies (上市公司獨立董事培訓班結業證書) by the Chinese Securities Regulatory Commission (中國證監會) and the Economic Management Faculty of Tsinghua University jointly in October 2001 and the Seminar Completion Certificate for Foreign-related Arbitration Law (涉外仲裁法律業務講座結業證書) by the Chinese Lawyers Association (中華全國律師協會) in April 2002. Furthermore, Mr. Zou was qualified as an industrial economist (工業經濟師) by the National Human Resources Department (國家人事部) in October 1996.

Mr. Zou practised as the lawyer, vice-managing partner and person-in-charge at Jiangxi Sui Long Law Firm (江西遂龍律師事務所), a state law firm, from 1991 to 1999. From 2000 to May 2006, Mr. Zou practised as a securities lawyer and a partner at Beijing Sinosource Law Firm (北京中潤律師事務所). In June 2006, Mr. Zou founded the Beijing John & Law Firm (北京市中逸律師事務所) and has been acting as the founding partner and the managing partner since then. Mr. Zou has also been a member of the Professional Committee for Mergers, Acquisitions and Reorganizations of the Beijing Lawyers Association (北京律師協會併購與重組專業委員會) since June 2005.

Mr. Zou has been acting as the retainer legal adviser for Beijing Eagle Investment Co. Ltd (北京鵬潤投資有限公司) and Beijing Gome Electrical Appliance Co., Ltd (北京國美電器有限公司) since 2001. Prior to 2009, Mr. Zou was also the retainer legal adviser of GOME Appliance Company Limited (國美電器有限公司). He had participated in the legal structure design and important mergers and acquisitions of the above three companies (collectively, the “GOME Group”).

Since December 2008, Mr. Zou has been acting as the vice-chairman of the third and fourth sessions of the board of directors of Beijing Centergate Technologies (Holdings) Co., Limited (北京中關村科技發展(控股)股份有限公司) (a company listed on the Shenzhen Stock Exchange) and the chairman of the board of directors of its various subsidiaries. He was also the acting chairman and acting chief executive officer of Beijing Centergate Technologies (Holdings) Co., Limited (a company listed on the Shenzhen Stock Exchange) between December 2008 and December 2009 in charge of the overall management of the listed company. From April 2002 to May 2006, Mr. Zou was an independent director of Guangdong Meiyuan Hydropower Co., Ltd (廣東梅雁水電股份有限公司), a company listed on the Shenzhen Stock Exchange and from June 2002 to November 2007, was also an independent director of Hunan Investment Group Co., Ltd (湖南投資集團股份有限公司), a company listed on the Shenzhen Stock Exchange. Furthermore, Mr. Zou had also acted as the retainer or project based legal adviser for Sanlian Commercial Co., Ltd (三聯商社股份有限公司), a company listed on the Shanghai Stock Exchange, Taiyuan Coal Gasification Company Limited (太原煤氣化股份有限公司), a company listed on the Shenzhen Stock Exchange, and Ningcheng Laojiao Company Limited (內蒙古寧城老窖股份有限公司), a company listed on the Shanghai Stock Exchange, and other large enterprises.

Mr. Zou has been a practising lawyer for almost 20 years and has practised in legal areas relating to capital markets in the PRC for 10 years. He had provided legal services to the GOME Group for nine consecutive years. He has solid experience in managing listed companies and has considerable working experience in listed companies and large enterprises. Mr. Zou does not have any relationship with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules). As at the date of this announcement, Mr. Zou does not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Zou has not held any position in other listed companies or other major appointments or qualifications during the past three years.

If Mr. Zou is appointed as an executive Director at the SGM, the Company will enter into a service contract with Mr. Zou on such terms as may be agreed by the parties. Mr. Zou will not be entitled to any emoluments until such terms are approved by Shareholders. Save for the proposed appointment as an executive Director of the Company, Mr. Zou currently holds no positions with the Company or any other members of the Group.

Save as disclosed above, Mr. Zou has confirmed that there are no other matters in relation to the appointment of Mr. Zou as an executive Director to be disclosed pursuant to any provisions under Rule 13.51(2) of the Listing Rules, nor are there other matters that need to be brought to the attention of the Shareholders in relation to the appointment of Mr. Zou.

Ms. Huang's Biography

Ms. Huang, aged 34, graduated from The China Europe International Business School (中歐國際工商學院). Ms. Huang served as the accountant and the manager of the Finance Department of GOME Appliance Company Limited (國美電器有限公司) from January 1994 to December 1996, the deputy general manager of GOME Appliance Company Limited (國美電器有限公司) from January 1997 to June 2000, the deputy general manager of Beijing Eagle Real Estate Development

Co., Ltd. (北京鵬潤房地產開發有限責任公司) from June 2000 to May 2003, the director of the Supervision Centre of GOME Appliance Company Limited (國美電器有限公司) from June 2003 to August 2004, and the chairwoman of the board of directors of Beijing Mingtian Xinhua Investment Co., Ltd. (北京明天信華投資有限公司) from January 2008 to date. Ms. Huang is the sister of Mr. Wong Kwong Yu, an indirect shareholder of the Company.

Save as disclosed above, Ms. Huang does not have any relationship with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules). As at the date of this announcement, Ms. Huang does not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Ms. Huang has not held any position in other listed companies or other major appointments or qualifications during the past three years.

If Ms. Huang is appointed as a non-executive Director at the SGM, the Company will enter into a service contract with Ms. Huang on such terms as may be agreed by the parties. Ms. Huang will not be entitled to any emoluments until such terms are approved by the Shareholders. Save for the proposed appointment as a non-executive Director of the Company, Ms. Huang currently holds no position with the Company or any other members of the Group.

Save as disclosed above, Ms. Huang has confirmed that there are no other matters in relation to the appointment of Ms. Huang as a non-executive Director to be disclosed pursuant to any provisions under Rule 13.51(2) of the Listing Rules, nor are there other matters that need to be brought to the attention of the Shareholders in relation to the appointment of Ms. Huang.

SPECIAL GENERAL MEETING

Details of the relevant resolutions to be proposed at the SGM will be set out in the notice convening the SGM and circular to Shareholders in relation to the SGM, which will be issued or uploaded to the website of The Stock Exchange of Hong Kong Limited by 16 November 2010.

RECOMMENDATION

The Board believes that the agreement reached on the terms of the Memorandum of Understanding reflects the determination of all parties concerned to work together to determine the future strategy of the Company in a constructive and consensual manner, and to build a stronger and more profitable Company in the best interests of the Company and Shareholders as a whole.

The Board also welcomes the statement from the Company's founding shareholders that they have no current intention to terminate any of the existing intra-group agreements between certain members of the Group and certain members of the unlisted group which trades under the GOME brand and is ultimately owned and controlled by Mr. Wong Kwong Yu.

In view of the commitment by both parties to the Memorandum of Understanding to cooperate with each other in all respects following the appointment of Shinning Crown's representatives to the Board, the Board considers that the appointment of Mr. Zou as an executive Director and Ms. Huang as a non-executive Director is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote for the proposed resolutions to appoint Mr. Zou as an executive Director and Ms. Huang as a non-executive Director at the SGM.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors (including the independent non-executive Directors)
“Bye-Laws”	the bye-laws of the Company
“Company”	GOME Electrical Appliances Holding Limited, an exempted company incorporated in Bermuda with limited liability and the securities of which are listed on the main board of The Stock Exchange of Hong Kong Limited
“Directors”	the directors of the Company from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited
“Memorandum of Understanding”	the memorandum of understanding entered into between the Company and Shinning Crown on 10 November 2010
“the PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened in accordance with the Memorandum of Understanding
“Shinning Crown”	Shinning Crown Holdings Inc., a company wholly-owned by Mr. Wong Kwong Yu and a substantial Shareholder (as defined in the Listing Rules) of the Company
“Shareholders”	the shareholders of the Company

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

10 November 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