



Letter to all Shareholders of GOME Electrical Appliances Holding Limited (“GOME” or the “Company”)

30th of August, 2010

Special General Meeting

Dear Shareholder,

We wanted to write to you personally, to explain why a Special General Meeting has been called by your Board for 28 September. In early August, GOME received a letter from a company owned by Wong Kwong Yu, the Company’s major shareholder. Mr. Wong asked for a special general meeting to be convened with the aim of replacing Mr. Chen Xiao, your Chairman, and Mr. Sun Yi Ding, as directors, and putting his sister and his former lawyer in their place. He also wanted to cancel the general mandate granted at this year’s AGM by the majority of shareholders, which gives the Board flexibility to issue new shares representing up to 20% of the issued share capital of the Company, if needed in GOME’s long term interest.

Your Board respects the right of any holder of more than 10% of our shares to call a shareholder meeting. Accordingly, a Circular was posted to you on the 23 of August 2010 convening a special general meeting for 28 September 2010.

However, we also feel it is our duty, on behalf of the Company and the Board, to say very clearly that we believe these proposals to be unwarranted, unwise and unwelcome, and potentially deeply damaging to the value of your Company.

You will no doubt be aware that the arrest and later conviction and imprisonment of Mr. Wong for various economic crimes caused a great deal of uncertainty for the Company. Under guidance from the present Board, and the joint efforts of the management team and GOME employees, the financial stability and operational strength of your Company has been restored. Your management team and employees have come together to build the business, improve and strengthen relations with customers and vendors, and to overhaul strategy in response to the evolving market environment.

Following the injection of new money and additional management expertise from Bain Capital, your Company’s business is now developing in a healthy and sustainable manner. At our interim results announcement, we set out in detail GOME’s strategy to further enhance the Company’s network and strengthen its retail capability.

The five-year plan for the business targets the opening of more than 700 new stores and the generation of as much as HKD77 billion of additional revenue.

Over the weekend, Mr. Wong sent us a further two letters. In the first, he issued an ultimatum that he would cancel the management and procurement agreements we have with the Gome branded stores he owns privately, if we do not support his resolutions. This would lose the company nearly HKD285 million in fees and demonstrates very clearly that Mr. Wong acts in his own interests, even when they diverge from those of Gome and its other shareholders.

However, management have been anticipating such a move, and on analysis believe that if anything the affect of termination of the management and procurement agreements will be positive for the company. It allows us to free up a large number of experienced managers currently tied up in servicing the unlisted business, and instead put them to work on rolling out our five year expansion plan, where we will get the full profit contribution of their efforts, not just a fee. As such we recommend shareholders ignore this empty threat.

Mr. Wong’s second letter, sent through his wholly owned company, Shinning Crown, requests that he is able to participate in any placing of shares under the Company’s general mandate. He says he is willing to pay a 5% premium compared to any other investors and purchase between 55% and 65% of the shares issued. The Board has not made any decision to issue shares at this time so this is purely speculation on Mr Wong’s part. As a substantial shareholder and connected person of the Company, Mr Wong and his associates are not in fact able to participate in an issue of shares under the general mandate in the manner requested, were one to be considered by the Company. However, we note that Mr. Wong is writing to offer to take part in a placement he is presently opposed to us even having the flexibility to consider. It appears Mr. Wong is not opposed to the general mandate being used to issue shares to himself.

Your Board is strongly opposed to the cancellation of the general mandate to issue new shares in the Company. Mr. Wong supported the same mandate in May, and is calling for a vote against it now; a move we think is selfish in nature and lacking in respect for all shareholders.

Your Board believes that the interests of the employees of GOME and its shareholders will be better served by the careful and committed stewardship of the existing professional management team and directors, and the support of you, our shareholder. Your Board strongly urges all shareholders to support the Company at this time, by endorsing the present 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 maximise value, and return for the benefit of all shareholders.

It is with the above in mind that we urge you to vote **FOR** Resolutions 1, 2 and 3 and vote **AGAINST** Resolutions 4, 5, 6, 7 and 8 (those proposed by Mr. Wong).

We will keep you fully apprised of developments in relation to this matter as they occur.

Should you have any questions or need information on how to go about voting, please visit www.gomeontrack.com.hk, email shareholder@gomeontrack.com.hk or contact us on +852 3769 8388.

We thank you in advance for your support and encourage you to contact us with any question you might have.

Yours sincerely,

For and on behalf of

GOME Electrical Appliances Holding Limited