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If you have sold or transferred all your securities in GOME Electrical Appliances Holding Limited, you should at once hand this circular to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or to the transferee.

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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)

**PROPOSED RE-ELECTION AND APPOINTMENT OF DIRECTORS
PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting (the "Annual General Meeting") of GOME Electrical Appliances Holding Limited (the "Company") to be held at Island Ballroom C, Level 5, Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, 30 June 2009 at 10:00 a.m. is set out on pages 16 and 20 of this circular. A proxy form for use at the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

* *For identification purposes only*

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Annual General Meeting”	the annual general meeting of the Company to be held at Island Ballroom C, Level 5, Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, 30 June 2009 at 10:00 a.m. or any adjournment thereof
“associates”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“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
“controlling shareholder”	has the same meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Existing Issue Mandate”	the general and unconditional mandate granted to the Directors at the annual general meeting of the Company held on 22 May 2008 to exercise all the powers of the Company to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at 22 May 2008
“Existing Repurchase Mandate”	the general and unconditional mandate granted to the Directors at the annual general meeting of the Company held on 22 May 2008 to exercise all the powers of the Company to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at 22 May 2008
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26 May 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Issue Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to exercise all the powers of the Company to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution approving such mandate
“Proposed Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors at the Annual General Meeting to exercise all the powers of the Company to repurchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolution approving such mandate
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.025 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent.



GOME ELECTRICAL APPLIANCES HOLDING LIMITED

國美電器控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 493)

Executive Directors:

CHEN Xiao (*Chairman*)

NG Kin Wah

WANG Jun Zhou

WEI Qiu Li

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Non-executive Director:

SUN Qiang Chang

Principal place of

business in Hong Kong:

Unit 6101, 61st Floor

The Center

99 Queen's Road Central

Hong Kong

Independent Non-executive Directors:

SZE Tsai Ping, Michael

CHAN Yuk Sang

Mark Christopher GREAVES

LIU Peng Hui

YU Tung Ho

Thomas Joseph MANNING

29 May 2009

To the Shareholders

Dear Sir or Madam,

**PROPOSED RE-ELECTION AND APPOINTMENT OF DIRECTORS
PROPOSED GRANT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you notice of the Annual General Meeting and to provide you with information in respect of ordinary resolutions to be proposed at the Annual General Meeting relating, *inter alia*, (i) re-election and appointment of Directors; and (ii) grant of the Proposed Issue Mandate and the Proposed Repurchase Mandate.

* *For identification purposes only*

LETTER FROM THE BOARD

PROPOSED RE-ELECTION AND APPOINTMENT OF DIRECTORS

The Board currently consists of 11 Directors, namely Mr. Chen Xiao, Mr. Ng Kin Wah, Mr. Wang Jun Zhou and Ms. Wei Qiu Li being the executive Directors; Mr. Sun Qiang Chang being the non-executive director; Mr. Sze Tsai Ping, Michael, Mr. Chan Yuk Sang, Mr. Mark Christopher Greaves, Dr. Liu Peng Hui, Mr. Yu Tung Ho and Mr. Thomas Joseph Manning being the independent non-executive Directors.

Pursuant to Bye-Law 99(A) of the Bye-Laws, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, except the Director holding office as chairman or managing director of the Company. Pursuant to Bye-Law 99(B) of the Bye-Laws, a retiring Director shall be eligible for re-election. Accordingly, pursuant to Bye-Laws 99(A) and 99(B) of the Bye-Laws, Mr. Sun Qiang Chang, Mr. Mark Christopher Greaves and Mr. Thomas Joseph Manning will retire by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election. Mr. Liu Peng Hui will also retire at the Annual General Meeting and he has not offered himself for re-election. In addition, pursuant to Bye-Law 102(B) of the Bye-Laws, any Director appointed to fill a casual vacancy to the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting (but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting). Accordingly, Mr. Wang Jun Zhou and Ms. Wei Qiu Li who were appointed as Directors pursuant to Bye-Law 102(B) of the Bye-Laws will retire at the Annual General Meeting and, being eligible, offer themselves for re-election.

The Board also resolved to nominate Mr. Sun Yi Ding as an executive Director. The proposed appointment will be subject to the approval of the shareholders of the Company by way of an ordinary resolution at the Annual General Meeting.

Brief biographical details of the Directors proposed for re-election and appointment at the Annual General Meeting are set out in Appendix I to this circular.

PROPOSED GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

At the annual general meeting of the Company held on 22 May 2008, ordinary resolutions were passed granting the Existing Issue Mandate and the Existing Repurchase Mandate to the Directors.

LETTER FROM THE BOARD

In accordance with the provisions of the Listing Rules and the terms of the Existing Issue Mandate and the Existing Repurchase Mandate, the Existing Issue Mandate and the Existing Repurchase Mandate shall lapse if, *inter alia*, they are revoked or varied by ordinary resolutions of the Shareholders in a general meeting.

Resolutions to consider, and if thought fit, to approve the Proposed Issue Mandate and the Proposed Repurchase Mandate as set out in resolutions 4 and 5 in the notice of the Annual General Meeting respectively will also be proposed at the Annual General Meeting. As at the Latest Practicable Date, the number of Shares in issue was 12,758,755,804 Shares. Subject to the passing of the resolution granting the Proposed Issue Mandate and on the basis that no further Shares will be issued or repurchased before the Annual General Meeting, the Company will be allowed to issue a maximum of 2,551,751,160 Shares, representing 20% of the 12,758,755,804 issued Shares, upon the exercise of the Proposed Issue Mandate. Subject to the passing of the resolution granting the Proposed Repurchase Mandate and on the basis that no further Shares will be issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 1,275,875,580 Shares, representing 10% of the 12,758,755,804 issued Shares, upon exercise of the Proposed Repurchase Mandate.

The Proposed Issue Mandate and the Proposed Repurchase Mandate will expire at the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws or any applicable laws to be held; and (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the Proposed Issue Mandate and the Proposed Repurchase Mandate.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Proposed Repurchase Mandate is set out in the Appendix II to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting in relation to the Proposed Repurchase Mandate.

ANNUAL GENERAL MEETING

A notice convening the Annual General Meeting is set out on pages 16 to 20 of this circular.

A form of proxy for use at the Annual General Meeting is also enclosed with this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the Annual General Meeting or any adjournment thereof if they so wish.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the Annual General Meeting shall be voted by poll.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the issuer. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATIONS

The Board considers (i) the proposed re-election of the Directors; (ii) the granting of the Proposed Issue Mandate and the Proposed Repurchase Mandate are in the interests of the Company and Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of
GOME Electrical Appliances Holding Limited
Chen Xiao
Chairman and President
29 May 2009

The biographical details of the Directors proposed for re-election and appointment at the Annual General Meeting are set out as follows:

EXECUTIVE DIRECTORS

Mr. WANG Jun Zhou (“Mr. Wang”), aged 47, has been the Executive Vice President of the Group since November 2006 and was re-appointed as an executive Director with effect from 23 December 2008 subsequent to his appointment as an executive Director with effect from 1 September 2008 being discovered by the Board to be invalid due to a technical defect. Mr. Wang graduated from the Department of Electronics Engineering of Xi’an Jiaotong University (西安交通大學) with a Bachelor Degree in Semiconductor Physics in 1983. Mr. Wang joined the Group in 2001 and had previously held positions as General Manager of Operation Centre, General Manager of Southern China Region and General Manager of Strategic and Cooperation Centre of the Group. Mr. Wang assists the President of the Group in the overall management of daily operation, including the formulation of the Group’s medium and long-term strategic plans and annual budgets as well as standardization of various systems, processes and authorizations. Mr. Wang assists in providing guidance and supervision as to the daily operation in each major region and each division of the Group as well as the appraisal for business management teams at all levels. Mr. Wang has over ten years of experience in the sale and management of electrical appliances. Mr. Wang is a director of Sanlian Commercial Co. Ltd., a company listed on the Shanghai Stock Exchange.

Save as disclosed above, Mr. Wang has not held any directorships in other listed public companies and other major appointment and qualifications during the last three years preceding his date of re-appointment.

Save as disclosed above, other than the directorship in the Company, Mr. Wang does not hold other positions with the Company or other members of the Group, nor does he have any relationship with any director, senior management or substantial or controlling shareholder of the Company. He also does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Pursuant to a service agreement to be entered into between a member of the Group and Mr. Wang, (a) the appointment of Mr. Wang as an executive Director will be for a fixed term of one year commencing from date of the Annual General Meeting and will be renewable thereafter for no more than two successive terms of one year commencing from the day next after the expiry of the current term, subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-Laws; and (b) Mr. Wang will be entitled to an annual remuneration of HK\$180,000 and RMB380,460 together with a fixed annual bonus payment of approximately RMB150,000. Mr. Wang’s remuneration was fixed with reference to his duties and responsibilities with the Company as well as the Company’s remuneration policy.

Ms. WEI Qiu Li (“Ms. Wei”), aged 42, has been the Vice President of the Group since November 2006 and was re-appointed as an executive Director with effect from 16 January 2009 after her appointment as an executive Director with effect from 1 September 2008 being discovered by the Board to be invalid due to a technical defect. Ms. Wei graduated from the Department of Politics and Legal Education of Capital Normal University (首都師範大學) (formerly known as “Beijing Normal College (北京師範學院)”) with a Bachelor Degree in Philosophy in 1990. Ms. Wei joined the Group in 2000 and had previously held positions as Director of Management Center, Director of Price Centre, Director of Human Resources Centre and Director of Administration Center of the Group. In addition, Ms. Wei is also a director of various subsidiaries of the Company. Ms. Wei is mainly responsible for organizational planning and human resources training of the Group. Ms. Wei has over 10 years of experience in human resources and administrative management. Ms. Wei was a director of Beijing Centergate Technologies (Holding) Co. Ltd. (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, for the period from 11 January 2007 to 15 January 2009.

Save as disclosed above, Ms. Wei has not held any directorships in other listed public companies and other major appointment and qualifications during the last three years preceding her date of re-appointment.

Save as disclosed above, other than the directorship in the Company, Ms. Wei does not hold other positions with the Company or other members of the Group, nor does he have any relationship with any director, senior management or substantial or controlling shareholder of the Company. He also does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Pursuant to a service agreement to be entered into between a member of the Group and Ms. Wei, (a) the appointment of Ms. Wei as an executive Director will be for a fixed term of one year commencing from date of the Annual General Meeting and will be renewable thereafter for no more than two successive terms of one year commencing from the day next after the expiry of the current term, subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-Laws; and (b) Ms. Wei will be entitled to an annual remuneration of HK\$180,000 and RMB358,452 together with a fixed annual bonus payment of approximately RMB135,000. Mr. Wei’s remuneration was fixed with reference to his duties and responsibilities with the Company as well as the Company’s remuneration policy.

Mr. SUN Yi Ding (“Mr. Sun”), aged 41, is the Vice President of the Group. Mr. Sun is responsible for business operation, including store operation, store location and furnishing, logistics and after-sale service. He is also a director of various subsidiaries of the Company. He has 14 years of sales experience. Mr. Sun joined the Group in 1999 and had previously held positions as Manager of Business Division of a Tianjin subsidiary, General Manager of a Henan subsidiary, General Manager of the telecommunication subsidiary, General Manager of a Jinan subsidiary, Deputy General Manager of Region A, Deputy General Manager of Sale and Procurement Centre, General Manager of Operation Centre, Director of Chain Development Centre and General Manager of Northern China Region of the Group. Mr. Sun was named as one of the “100 Influential Persons of Mobile Phone Industry in China for Year 2007” (2007年度中國手機界影響力100人), and was awarded the Silver Award for Outstanding Achievement by the Group and the “Best Sales Leader Award” by Sony Ericsson. Mr. Sun is a director of Sanlian Commercial Co., Ltd., a company listed on the Shanghai Stock Exchange.

Save as disclosed above, Mr. Sun has not held any directorships in any listed public companies or in any other major appointment and qualifications during the last three years preceding his date of appointment.

Save as disclosed, Mr. Sun does not hold any other positions with the Company or other members of the Group, nor does he have any relationship with any director, senior management or substantial or controlling shareholder of the Company. He also does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Upon his appointment as an executive Director, Mr. Sun will enter into a service agreement with the Company pursuant to which (a) the appointment of Mr. Sun as an executive Director will be for a fixed term of one year commencing from the date of the Annual General Meeting and will be renewable thereafter for no more than two successive terms of one year commencing from the day next after the expiry of the current term, subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-laws; and (b) Mr. Sun will be entitled to an annual remuneration of HK\$180,000 and RMB297,000 and a discretionary bonus commensurate with his duties and responsibilities with the Company as well as the Company’s remuneration policy.

NON-EXECUTIVE DIRECTOR

Mr. SUN Qiang Chang (“Mr. Sun”), aged 52, has been a non-executive Director of the Company since 28 February 2006. Mr. Sun has been the managing director of Warburg Pincus Asia LLC, a leading private equity and venture capital firm since 1995 and has over 20 years of experience in the investment banking industry and private equity markets. Before joining Warburg Pincus Asia LLC, Mr. Sun served as an executive director of the investment banking division of Goldman Sachs (Asia) LLC. Mr. Sun is also the founding chairman of the China Venture Capital Association as well as the founder and executive vice chairman of China Real Estate Developers and Investors Association. Mr. Sun has been a non-executive director of China Huiyuan Juice Group Limited since 2007 and Enerchina Holdings Limited since 2000, both being companies listed on Hong Kong Stock Exchange. Mr. Sun is also a director of two other non-listed companies, Harbin Pharmaceutical Group Holding Company Limited and China Bio Solutions Group Limited.

Save as disclosed above, Mr. Sun has not held any directorships in other listed public companies and other major appointment and qualifications during the last three years preceding his date of appointment.

Other than the directorship in the Company, Mr. Sun does not hold other positions with the Company or other members of the Group, nor does he have any relationship with any director, senior management or substantial or controlling shareholder of the Company. He also does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Pursuant to a letter of appointment between Mr. Sun and the Company, (a) the term of appointment of Mr. Sun as a non-executive Director will be for a fixed term of one year commencing from the date of the Annual General Meeting and will be renewable thereafter for no more than two successive terms of one year commencing from the day next after the expiry of the then current term, subject to retirement by rotation and re-election at the annual general meeting of the Company each year; and (b) Mr. Sun will be entitled to an annual remuneration of HK\$300,000 which was fixed with reference to his duties and responsibilities with the Company as well as the Company’s remuneration policy. Mr. Sun is not entitled to any discretionary bonus.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mark Christopher GREAVES (“Mr. Greaves”), aged 52, was appointed as an independent non-executive Director on 15 April 2005. Mr. Greaves, an economics graduate from Christ’s College, Cambridge University, was the managing director for the Asia region of NM Rothschild & Sons Limited and a director of the bank in London from 1977 to 2002. Mr. Greaves was the founding principal of specialist consultancy practice of Anglo FarEast Group, with a focus on cross-border assignments between Asia and Europe from 2002 to 2004. Mr. Greaves was for many years a council representative to the Singapore Investment Banking Association. Mr. Greaves is currently the chief executive of Hanson Capital Investments Limited and is an authorised representative and an approved person of the UK Financial Services Authority. Mr. Greaves is also a director of Sinosoft Technology plc, a company listed on the Alternative Investment Market of the London Stock Exchange.

Save as disclosed above, Mr. Greaves has not held any directorships in other listed public companies and other major appointment and qualifications during the last three years preceding his date of appointment.

Other than the directorship in the Company, Mr. Greaves does not hold other positions with the Company or other members of the Group, nor does he have any relationship with any director, senior management or substantial or controlling shareholder of the Company. He also does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Pursuant to a letter of appointment between Mr. Greaves and the Company, (a) the term of appointment of Mr. Greaves as an independent non-executive Director will be for a fixed term of one year commencing from the date of the Annual General Meeting and will be renewable thereafter for no more than two successive terms of one year commencing from the day next after the expiry of the then current term, subject to retirement by rotation and re-election at the annual general meeting of the Company each year; and (b) Mr. Greaves will be entitled to an annual remuneration of HK\$300,000 which was fixed with reference to his duties and responsibilities with the Company as well as the Company’s remuneration policy. Mr. Greaves is not entitled to any discretionary bonus.

Mr. Thomas Joseph Manning (“Mr. Manning”), aged 53, has been an independent non-executive Director of the Company since 22 May 2007. Mr. Manning is the Chief Executive Officer of Indachin Limited, a business design firm focused on custom-building information service companies in India and China. He is also the founder of China Board Directors Limited, a company comprising influential senior executives providing board leadership to companies in China. Earlier in his career, Mr. Manning held leadership positions with McKinsey & Company, CSC Index and Buddy Systems, Inc., a technology venture. He had previously served as a director of Bain & Company and the Chief Executive Officer of Ernst & Young Consulting Asia, the Chief Executive Officer of Capgemini Asia and the Global Managing Director of Strategy & Technology Consulting Business of Cap Gemini Ernst & Young. Mr. Manning has worked with numerous retailers across the United States of America, Europe and Japan on operational, strategic and franchising issues. Mr. Manning is an independent non-executive director of Bank of Communications Co., Ltd., a company listed on Hong Kong Stock Exchange and an independent director of AsiaInfo, Inc., a company based in Beijing and listed on The Nasdaq Stock Market, Inc. He is also a board member of several private companies in China and India.

Save as disclosed above, Mr. Manning has not held any directorships in other listed public companies and other major appointment and qualifications during the last three years preceding his date of appointment.

Other than the directorship in the Company, Mr. Manning does not hold other positions with the Company or other members of the Group, nor does he have any relationship with any director, senior management or substantial or controlling shareholder of the Company. He also does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Pursuant to a letter of appointment between Mr. Manning and the Company, (a) the term of appointment of Mr. Manning as an independent non-executive Director will be for a fixed term of one year commencing from the date of the Annual General Meeting and will be renewable thereafter for no more than two successive terms of one year commencing from the day next after the expiry of the then current term, subject to retirement by rotation and re-election at the annual general meeting of the Company each year; and (b) Mr. Manning will be entitled to an annual remuneration of HK\$300,000 which was fixed with reference to his duties and responsibilities with the Company as well as the Company’s remuneration policy. Mr. Manning is not entitled to any discretionary bonus.

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the Annual General Meeting in relation to the Proposed Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$318,968,895.1 divided into 12,758,755,804 Shares.

Subject to the passing of the resolution granting the Proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 1,275,875,580 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

The Directors have no present intention to repurchase any Shares of the Company and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and in circumstances where they consider that the Shares can be repurchased on the terms favourable to the Company. On the basis of the combined financial position of the Company as at 31 December 2008, being the date to which the latest published audited accounts of the Company were made up, the Directors consider that if the Proposed Repurchase Mandate was to be exercised in full at the currently prevailing market value, it may have a material adverse impact on the working capital position and gearing level of the Company. The Directors do not propose to exercise the Proposed Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital position of the Company as compared with the position disclosed in the latest published audited financial statements or the gearing level which, in the opinion of the Directors, are from time to time appropriate for the Company.

FUNDING OF REPURCHASES

Repurchases to be made pursuant to the Proposed Repurchase Mandate would be financed out of funds legally available for such purpose in accordance with the Bye-Laws and the applicable laws in Hong Kong and Bermuda. Such funds include, but are not limited to, funds of the Company would otherwise be available for dividend or distribution.

EFFECT OF THE TAKEOVERS CODE

Upon the exercise of the power to repurchase the Shares pursuant to the Proposed Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and, depending on the level of increase of the Shareholders' interests, may become obliged to make a mandatory general offer in accordance with Rules 26 and 32 of the Takeovers Code.

The shareholdings of Mr. Wong Kwong Yu and his associates in the Company as at the Latest Practicable Date were approximately 35.55% of the issued share capital of the Company. Based on such interest in Shares and in the event that the Directors exercise in full the power to repurchase Shares under the Proposed Repurchase Mandate, and assuming that no further Shares are issued or repurchased prior to the Annual General Meeting, the interest of Mr. Wong Kwong Yu and his associates would be increased from approximately 35.55% to approximately 39.49% of the issued share capital of the Company. In such case, notwithstanding such increase of interest will not reduce the number of Shares held by the public to less than 25% of the issued share capital of the Company, it will give rise to an obligation to make a mandatory general offer under Rules 26 and 32 of the Takeovers Code. The Directors have no present intention to exercise the power to repurchase Shares under the Repurchase Mandate to such an extent as would result in a mandatory general offer obligation under the Takeovers Code.

The Directors have no present intention to repurchase Shares if the proposed Repurchase Mandate is approved at the Annual General Meeting.

PRICE OF THE SHARES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the past twelve months:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2008		
May	4.635	4.12
June	5	3.48
July	3.59	2.81
August	3.52	3.02
September	3.31	1.92
October	2.3	1.06
November	2.09	1.1
December	Suspended	Suspended
2009		
January	Suspended	Suspended
February	Suspended	Suspended
March	Suspended	Suspended
April	Suspended	Suspended
May (up to the Latest Practicable Date)	Suspended	Suspended

REPURCHASES MADE BY THE COMPANY

The Company did not purchase any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.

GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their associates have any present intention to sell any Shares to the Company or its subsidiaries if the Proposed Repurchase Mandate is exercised by the Company.

No connected persons of the Company (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so in the event that the Company is authorised to make repurchase of the Shares.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Proposed Repurchase Mandate to repurchase Shares in accordance with the Listing Rules and applicable laws of Hong Kong and Bermuda.

NOTICE OF ANNUAL GENERAL MEETING



GOME ELECTRICAL APPLIANCES HOLDING LIMITED

國美電器控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 493)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (“**Annual General Meeting**”) of GOME Electrical Appliances Holding Limited (the “**Company**”) will be held at Island Ballroom C, Level 5, Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong on Tuesday, 30 June 2009 at 10:00 a.m. for the purposes of considering and, if thought fit, pass with or without modifications the following ordinary resolutions:

AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements and the reports of the directors and auditors of the Company for the year ended 31 December 2008.
2. To pass the following resolution as an ordinary resolution of the Company:

“THAT

- (a) Mr. Wang Jun Zhou be re-elected as an executive director of the Company;
- (b) Ms. Wei Qiu Li be re-elected as an executive director of the Company;
- (c) Mr. Sun Qiang Chang be re-elected as a non-executive director of the Company;
- (d) Mr. Mark Christopher Greaves be re-elected as an independent non-executive director of the Company;
- (e) Mr. Thomas Joseph Manning be re-elected as an independent non-executive director of the Company; and
- (f) The board of directors of the Company be authorised to fix the remuneration of the directors.”

* *For identification purposes only*

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3. To re-appoint Ernst & Young as auditors of the Company and to authorise the board of directors of the Company to fix their remuneration.

AS SPECIAL BUSINESS

4. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period of all the powers of the Company to allot, issue and deal with unissued shares of the Company (the “**Shares**”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise), issued or dealt with by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into Shares, shall not exceed the aggregate of 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution;

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(d) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by applicable laws or the bye-laws of the Company to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of securities convertible into Shares, or options, warrants or other rights or securities to subscribe for securities of the Company open for a period fixed by the Directors to holders of securities of the Company on the register on a fixed record date in proportion to their then holdings of securities (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the Shares may be listed and recognized for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange under the Hong Kong Code on Share Repurchases, subject to and in accordance all applicable laws and regulations, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares which may be repurchased by the Company pursuant to paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this Resolution, and the approval granted under paragraph (a) of this Resolution shall be limited accordingly;

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(c) for the purpose of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

6. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of Resolutions nos. 4 and 5, the general and unconditional mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue or otherwise deal with additional securities of the Company pursuant to Resolution no. 4 as set out in the notice convening the Annual General Meeting of which this Resolution forms part be and is hereby extended by the addition thereto an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Resolution no. 5 as set out in the notice convening the Annual General Meeting of which this Resolution forms part, provided that such amount shall not exceed 10% of the aggregate nominal amount of such securities of the Company in issue at the date of the passing of this Resolution.”

7. To consider, and if thought fit, to pass the following resolution as an ordinary resolution of the company:

“**THAT** Mr. Sun Yi Ding be appointed an executive director of the Company.”

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8. To consider any other business of the Company.

Yours faithfully,
For and on behalf of
GOME Electrical Appliances Holding Limited
Chen Xiao
Chairman and President

Hong Kong, 29 May 2009

Principal place of business in Hong Kong:

Unit 6101, 61st Floor
The Center
99 Queen's Road Central
Hong Kong

Notes:

- (1) Any member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is holder of two or more shares of the Company may appoint more than one proxy to attend and vote instead of him/her. A proxy need not be a member of the Company.
- (2) A form of proxy for use at the Annual General Meeting is enclosed herewith.
- (3) The form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be under its seal or the hand of an officer or attorney duly authorised.
- (4) The form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be lodged at the Company's branch share registrar in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting (as the case may be) and in default the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the Annual General Meeting or at any adjourned meeting (as the case may be) should they so wish.
- (5) Where there are joint registered holders of any share, any one of such persons may vote any meeting, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the meeting in person or by proxy, the vote of one of the said persons so present whose name stands first on the register of members in respect of such share shall be accepted to the exclusion of the votes of the other joint holders.
- (6) As at the date of this notice, the Board comprises Mr. CHEN Xiao, Mr. NG Kin Wah, Mr. WANG Jun Zhou and Ms. WEI Qiu Li as executive directors; Mr. SUN Qiang Chang as non-executive director; and Mr. SZE Tsai Ping, Michael, Mr. CHAN Yuk Sang, Mr. Mark Christopher GREAVES, Dr. LIU Peng Hui, Mr. YU Tung Ho and Mr. Thomas Joseph MANNING as independent non-executive directors.