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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 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 Harbour View Rooms I&II, 3/F, The Excelsior, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 10 June 2014 at 2:30 p.m. is set out on pages 15 to 19 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 Annual General 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding 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 Annual General Meeting or any adjournment thereof should you so wish.

* For identification purpose only

Hong Kong, 5 May 2014

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Harbour View Rooms I&II, 3/F, The Excelsior, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 10 June 2014 at 2:30 p.m. or any adjournment thereof
“associates”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bye-Laws”	the bye-laws of the Company
“Company”	GOME Electrical Appliances Holding Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Issue Mandate”	the general and unconditional mandate granted to the Board at the annual general meeting of the Company held on 10 June 2013 to exercise all the powers of the Company to allot, issue and deal in new Shares not exceeding 5% of the aggregate nominal amount of the issued share capital of the Company as at 10 June 2013
“Existing Repurchase Mandate”	the general and unconditional mandate granted to the Board at the annual general meeting of the Company held on 10 June 2013 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 10 June 2013
“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”	29 April 2014, 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 Board at the Annual General Meeting to exercise all the powers of the Company to allot, issue and deal with new Shares not exceeding 5% 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 Board 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)”	the ordinary share(s) of HK\$0.025 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



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 Director:

ZOU Xiao Chun

Non-executive Directors:

ZHANG Da Zhong (*Chairman*)

ZHU Jia

WANG Li Hong

CHEUNG Leong

Independent Non-executive Directors:

SZE Tsai Ping, Michael

CHAN Yuk Sang

LEE Kong Wai, Conway

NG Wai Hung

LIU Hong Yu

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Principal place of business
in Hong Kong:*

Unit 6101, 61st Floor

The Center

99 Queen's Road Central

Hong Kong

5 May 2014

To the Shareholders

Dear Sir or Madam,

**PROPOSED RE-ELECTION 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 to, inter alia, (i) the re-election of Directors; and (ii) the grant of the Proposed Issue Mandate and the Proposed Repurchase Mandate.

* For identification purpose only

LETTER FROM THE BOARD

PROPOSED RE-ELECTION OF DIRECTORS

The Board currently consists of 10 Directors, namely Mr. Zou Xiao Chun being the executive Director, Mr. Zhang Da Zhong, Mr. Zhu Jia, Ms. Wang Li Hong and Mr. Cheung Leong being the non-executive Directors, and Mr. Sze Tsai Ping, Michael, Mr. Chan Yuk Sang, Mr. Lee Kong Wai, Conway, Mr. Ng Wai Hung and Ms. Liu Hong Yu 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 for the Director holding office as chairman or managing director of the Company. Pursuant to paragraph A4.2 of the Corporate Governance Code annexed as Appendix 14 to the Listing Rules, each Director (including those appointed for a specific term) should be subject to retirement by rotation at least once every three years. 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, each of Mr. Zhu Jia, Ms. Wang Li Hong, Mr. Sze Tsai Ping and Mr. Chan Yuk Sang will retire by rotation at the Annual General Meeting, and being eligible, offers himself/herself for re-election.

Each of Sze Tsai Ping, Michael and Chan Yuk Sang has served as an independent non-executive Director of the Company for more than 9 years. They meet the independence factors set out in Rule 3.13 of the Listing Rules and are not involved in the daily management of the Company nor are they involved in any relationships or circumstances which would interfere with the exercise of their independent judgment. In addition, each of Sze Tsai Ping, Michael and Chan Yuk Sang continues to demonstrate the attributes of an independent non-executive Director and there is no evidence that his tenure has had any impact on his independence. The Board is of the opinion that Sze Tsai Ping, Michael and Chan Yuk Sang remain independent notwithstanding the length of their services and it believes that their valuable knowledge and experience in the Group's business and their general business acumen continue to generate significant contribution to the Company and the Shareholders as a whole.

Brief biographical details of the Directors proposed for re-election 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 10 June 2013, ordinary resolutions were passed granting the Existing Issue Mandate and the Existing Repurchase Mandate to the Board.

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

In accordance with the Listing Rules and the terms of the Existing Issue Mandate, the Existing Issue Mandate will expire at the conclusion of the Annual General Meeting. The Proposed Issue Mandate sought is at 5% of the issued share capital of the Company and is

LETTER FROM THE BOARD

lower than the 20% cap permitted under the Listing Rules. The reason for seeking a lower mandate is to ensure that the existing interests of the Shareholders are protected and would not be overly diluted as a result of the issue of new Shares under the mandate granted whilst the Proposed Issue Mandate would provide certain flexibility to the Board in issuing and allotting new Shares.

Resolutions to consider, and if thought fit, to approve the Proposed Issue Mandate and the Proposed Repurchase Mandate as set out in resolutions 9 and 10 in the notice of the Annual General Meeting respectively will be proposed at the Annual General Meeting. As at the Latest Practicable Date, the number of Shares in issue was 16,875,056,230 Shares (including 55,782,000 Shares repurchased by the Company but not yet cancelled). 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 840,963,711 Shares, representing 5% of the 16,819,274,230 Shares (after the cancellation of the repurchased Shares) in issue, 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 1,681,927,423 Shares, representing 10% of the 16,819,274,230 Shares (after the cancellation of the repurchased Shares) in issue, 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 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 15 to 19 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 Level 22, Hopewell Centre, 183 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 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, except where the chairman of the Annual General Meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all resolutions proposed at the Annual General Meeting shall be voted by poll.

CLOSURE OF SHAREHOLDERS' REGISTER

For the purpose of determining the list of shareholders who are entitled to attend and vote at the Annual General Meeting, the shareholders' register of the Company will be closed on Monday, 9 June 2014 and Tuesday, 10 June 2014. No transfer of shares of the Company will be registered during both days. In order to qualify to attend and vote at the Annual General Meeting, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 6 June 2014.

Subject to approval by the shareholders in the Annual General Meeting, for the purpose of determining the list of shareholders who are entitled to the proposed final dividend, the shareholders' register of the Company will be closed on Monday, 16 June 2014. No transfer of shares of the Company will be registered on that day. In order to qualify for the proposed final dividend, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 13 June 2014.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATIONS

The Board considers (i) the proposed re-election of Directors and (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
ZHANG Da Zhong
Chairman

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

NON-EXECUTIVE DIRECTOR

Mr. ZHU Jia, aged 51, has been a non-executive Director of the Company since 3 August 2009 and was re-appointed as non-executive Director of the Company by the Board of the Company on 11 May 2010 right after he was not re-elected as non-executive Director of the Company on the same date at the annual general meeting of the Company. Mr. Zhu is a Juris Doctorate degree holder from Cornell Law School and is currently a managing director of Bain Capital Asia, LLC. Mr. Zhu has solid and extensive experience in a broad range of cross border mergers and acquisitions as well as internal financing transactions involving Chinese companies. Before joining Bain Capital Asia, LLC in 2006, he was a managing director of the investment banking division of and the chief executive officer of the China business of Morgan Stanley Asia Limited. Mr. Zhu has been appointed as a non-executive director of Sunac China Holdings Limited since September 2009, a non-executive director of Greatview Aseptic Packaging Company Limited since July 2010, a non-executive director of Clear Media Limited since August 2011 and also the chairman of the board of such company between August 2011 and December 2012 (the above three companies are all listed on the Hong Kong Stock Exchange). Mr. Zhu is also an independent director of YouKu Tudou Inc. (formerly known as Youku.com Inc.) (a company listed on the New York Stock Exchange) since November 2007. He was also a non-executive director of Sinomedia Holding Limited, a company listed on the Hong Kong Stock Exchange, between November 2006 and May 2013.

Save as disclosed above, Mr. Zhu has not held any directorships in any other listed public companies or other major appointments and qualifications during the past three years.

Other than the membership in the remuneration committee, nomination committee and independent committee of the Board and the directorship in the Company, Mr. Zhu does not hold any other positions with the Company or other members of the Group.

Save as disclosed above, Mr. Zhu does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Zhu was interested in 1,168,920 underlying Shares, representing approximately 0.01% of the issued share capital of the Company.

Pursuant to the letter of appointment to be entered into between the Company and Mr. Zhu, subject to the re-election of Mr. Zhu as a non-executive Director at the Annual General Meeting, (a) the appointment of Mr. Zhu as a non-executive Director is for a fixed term of three years from 10 June 2014, subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-Laws; and (b) Mr. Zhu is entitled to an annual remuneration of HK\$600,000. Mr. Zhu is not entitled to any fixed or discretionary bonus. Mr. Zhu's remuneration was fixed with reference to his duties and responsibilities with the Company as well as the Company's remuneration policy.

The Board is not aware of any other matters in relation to the appointment of Mr. Zhu as a non-executive Director that need to be brought to the attention of the Shareholders, nor is there any information that needs to be disclosed by the Company pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Ms. WANG Li Hong, aged 46, has been a non-executive Director of the Company since 3 August 2009 and was re-appointed as non-executive Director of the Company by the Board of the Company on 11 May 2010 right after she was not re-elected as non-executive Director of the Company on the same date at the annual general meeting of the Company. Ms. Wang is currently a managing director of Bain Capital Asia, LLC. Ms. Wang has more than 20 years of experience in the banking and finance industry in the United States and Asia. Before joining Bain Capital Asia, LLC in July 2006, Ms. Wang was an executive director at Morgan Stanley from April 2005 to July 2006, worked at J.P. Morgan Securities Asia Pacific Limited from October 2001 to March 2005 and Credit Suisse First Boston (U.S.) from September 1999 to September 2001. Ms. Wang obtained a Master Degree in Business Administration from Columbia Business School and was a graduate from Fudan University.

Save as disclosed above, Ms. Wang has not held any directorships in any other listed public companies or other major appointments and qualifications during the last three years.

Other than the membership in the independent committee of the Board and the directorship in the Company, Ms. Wang does not hold any other positions with the Company or other members of the Group.

Save as disclosed above, Ms. Wang does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Ms. Wang did not have any interest in the Shares within the meaning of Part XV of the SFO.

Pursuant to the letter of appointment to be entered into between the Company and Ms. Wang, subject to the re-election of Ms. Wang as a non-executive Director at the Annual General Meeting, (a) the appointment of Ms. Wang as a non-executive Director is for a fixed term of three years from 10 June 2014, subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-Laws; and (b) Ms. Wang is entitled to an annual remuneration of HK\$600,000. Ms. Wang is not entitled to any fixed or discretionary bonus. Ms. Wang's remuneration was fixed with reference to her duties and responsibilities with the Company as well as the Company's remuneration policy.

The Board is not aware of any other matters in relation to the appointment of Ms. Wang as a non-executive Director that need to be brought to the attention of the Shareholders, nor is there any information that needs to be disclosed by the Company pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SZE Tsai Ping, Michael, aged 68, has been an independent non-executive director of the Company since 31 October 2002. Mr. Sze has over 30 years of experience in the financial and securities field. He graduated with a Master of Laws (LLM) degree from the University of Hong Kong. He was a former member of the Securities and Futures Appeals Tribunal. He was also a former council member and member of the Main Board Listing Committee of the Hong Kong Stock Exchange. Mr. Sze is an independent non-executive director of Greentown China Holdings Limited since 2006, and Harbour Centre Development Limited and Walker Group Holdings Limited since 2007, all of which are listed on the Hong Kong Stock Exchange. He was formerly a non-executive director of Burwill Holdings Limited (a company listed on the Hong Kong Stock Exchange) from June 2000 to October 2011. Mr. Sze is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and also a fellow of the Hong Kong Institute of Directors Limited.

Save as disclosed above, Mr. Sze has not held any directorships in any other listed public companies and other major appointments and qualifications during the last three years.

Other than the membership in the remuneration committee, nomination committee, audit committee and independent committee of the Board and the directorship in the Company, Mr. Sze does not hold other positions with the Company or other members of the Group.

Save as disclosed above, Mr. Sze does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Sze did not have any interest in the Shares within the meaning of Part XV of the SFO.

Pursuant to a letter of appointment to be entered into between the Company and Mr. Sze, subject to the re-election of Mr. Sze as an independent non-executive Director at the Annual General Meeting, (a) the appointment of Mr. Sze as an independent non-executive Director is for a fixed term of three years from 10 June 2014, subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-Laws; and (b) Mr. Sze is entitled to an annual remuneration of HK\$600,000. Mr. Sze is not entitled to any fixed or discretionary bonus. Mr. Sze's remuneration was fixed with reference to his duties and responsibilities with the Company as well as the Company's remuneration policy.

The Board is not aware of any other matter in relation to the appointment of Mr. Sze as an independent non-executive Director that need to be brought to the attention of the Shareholders, nor is there any information that needs to be disclosed by the Company pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr. CHAN Yuk Sang, aged 68, has been an independent non-executive Director of the Company since 20 May 2004. Mr. Chan has more than 30 years of experience in the banking and finance industry. Mr. Chan was the chairman of Century Legend (Holdings) Limited from September 1999 to July 2002 and a director of Hong Kong Building & Loan Agency Ltd. from 1993 to 1995, both being companies listed on the Hong Kong Stock Exchange. Mr. Chan was a senior general manager of a local bank and an executive director of a joint Chinese foreign bank in Shenzhen. Mr. Chan is currently an independent non-executive director of Four Seas Mercantile Holdings Limited, a company listed on the Hong Kong Stock Exchange, and has been appointed as an independent non-executive director of Imagi International Holdings Limited (a company listed on the Hong Kong Stock Exchange) since 11 May 2010. Mr. Chan was also an independent non-executive director of Opes Asia Development Limited (a company listed on the Hong Kong Stock Exchange) between April 2011 and June 2012.

Save as disclosed above, Mr. Chan has not held any directorship in any other listed public companies or other major appointments and qualifications during the last three years.

Other than the membership in the remuneration committee, nomination committee, audit committee and independent committee of the Board and the directorship in the Company, Mr. Chan does not hold any other position with the Company or other members of the Group.

Save as disclosed above, Mr. Chan does not have any relationship with any director, senior management or substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Chan did not have any interest in the Shares within the meaning of Part XV of the SFO.

Pursuant to a letter of appointment to be entered into between the Company and Mr. Chan subject to re-election of Mr. Chan as an independent non-executive Director at the Annual General Meeting, (a) the appointment of Mr. Chan as an independent non-executive Director is for a fixed term of three years from 10 June 2014, subject to retirement by rotation and re-election at annual general meeting of the Company in accordance with the Bye-Laws, and (b) Mr. Chan is entitled to an annual remuneration of HK\$600,000. Mr. Chan is not entitled to any fixed or discretionary bonus and his remuneration was fixed with reference to his duties and responsibilities with the Company as well as the Company's remuneration policy.

The Board is not aware of any other matter in relation to the appointment of Mr. Chan as an independent non-executive Director that needs to be brought to the attention of the Shareholders, nor is there any information that needs to be disclosed by the Company pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

There is no service contract, which is not determinable by the Company within the period of one year without payment of compensation (other than statutory compensation), in respect of any Director proposed for re-election or election at the Annual General Meeting.

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\$421,876,405.75 divided into 16,875,056,230 Shares (including 55,782,000 Shares repurchased by the Company but not yet cancelled).

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 1,681,927,423 Shares, being 10% of the entire issued share capital (after the cancellation of the repurchased Shares) of the Company as at the date of passing the resolution approving the Proposed Repurchase Mandate, 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 Board believes 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 asset value of the Company and/or earnings per Share and will only be made when the Board believes that such a repurchase will benefit the Company and the Shareholders.

The Board has 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 financial position of the Company as at 31 December 2013, being the date to which the latest published audited accounts of the Company were made up, the Board considers that if the Proposed Repurchase Mandate was to be exercised in full at the currently prevailing market value, it may have a material impact on the working capital position and gearing level of the Company. The Board does 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 or the gearing level which, in the opinion of the Board, 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 that 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 a group of Shareholders acting in concert, 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 32.10% (or 32.21% after the cancellation of the repurchased Shares) of the issued share capital of the Company. Based on such interest in Shares and in the event that the Board exercises 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 32.10% to approximately 35.67% (or from approximately 32.21% to approximately 35.79% after the cancellation of the repurchased Shares) 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 Board has 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 Board has no present intention to repurchase Shares if the proposed Repurchase Mandate is approved at the Annual General Meeting.

PRICES 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 HK\$	Lowest HK\$
2013		
April	0.86	0.75
May	0.86	0.76
June	0.82	0.62
July	0.83	0.66
August	0.85	0.76
September	1.07	0.78
October	1.26	0.99
November	1.52	1.19
December	1.47	1.23
2014		
January	1.47	1.25
February	1.39	1.28
March	1.35	1.14
April (up to the Latest Practicable Date)	1.52	1.26

REPURCHASES MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, the Company has made the following repurchases of Shares on the Stock Exchange:

Trading Date	Number of Shares purchased	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Total amount paid (before brokerage and expenses) HK\$
7 April 2014	20,000,000	1.31	1.30	26,164,000
11 April 2014	25,782,000	1.44	1.41	36,831,760
15 April 2014	10,000,000	1.40	1.40	14,000,000
Total	55,782,000			76,995,760

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 they have undertaken not to do so in the event that the Company is authorised to make repurchase of the Shares.

The Board has 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 AND CLOSURE OF SHAREHOLDERS' REGISTER

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Annual General Meeting**”) of GOME Electrical Appliances Holding Limited (the “**Company**”) will be held at Harbour View Rooms I&II, 3/F, The Excelsior, 281 Gloucester Road, Causeway Bay, Hong Kong on Tuesday, 10 June 2014 at 2:30 p.m. for the purposes of considering and, if thought fit, passing with or without modifications the following ordinary resolutions:

AS ORDINARY BUSINESS

1. To receive and adopt the audited consolidated financial statements and the reports of the directors and auditors of the Company for the year ended 31 December 2013.
2. To approve the proposed final dividend for the year ended 31 December 2013 of HK\$1.3 cents per ordinary share.
3. To re-elect Mr. Zhu Jia as a non-executive director of the Company.
4. To re-elect Ms. Wang Li Hong as a non-executive director of the Company.
5. To re-elect Mr. Sze Tsai Ping, Michael, who has already served the Company for more than nine (9) years as an independent non-executive director of the Company, as an independent non-executive director of the Company.
6. To re-elect Mr. Chan Yuk Sang, who has already served the Company for more than nine (9) years as an independent non-executive director of the Company, as an independent non-executive director of the Company.
7. To authorise the board of directors of the Company to fix the directors' remuneration.
8. To re-appoint Ernst & Young as auditors of the Company and to authorise the board of directors of the Company to fix their remuneration.

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

9. 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 Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the board of directors of the Company during the Relevant Period (as hereinafter defined) 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 board of directors of the Company 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 board of directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue, (ii) the exercise of any options granted under the share option scheme of the Company, (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 5% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution;
- (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 board of directors of the Company by this resolution;

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of Shares, 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 board of directors of the Company 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 board of directors of the Company 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).”

10. 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 board of 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 recognised 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 with 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;
- (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 passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the board of directors of the Company by this resolution.”

NOTICE OF ANNUAL GENERAL MEETING

CLOSURE OF SHAREHOLDERS' REGISTER

For the purpose of determining the list of shareholders who are entitled to attend and vote at the Annual General Meeting, the shareholders' register of the Company will be closed on Monday, 9 June 2014 and Tuesday, 10 June 2014. No transfer of shares of the Company will be registered during both days. In order to qualify to attend and vote at the Annual General Meeting, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 6 June 2014.

Subject to approval by the shareholders in the Annual General Meeting, for the purpose of determining the list of shareholders who are entitled to the proposed final dividend, the shareholders' register of the Company will be closed on Monday, 16 June 2014. No transfer of shares of the Company will be registered on that day. In order to qualify for the proposed final dividend, all instruments of transfer together with the relevant share certificate(s) must be lodged with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 13 June 2014.

By Order of the Board
GOME Electrical Appliances Holding Limited
ZHANG Da Zhong
Chairman

Hong Kong, 5 May 2014

NOTICE OF ANNUAL GENERAL MEETING

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 Level 22, Hopewell Centre, 183 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. Zou Xiao Chun as executive director, Mr. Zhang Da Zhong, Mr. Zhu Jia, Ms. Wang Li Hong and Mr. Cheung Leong as non-executive directors, and Mr. Sze Tsai Ping, Michael, Mr. Chan Yuk Sang, Mr. Lee Kong Wai, Conway, Mr. Ng Wai Hung and Ms. Liu Hong Yu as independent non-executive directors.