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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 ENLARGEMENT OF THE BOARD,
PROPOSED APPOINTMENT OF DIRECTORS
AND
NOTICE OF SPECIAL GENERAL MEETING**

A letter from the Board of GOME Electrical Appliances Holding Limited (the "Company") is set out on pages 3 to 6 of this circular. A notice convening a special general meeting (the "Special General Meeting") of the shareholders of the Company to be held at Hennessy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 17 December 2010 at 10:00 a.m. is set out on pages 10 to 11 of this circular. Shareholders are advised to read the notice of the Special General Meeting set out on pages 10 to 11 of this circular.

Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon 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 practicable and in any event not later than 48 hours before the time designated for holding the Special General Meeting or any adjournment thereof. Completion and return of the relevant forms of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.

* *For identification purposes only*

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DEFINITIONS

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

“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“the Company” or “GOME”	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 meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	15 November 2010
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	the memorandum of understanding entered into between the Company and Shinning Crown on 10 November 2010
“Mr. Wong”	Mr. Wong Kwong Yu, an indirect Shareholder
“Mr. Zou”	Mr. Zou Xiao Chun
“Ms. Huang”	Ms. Huang Yan Hong
“the PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.025 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Shinning Crown”	Shinning Crown Holdings Inc, a company wholly-owned by Mr. Wong, and a substantial shareholder of the Company
“Shinning Crown Nominees”	Mr. Zou and Ms. Huang, each nominated by Shinning Crown as an executive Director and a non-executive Director respectively
“Special General Meeting”	the special general meeting of the Company to be held at Hennessy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 17 December 2010 at 10:00 a.m. or any adjournment thereof to consider and pass the resolutions as set out in the notice of Special General Meeting
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules

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 Directors:

CHEN Xiao (*Chairman*)
WANG Jun Zhou (*President*)
NG Kin Wah
WEI Qiu Li
SUN Yi Ding

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Non-executive Directors:

ZHU Jia
Ian Andrew REYNOLDS
WANG Li Hong

*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
Thomas Joseph MANNING

16 November 2010

To the Shareholders

Dear Sir or Madam,

**PROPOSED ENLARGEMENT OF THE BOARD,
PROPOSED APPOINTMENT OF DIRECTORS
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

The Board announced on 10 November 2010 that the Company has entered into a legally binding Memorandum of Understanding with Shinning Crown in relation to a proposal (a) to increase the maximum permitted number of Directors from eleven (11) to thirteen (13) (“**Board Enlargement**”); and (b) to appoint the Shinning Crown Nominees as Directors (“**Proposed Appointments**”).

* For identification purposes only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with some background and details in relation to the resolutions to be proposed at the Special General Meeting, and to give you notice of the Special General Meeting at which such resolutions will be proposed. Shareholders are advised to read this circular thoroughly and carefully before deciding how to vote on the resolutions.

THE MEMORANDUM OF UNDERSTANDING

Key terms of the Memorandum of Understanding

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

The Company and Shinning Crown have committed to cooperate in all respects to implement actions and initiatives to build a stronger and more profitable Company in the best interests of the Company and Shareholders as a whole.

The Company and Shinning Crown are each entitled to terminate the Memorandum of Understanding upon, amongst other things, giving thirty (30) days' written notice to the other party or the Proposed Appointments not being approved by Shareholders at the Special General Meeting.

Rationale for entering into the Memorandum of Understanding

The Board believes that the best interests of the Company and all Shareholders are served through cooperation and constructive dialogue between the Company and its major stakeholders, including Shinning Crown, and through maintaining a strong and stable management team.

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

The Company's founding Shareholders have also stated that subject to them obtaining appropriate Board representation in accordance with the terms of the Memorandum of Understanding, they have no current intention to terminate any of the existing intra-group agreements between certain members of the Group and certain members of the unlisted group which trades under the GOME brand and is ultimately owned and controlled by Mr. Wong.

Accordingly, the Board believes that entry into the Memorandum of Understanding and the appointment of the Shinning Crown Nominees as Directors of the Company, represent an important step toward ensuring the stability and continued prosperity of the Company.

LETTER FROM THE BOARD

PROPOSED ENLARGEMENT OF THE BOARD

At present, the Board comprises eleven (11) Directors, namely: Mr. Chen Xiao, Mr. Ng Kin Wah, Mr. Wang Jun Zhou, Ms. Wei Qiu Li and Mr. Sun Yi Ding as executive Directors; Mr. Zhu Jia, Mr. Ian Andrew Reynolds and Ms. Wang Li Hong as non-executive Directors; and Mr. Sze Tsai Ping, Michael, Mr. Chan Yuk Sang and Mr. Thomas Joseph Manning as independent non-executive Directors.

Bye-law 101 of the Bye-Laws provides that the Company shall in general meeting fix, and may by ordinary resolution, increase or reduce, the maximum and minimum number of Directors. Pursuant to a resolution passed by Shareholders on 31 January 1992, the maximum permitted number of Directors is currently set at 11.

A resolution to consider and, if thought fit, to approve the maximum permitted number of Directors from eleven (11) to thirteen (13) pursuant to bye-law 101 of the Bye-laws, as set out in Resolution 1 of the notice of the Special General Meeting, will be proposed at the Special General Meeting.

PROPOSED APPOINTMENT OF THE SHINNING CROWN NOMINEES AS DIRECTORS

Pursuant to section 91(1) of the Companies Act, Directors may be appointed at each annual general meeting of the Company, or may be elected or appointed by the Shareholders in such other manner and for such term as may be provided in the Bye-laws.

Bye-law 102(A) of the Bye-laws provides that the Company may elect any person to be a Director by ordinary resolution in general meeting, either to fill a casual vacancy or as an addition to the Board.

Resolutions to consider and, if thought fit, to approve the appointments of Mr. Zou as an executive Director and Ms. Huang as a non-executive Director pursuant to section 91(1) of the Companies Act and bye-law 102(A) of the Bye-laws, as set out in Resolutions 2 and 3 respectively of the notice of the Special General Meeting, will be proposed at the Special General Meeting.

Subject to being appointed as Directors by the approval of the Shareholders at the Special General Meeting, such appointment of Mr. Zou as an executive Director and Ms. Huang as a non-executive Director would be for a fixed term of three (3) years commencing from the conclusion of the Special General Meeting, subject to retirement by rotation and re-election in accordance with the Bye-Laws.

Biographical details of Mr. Zou and Ms. Huang are set out in Appendix I to this circular.

SPECIAL GENERAL MEETING

A notice convening the Special General Meeting is set out on pages 10 to 11 of this circular.

LETTER FROM THE BOARD

A form of proxy for use at the Special General Meeting is also enclosed with this circular. Whether or not you are able to attend the Special General Meeting, please 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 Special 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 Special General Meeting or any adjournment thereof if they so wish.

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 Special General Meeting shall be voted by poll.

RECOMMENDATIONS

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

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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.

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

16 November 2010

The biographical details of the Shinning Crown Nominees proposed to be appointed as Directors at the Special General Meeting are set out as follow:

Mr. Zou's Biography

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

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

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

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

Mr. Zou has been a practising lawyer for almost 20 years and has practised in legal areas relating to capital markets in the PRC for 10 years. He had provided legal services to the GOME Group for 9 consecutive years. He has solid experience in managing listed companies and has considerable working experience in listed companies and large enterprises. Mr. Zou does not have any relationship with any other Directors, senior management, substantial shareholders, or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Zou does not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Mr. Zou has not held any position in other listed companies or other major appointments or qualifications during the past three years.

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

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

Ms. Huang's Biography

Ms. Huang, aged 34, graduated from The China Europe International Business School (中歐國際工商學院). Ms. Huang served as the accountant and the manager of the Finance Department of GOME Appliance Company Limited (國美電器有限公司) from January 1994 to December 1996, the deputy general manager of GOME Appliance Company Limited (國美電器有限公司) from January 1997 to June 2000, the deputy general manager of Beijing Eagle Real Estate Development Co., Ltd. (北京鵬潤房地產開發有限責任公司) from June 2000 to May 2003, the director of the Supervision Centre of GOME Appliance Company Limited (國美電器有限公司) from June 2003 to August 2004, and the chairwoman of the board of directors of Beijing Mingtian Xinhua Investment Co., Ltd. (北京明天信華投資有限公司) from January 2008 to date. Ms. Huang is the sister of Mr. Wong.

Save as disclosed above, Ms. Huang does not have any relationship with any other Directors, senior management, substantial shareholders, or controlling shareholders of the Company. As at the Latest Practicable Date, Ms. Huang does not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, Ms. Huang has not held any position in other listed companies or other major appointments or qualifications during the past three years.

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

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

NOTICE OF SPECIAL 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 SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (“Special General Meeting”) of GOME Electrical Appliances Holding Limited (the “Company”) will be held at Hennessy Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 17 December 2010 at 10:00 a.m. for the following purposes:

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions as ordinary resolutions of the Company:

1. **THAT** the maximum permitted number of directors of the Company be increased from eleven (11) to thirteen (13);
2. **THAT** Mr. Zou Xiao Chun be appointed as an executive director of the Company with immediate effect; and
3. **THAT** Ms. Huang Yan Hong be appointed as a non-executive director of the Company with immediate effect.

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

Hong Kong, 16 November 2010

Principal place of business in Hong Kong:
Unit 6101, 61st Floor
The Center
99 Queen’s Road Central
Hong Kong

* *For identification purposes only*

NOTICE OF SPECIAL GENERAL MEETING

Notes:

- (1) Any member of the Company entitled to attend and vote at the Special 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 Special 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 Special 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 Special 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, Ms. WEI Qiu Li and Mr. SUN Yi Ding as executive Directors; Mr. ZHU Jia, Mr. Ian Andrew REYNOLDS and Ms. WANG Li Hong as non-executive Directors; and Mr. SZE Tsai Ping, Michael, Mr. CHAN Yuk Sang and Mr. Thomas Joseph MANNING as independent non-executive Directors.