
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in GOME Electrical Appliances Holding Limited (the “Company”), you should at once hand this circular and the accompanying Election Form to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

SCRIP DIVIDEND SCHEME
IN RELATION TO
THE 2013 SPECIAL DIVIDEND

* For identification purpose only

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EXPECTED TIMETABLE

The following is a summary of the events in relation to the Scrip Dividend Scheme in the form of a timetable:

Latest time for return of the Election

Form to the Branch Share Registrar 4:30 p.m. on Wednesday, 7 May 2014

Despatch of cheques for cash dividends
and definitive certificates for New

Shares at the risk of recipients. on or about Friday, 23 May 2014

Dealings in New Shares expected to commence on or about Monday, 26 May 2014

Notes:

- 1. All references to date and time are Hong Kong date and time.*

DEFINITIONS

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

“2013 Special Dividend”	the special dividend of HK\$2.0 cents (equivalent to RMB1.6 fen) per Share for the year ended 31 December 2013 payable to the Shareholders whose names were recorded on the register of members of the Company on the Record Date
“Board”	the board of Directors from time to time
“Branch Share Registrar”	the Company’s branch share registrar in Hong Kong, Tricor Abacus Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“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
“Director(s)”	the director(s) of the Company
“Election Form”	the form of election in relation to the Scrip Dividend Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	16 April 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“New Shares”	new Share(s) to be allotted, issued and credited as fully paid up under the Scrip Dividend Scheme

DEFINITIONS

“Overseas Shareholders”	Shareholders whose addresses as shown on the register of members of the Company at the close of business on the Record Date are outside Hong Kong
“PRC”	the People’s Republic of China
“Record Date”	Friday, 4 April 2014
“RMB”	Renminbi, the lawful currency of the PRC
“Scrip Dividend Scheme”	the scheme offering the Shareholders the scrip dividend option whereby the Shareholders may elect to receive their 2013 Special Dividend wholly or partly by the allotment of New Shares credited as fully paid in lieu of cash dividend
“Share(s)”	ordinary share(s) of HK\$0.025 each in the issued share capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	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

22 April 2014

To the Shareholders

Dear Sir or Madam,

**SCRIP DIVIDEND SCHEME
IN RELATION TO
THE 2013 SPECIAL DIVIDEND**

INTRODUCTION

Reference is made to the announcements of the Company date 20 March 2014 and 4 April 2014 in relation to the payment of special dividend.

On 20 March 2014, the Board announced the audited consolidated results of the Group for the year ended 31 December 2013 and recommended the payment of the 2013 Special Dividend which is payable in cash with a scrip dividend option.

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to provide information relating to the Scrip Dividend Scheme and the action to be taken by the Shareholders in relation thereto.

THE SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, the 2013 Special Dividend is payable in cash with a scrip dividend option to the Shareholders whose names appeared on the register of members of the Company at the close of business on the Record Date. To be entitled for the 2013 Special Dividend, the latest time for submission of all completed transfer forms accompanied by the relevant share certificates was 4:30 p.m. on Thursday, 3 April 2014 to the office of the Company's Branch Share Registrar.

The Shareholders may elect to receive the 2013 Special Dividend in one of the following ways:

- (i) wholly in cash at HK\$2.0 cents per Share; or
- (ii) an allotment of such number of New Shares credited as fully paid and having an aggregate market value (as calculated below) equal to, save for adjustment for fractions, the total amount of the 2013 Special Dividend which such Shareholder could elect to receive in cash (the "Maximum Entitlement"); or
- (iii) partly New Shares not exceeding the Maximum Entitlement and the remainder in cash.

If the Shareholders elect to receive the 2013 Special Dividend in cash, in whole or in part, such cash dividend will be paid in Hong Kong dollars and the amount payable will be HK\$2.0 cents per Share.

For the purpose of calculating the Maximum Entitlement, the price of a New Share will be HK\$1.306, which is the average closing price of one existing Share on the Stock Exchange for the five consecutive trading days (on which such price is available) up to and including Friday, 4 April 2014. Accordingly, a Shareholder electing for New Shares under option (ii) above will receive such number of New Shares as calculated below:

$$\begin{array}{l} \text{Number of} \\ \text{New Shares} \\ \text{to be received} \end{array} = \begin{array}{l} \text{Number of Shares held} \\ \text{on the Record Date for} \\ \text{which election for} \\ \text{New Shares is made} \end{array} \times \frac{\begin{array}{l} \text{2013 Special Dividend per Share} \\ \text{(i.e. HK\$2.0 cents)} \\ \text{average closing price over five} \\ \text{consecutive trading days up to} \\ \text{and including 4 April 2014} \\ \text{(i.e. HK\$1.306)} \end{array}}{\text{average closing price over five} \\ \text{consecutive trading days up to} \\ \text{and including 4 April 2014} \\ \text{(i.e. HK\$1.306)}}$$

LETTER FROM THE BOARD

The New Shares will rank pari passu in all respects with the existing issued Shares, and will rank in full for all future dividends and distribution which may be declared, made or paid (except for the 2013 Special Dividend).

The number of New Shares to be issued to the Shareholders will be rounded down to the nearest whole number. Fractional entitlements to New Shares under options (ii) and (iii) above will be disregarded and the benefit thereof will be accrued to the Company.

EFFECT OF THE SCRIP DIVIDEND SCHEME

Based on 16,875,056,230 Shares in issue as at the close of business on the Record Date, if no election for the New Shares is received, the total cash dividend payable by the Company will be approximately HK\$337,501,000 (equivalent to RMB267,743,000). If all Shareholders elect to receive their entitlements to the 2013 Special Dividend in form of New Shares, the maximum number of New Shares to be issued will be 258,423,525 Shares representing approximately 1.53% of the existing issued share capital of the Company and approximately 1.51% of the issued share capital of the Company as enlarged by the issue of the New Shares.

Shareholders should note that the New Shares may give rise to notification requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Shareholders who are in any doubt as to how these provisions may affect them or as to their taxation position are recommended to consult their own professional advisers.

ADVANTAGE OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give the Shareholders an opportunity to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also benefit the Company to the extent that such cash which would otherwise have been paid to the Shareholders who elect to receive the New Shares in lieu of the cash dividend either in whole or in part, will be retained for use as working capital by the Company.

CONDITION OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be issued in respect of the 2013 Special Dividend.

If this condition is not satisfied, the Scrip Dividend Scheme described in this circular will not become effective and the Election Forms will be void. The 2013 Special Dividend will then be paid wholly in cash.

FORM OF ELECTION

A form of election for Shareholders to elect to receive the 2013 Special Dividend in New Shares is enclosed with this circular. If you wish to receive the 2013 Special Dividend wholly in cash, you do not need to take any action.

LETTER FROM THE BOARD

If you elect to receive the 2013 Special Dividend wholly in New Shares, or partly in cash and partly in New Shares, you should use the enclosed Election Form. If you sign the Election Form but do not specify the number of Shares in respect of which you wish to receive New Shares in lieu of the cash dividend, or if you elect to receive New Shares in respect of a greater number of Shares than your registered holding as at the Record Date, then in either case, you will be deemed to have exercised your election to receive New Shares in respect of all the Shares registered in your name on the Record Date.

The Election Form should be completed in accordance with the instructions printed thereon and returned to the Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong so as to be received no later than 4:30 p.m. on Wednesday, 7 May 2014.

No acknowledgement of receipt of the Election Form will be issued. Elections in respect of the 2013 Special Dividend cannot be in any way withdrawn, revoked, superseded or altered after the relevant Election Forms are signed and lodged with the Branch Share Registrar.

OVERSEAS SHAREHOLDERS

This circular will not be registered or filed under the securities laws or equivalent legislation of any jurisdiction. This circular and the Election Form do not constitute or form part of an offer or solicitation of any offer to buy securities of the Company, and the Election Form is non-transferable. No Overseas Shareholder receiving a copy of this circular and/or the Election Form in any territory outside Hong Kong may treat the same as an invitation to participate in the Scrip Dividend Scheme unless such invitation could lawfully be made to him without the Company having to comply with any registration or other requirements or formalities in the relevant jurisdiction. Shareholders residing in a jurisdiction where it would be illegal for the Company to make such an invitation will be deemed to have received this circular and/or the Election Form for information only.

Based on the Company's register of members as at the Record Date, there were 7 Overseas Shareholders with registered addresses in British Virgin Islands, Cayman Islands, the PRC and Spain.

Pursuant to Rule 13.36(2) of the Listing Rules, the Company has made enquiries in respect of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places for the Company to extend the Scrip Dividend Scheme to the Overseas Shareholders. The Directors note that there is no legal restriction under the applicable legislation of British Virgin Islands, Cayman Islands, the PRC and Spain with respect to the offer of the New Shares to the Overseas Shareholders with registered addresses in those jurisdictions as at the Record Date. Accordingly, no Overseas Shareholders will be excluded from the Scrip Dividend Scheme.

It is the responsibility of any Overseas Shareholder wishing to receive New Shares for the 2013 Special Dividend to satisfy itself as to full observance of the laws of any relevant jurisdiction, including obtaining any governmental or other consents or observing any requirement or formality which may be required. For the avoidance of doubt, the New Shares are not being offered to the public and the Election Form is non-transferable. Overseas Shareholders who are in any doubt as to their positions should consult their own professional advisers.

LETTER FROM THE BOARD

STOCK EXCHANGE LISTING, CLEARING AND SETTLEMENT

An application has been made to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the New Shares. It is expected that the certificates for the New Shares will be posted to the Shareholders who have elected to receive some or all of their 2013 Special Dividend in the form of New Shares at their own risk on or about Friday, 23 May 2014. Dealings in the New Shares on the Stock Exchange are expected to commence on or about Monday, 26 May 2014.

Subject to the granting of the listing of, and permission to deal in, the New Shares issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, such New Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited for deposit, clearance and settlement in the Central Clearing and Settlement System. Shareholders should seek the advice of their licensed securities dealer or other professional adviser for details of these settlement arrangements and how such arrangements will affect their rights and interests.

The Shares are listed, and dealt in, on the Stock Exchange. No equity or debt securities of the Company is listed, or dealt in, on any other stock exchange, nor is listing, or permission to deal in, on any other exchange being, or proposed to be, sought.

New Shares issued to the Shareholders pursuant to an election to receive some or all of their 2013 Special Dividend in New Shares may be allocated in odd lots. No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of New Shares issued in odd lots. Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

GENERAL

Shareholders who are trustees are recommended to seek professional advice as to whether their election to receive the New Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

Whether or not it is to your advantage to receive cash or New Shares, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all effects resulting from that decision are your responsibility. No financial product advice is given in this circular (or any other material) in relation to the Scrip Dividend Scheme and that nothing in this circular (or any other material) should be taken to constitute a recommendation or opinion that is intended to influence any Shareholders in making a decision to participate in the Scrip Dividend Scheme. If you are in any doubt as to what to do, you are recommended to consult your own professional advisers.

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