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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)**

**China Paradise Electronics Retail Limited**

**中國永樂電器銷售有限公司\***

*(incorporated in the Cayman Islands  
with limited liability)*

**(Stock code: 503)**

**Despatch of Composite Document and Major Transaction Circular  
relating to the**

**Voluntary conditional offer by  
Goldman Sachs (Asia) L.L.C.  
for and on behalf of**

**GOME Electrical Appliances Holding Limited  
to acquire all of the issued shares in the capital of  
China Paradise Electronics Retail Limited**

**not already owned by GOME Electrical Appliances Holding Limited  
and parties acting in concert with it**

**and**

**Major transaction of GOME Electrical Appliances Holding Limited**

**Financial adviser to**

**GOME Electrical Appliances Holding Limited**

**Goldman  
Sachs**

**Financial adviser to**

**China Paradise Electronics Retail Limited**

**CAZENOVE**

Cazenove Asia Limited

**Independent financial adviser to the Independent Board Committee of**

**China Paradise Electronics Retail Limited**

**in respect of the Offer**



**SOMERLEY LIMITED**

The Composite Document containing, among other things, the details of the Offer, the letter from the board of GOME, the letter from Goldman Sachs, the letter from the board of China Paradise, the letter from the Independent Board Committee of China Paradise and the letter from Somerley Limited to the Independent Board Committee of China Paradise, together with the form of acceptance in respect of the Offer will be despatched to the China Paradise Shareholders on 29 August 2006.

China Paradise Shareholders are encouraged to read the Composite Document carefully, including the recommendations of the Independent Board Committee of China Paradise and the advice from Somerley Limited to the Independent Board Committee of China Paradise, before deciding whether or not to accept the Offer.

The Circular containing, among other things, the details of the Offer, the letter from the board of GOME in respect of the Offer and the notice of the Special General Meeting of GOME to be held on Monday, 18 September 2006 will be despatched to the GOME Shareholders on 29 August 2006.

Reference is made to the joint announcement dated 25 July 2006 by GOME and China Paradise in relation to the Offer (the **Joint Announcement**). Unless otherwise stated, capitalised terms defined herein shall have the same meanings as those defined in the Joint Announcement.

#### **DESPATCH OF THE COMPOSITE DOCUMENT AND MAJOR TRANSACTION CIRCULAR**

The Composite Document containing, among other things, the details of the Offer, the letter from the board of GOME, the letter from Goldman Sachs, the letter from the board of China Paradise, the letter from the independent board committee of China Paradise in respect of the Offer (the **Independent Board Committee**) and the letter from Somerley Limited to the Independent Board Committee of China Paradise, together with the form of acceptance in respect of the Offer, will be despatched to the China Paradise Shareholders on 29 August 2006.

China Paradise Shareholders are encouraged to read the Composite Document carefully, including the recommendations of the Independent Board Committee of China Paradise and the advice from Somerley Limited to the Independent Board Committee of China Paradise, before deciding whether or not to accept the Offer.

The Circular containing, among other things, the details of the Offer, the letter from the board of GOME in respect of the Offer and the notice of the special general meeting (the **Special General Meeting**) of GOME to be held on Monday, 18 September 2006 will be despatched to the GOME Shareholders on 29 August 2006.

#### **EXPECTED TIMETABLE**

Unless the Offer has previously been revised or extended with the consent of the Executive, or have previously become or been declared unconditional, the latest time and date for acceptance of the Offer will be 4:00 p.m. on Tuesday, 17 October 2006 (the **First Closing Date**), being not less than 21 days from the date of the posting of the Composite Document. GOME will publish an announcement on the Stock Exchange's website by not later than 7:00 p.m. on the First Closing Date stating whether the Offer has been revised or extended, has expired or has become or been declared unconditional (whether as to acceptances or in all respects). Such announcement will be republished in The Standard (in English) and The Hong Kong Economic Times (in Chinese) on Wednesday, 18 October 2006.

The following is the expected timetable of the Offer:

Despatch date of the Composite Document and the commencement of the Offer ( <i>Note 1</i> ) .....	Tuesday, 29 August 2006
Special General Meeting of GOME .....	9:30 a.m. on Monday, 18 September 2006
Latest time and date for acceptance of the Offer ( <i>Note 2</i> ) .....	4:00 p.m. on Tuesday, 17 October 2006
First Closing Date ( <i>Note 2</i> ) .....	Tuesday, 17 October 2006
Announcement of the result of the Offer, as at the First Closing Date, on the website of the Stock Exchange. ....	not later than 7:00 p.m. on Tuesday, 17 October 2006
Announcement of the result of the Offer, as at the First Closing Date, in the newspapers in Hong Kong .....	Wednesday, 18 October 2006
Latest date for posting of share certificates and cheques to the China Paradise Shareholders who accepted the Offer by the First Closing Date, assuming the Offer becomes or is declared unconditional on the First Closing Date ( <i>Note 3</i> ) .....	Friday, 27 October 2006
Latest time and date for the Offer to remain open for acceptance assuming the Offer becomes or is declared unconditional on the First Closing Date ( <i>Note 4</i> ) .....	4:00 p.m. on Tuesday, 31 October 2006
Latest time by which the Offer can become or be declared unconditional as to acceptances ( <i>Note 5</i> ) .....	7:00 p.m. on Tuesday, 31 October 2006

*Notes:*

1. The Offer is made on Tuesday, 29 August 2006, namely the date of posting of the Composite Document, and is capable of acceptance on and as from that date.
2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which the Composite Document was posted. The latest time for acceptance of the Offer is 4:00 p.m. on Tuesday, 17 October, 2006. See also Note 4 below.
3. The consideration payable for the China Paradise Shares under the Offer will be posted by ordinary post to the China Paradise Shareholders accepting the Offer at his/her/its own risk as soon as possible, but in any event within 10 days of the later of: (i) the date of receipt by the Registrar of all the relevant documents to render the acceptance under the Offer complete and valid, and (ii) the date the Offer becomes, or is declared, unconditional.
4. In accordance with the Takeovers Code, where the Offer becomes or is declared unconditional, it should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offer is closed to the China Paradise Shareholders who have not accepted the Offer. GOME reserves its right to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). GOME will issue a press announcement in relation to any extension of the Offer, which will state the next closing date or, if the Offer has become or is at that time unconditional, that the Offer will remain open until further notice. The Offeror has stated its intention in the Composite Document to exercise certain rights of compulsory acquisition under Section 88 of the Cayman Islands Company Law and in accordance with Rule 2.11 of the Takeovers Code, if the Offeror acquires not less than 90% of the Disinterested Shares within four months of the posting of the Composite Document. The Offer may not remain open for acceptance for more than 4 months from the date of posting of the Composite Document, unless the Offeror has by that time become entitled to exercise those rights of compulsory acquisition.

5. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. (Hong Kong time) on the 60th day after the day the Composite Document was posted. Where a period laid down by the Takeovers Code ends on a day which is not a business day, the period is extended until the next business day. Accordingly, unless the Offer has previously become or is declared unconditional as to acceptances, the Offer will lapse after 7:00 p.m. (Hong Kong time) on Tuesday, 31 October 2006, unless extended with the consent of the Executive.

**All time references contained in this Announcement are to Hong Kong time.**

By order of the board of  
**GOME Electrical Appliances Holding Limited**  
**Wong Kwong Yu**  
*Chairman*

By order of the board of  
**China Paradise Electronics Retail Limited**  
**Chen Xiao**  
*Chairman and executive director*

Hong Kong, 28 August 2006

*As at the date of this Announcement, the Executive Directors of GOME are Mr Wong Kwong Yu, Ms Du Juan, Mr Lam Pang and Mr Ng Kin Wah; the Non-Executive Director of GOME is Mr Sun Qiang Chang; and the Independent Non-Executive Directors of GOME are Messrs Michael Sze Tsai Ping, Chan Yuk Sang and Mark C. Greaves. The Directors of GOME jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than in relation to China Paradise, Mr Chen Xiao, Retail Management, and their respective affiliates) and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this Announcement have been arrived at after due and careful consideration and there are no other facts not contained in this Announcement the omission of which would make any of their statements in this Announcement misleading.*

*As at the date of this Announcement, the Executive Directors of China Paradise are Mr Chen Xiao, Ms Shu Wei, Mr Liu Hui, Mr Yuan Yashi, Mr Ma Yawei, Mr Zhou Meng and Mr Shen Ping; the Non-Executive Director of China Paradise is Mr Julian Juul Wolhardt; and the Independent Non-Executive Directors of China Paradise are Dr. Yu Zengbiao, Mr Chu Cheng Chung and Mr Wang Bing. The Directors of China Paradise jointly and severally accept full responsibility for the accuracy of the information contained in this Announcement (other than in relation to GOME, Mr Wong Kwong Yu, and their respective affiliates) and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this Announcement have been arrived at after due and careful consideration and there are no other facts not contained in this Announcement the omission of which would make any of their statements in this Announcement misleading.*

\* *for identification purpose only*

Please also refer to the published version of this announcement in The Standard.