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GOME Electrical Appliances Holding Limited

(incorporated in Bermuda with limited liability)

(Stock code: 493)



China Paradise Electronics Retail Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 503)

**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)**

OFFER BECOMING UNCONDITIONAL AS TO ACCEPTANCES

**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**

Σ SOMERLEY LIMITED

The Offeror announces that the Offer has been declared unconditional as to acceptances on Tuesday, 17 October 2006 and the Offer will remain open for acceptance until 4.00 p.m. on Wednesday, 1 November 2006 (unless otherwise further extended in accordance with the terms and conditions of the Offer and the Takeovers Code). All other terms of the Offer, as set out in the Composite Document and in the Form of Acceptance, remain unchanged.

Offer Conditions (a), (b), (c), (d) and (e) (as set out in the Composite Document) have been fulfilled.

The Offeror will issue an announcement when the Offer has become unconditional in all respects.

As the Offeror has acquired not less than 90% of the Disinterested Shares within four months of the posting of the Composite Document, subject to the Offer becoming or being declared unconditional in all respects, the Offeror intends to exercise the right under Section 88 of the Cayman Islands Company Law and in accordance with Rule 2.11 of the Takeovers Code, to compulsorily acquire those China Paradise Shares not acquired by the Offeror pursuant to the Offer. On completion of the compulsory acquisition, it is intended that China Paradise will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the China Paradise Shares from the Stock Exchange pursuant to Rule 6.15 of the Hong Kong Listing Rules.

INTRODUCTION

Reference is made to the joint announcement dated 25 July 2006 (the *Joint Announcement*) issued by GOME Electrical Appliances Holding Limited (*GOME* or the *Offeror*) and China Paradise Electronics Retail Limited (*China Paradise*), and the composite offer and response document despatched on 29 August 2006 to China Paradise Shareholders (the *Composite Document*). Unless the context requires otherwise, terms defined in the Joint Announcement and the Composite Document have the same meaning when used in this Announcement.

RESULTS OF THE OFFER AND OFFER CONDITION (B)

The Offeror announces that, as at 4:00 p.m. on Tuesday, 17 October 2006, the Offeror has received valid acceptances of the Offer in respect of 2,245,898,565 China Paradise Shares, representing approximately 95.30% of the entire issued share capital of China Paradise as at the date of this Announcement.

As at the date of the Joint Announcement, the Offeror and the parties acting in concert with the Offeror together held, controlled or directed 500,000 China Paradise Shares representing approximately 0.0002% of the entire issued share capital of China Paradise as at the date of the Joint Announcement.

After taking into account the valid acceptances received under the Offer, the Offeror and parties acting in concert with it acquired or agreed to acquire 2,245,898,565 China Paradise Shares, representing approximately 95.30% of the entire issued share capital of China Paradise as at the date of this Announcement, subject to the Offer becoming unconditional in all respects and payment by the Offeror for the tendered China Paradise Shares.

The acceptance by Retail Management in respect of 706,988,936 China Paradise Shares, representing 30% of the existing issued share capital of China Paradise, was made on 17 October 2006.

Based on the above, Offer Condition (b) (as set out on page 16 of the Composite Document) has been fulfilled.

OTHER OFFER CONDITIONS FULFILLED

On 18 September 2006, the Offer and the issue of the New GOME Shares in connection with the Offer was approved by the shareholders of GOME at the GOME SGM.

On 9 October 2006, the Stock Exchange granted its approval of the listing of, and permission to deal in, the New GOME Shares to be issued in consideration for the transfer of the China Paradise Shares pursuant to the terms of the Offer. Such approval is conditional upon (a) the fulfilment of all other conditions set out in the Composite Document; and (b) the proper allotment and issue of the consideration shares and due despatch of the relevant share certificates to the allottees.

According to the interim results announcement of China Paradise dated 14 August 2006, the total assets of China Paradise, less its total liabilities, being the net asset value, as set out in the unaudited consolidated interim financial statements of China Paradise for the six months ended 30 June 2006 was approximately RMB2,358,974,000.

China Paradise entered into a non-competition agreement with each of the Managing Shareholders on 14 August 2006. The non-competition agreement provides, inter alia, that the Managing Shareholders will, for a period of 5 years from the date of the non-competition agreement, be prohibited from, among other things, procuring that any of China Paradise's employees resign from China Paradise, procuring that the directors, managers or technicians of China Paradise resign, working for or investing in competitors of China Paradise, having a direct business dealing with any customers and employees of China Paradise and having a direct business dealing with any agents and suppliers of China Paradise.

Based on the above, Offer Conditions (a), (c), (d) and (e) (as set out in the Composite Document) have been fulfilled.

Except as set out in this Announcement, the other Offer Conditions (f) and (g) have not been fulfilled or waived by the Offeror as at 17 October 2006. The Offeror will issue an announcement when the Offer has become unconditional in all respects. The Long Stop Date in respect of the Offer was initially 21 November 2006 as set out in the Composite Document. The Long Stop Date will now be 7 November 2006. Subject to the Offer becoming or being declared unconditional in all respects, application for suspension in dealing in the securities of China Paradise will be made immediately after the close of the Offer.

Offer Conditions (f) and (g) are as follows:

- “(f) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Offer void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to, the Offer (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Offer)
- (g) save in connection with the completion of the Offer, the listing of the China Paradise Shares on the Stock Exchange not having been withdrawn, and no indication being received from the SFC and/or the Stock Exchange to the effect that the listing of the China Paradise Shares on the Stock Exchange is or is likely to be withdrawn”

OFFER REMAINS OPEN FOR ACCEPTANCE

In order to allow China Paradise Shareholders who may wish to accept the Offer, but who have not yet done so, further time in which to do so, the Offeror announces that the Offer will remain open for acceptance until 4.00 p.m. on Wednesday, 1 November 2006 (unless otherwise further extended in accordance with the terms and conditions of the Offer and the Takeovers Code). All other terms of the Offer, as set out in the Composite Document and in the Form of Acceptance, remain unchanged. China Paradise Shareholders who have accepted the Offer should note that as set out in the Composite Document, settlement of the consideration under the Offer will be made within ten days of the later of the date on which the Offer becomes or is declared unconditional in all respects and the date of receipt of the duly completed Form of Acceptance.

China Paradise Shareholders who wish to accept the Offer but have not yet done so should duly complete and sign their Form of Acceptance, and forward the Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand marked "China Paradise Offer" on the envelope to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible, but in any event to reach the Registrar by no later than 4:00 p.m. on Wednesday, 1 November 2006.

COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

As the Offeror has acquired not less than 90 % of the Disinterested Shares within four months of the posting of the Composite Document, subject to the Offer becoming or being declared unconditional in all respects, the Offeror intends to exercise the right under Section 88 of the Cayman Islands Company Law and in accordance with Rule 2.11 of the Takeovers Code, to compulsorily acquire those China Paradise Shares not acquired by the Offeror pursuant to the Offer. On completion of the compulsory acquisition, it is intended that China Paradise will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the China Paradise Shares from the Stock Exchange pursuant to Rule 6.15 of the Hong Kong Listing Rules.

Further announcements will be made as and when appropriate.

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

Hong Kong, 17 October 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 and Mr Wong Kwong Yu) 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.

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