

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this Announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Announcement.

This Announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of GOME or China Paradise.

GOME Shares have not been registered under the US Securities Act or under the securities laws of any jurisdiction of the United States, and may not be offered or sold in the United States absent registration under, or an applicable exemption from, such registration requirements. Consequently, subject to certain limitations and exceptions, the GOME Shares are not being offered or sold, directly or indirectly, in or into the United States, Canada, Australia or Japan (or to any residents thereof) or any other jurisdiction (or to residents in that jurisdiction), if to do so would constitute a violation of the relevant laws in such jurisdiction.

Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of the GOME Shares or determined if this Announcement is accurate or complete. Any representation to the contrary is a criminal offence in the United States.



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)**

**DESPATCH OF COMPULSORY ACQUISITION NOTICES IN RESPECT OF
THE COMPULSORY ACQUISITION OF OUTSTANDING CHINA PARADISE
SHARES**

**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

On Friday, 29 December 2006, the Company despatched Compulsory Acquisition Notices, each accompanied by a Form of Request, to the China Paradise Shareholders holding Outstanding China Paradise Shares.

Trading in China Paradise Shares was suspended with effect from 9.30 a.m. on Thursday, 16 November 2006 and will remain suspended until the withdrawal of the listing of the China Paradise Shares following completion of the compulsory acquisition of the Outstanding China Paradise Shares. It is proposed that the listing of the China Paradise Shares on the Stock Exchange will be withdrawn on or around Wednesday, 31 January 2007.

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*), the composite offer and response document despatched on 29 August 2006 to China Paradise Shareholders (the *Composite Document*) and the joint announcement dated 15 November 2006 issued by GOME and China Paradise (the *Closing Announcement*). Unless the context requires otherwise, terms defined in the Joint Announcement, the Composite Document and the Closing Announcement have the same meaning when used in this Announcement.

DESPATCH OF THE COMPULSORY ACQUISITION NOTICES

As stated in the Closing Announcement, since the Offeror has acquired not less than 90% of the Disinterested Shares, it intends to exercise its right under Section 88 of the Cayman Islands Company Law and proceed with the compulsory acquisition of the Outstanding China Paradise Shares.

On Friday, 29 December 2006, GOME despatched Compulsory Acquisition Notices, each accompanied by a Form of Request, to the China Paradise Shareholders holding Outstanding China Paradise Shares.

Unless an application is made to the Grand Court of the Cayman Islands (the *Grand Court*) within one month of the Compulsory Acquisition Notice, and the Grand Court thinks fit to order otherwise, GOME will be entitled and bound to acquire the Outstanding China Paradise Shares on or around Sunday, 28 January 2007. A further joint announcement will be made upon completion of the compulsory acquisition of the Outstanding China Paradise Shares.

As a result, and with effect from the completion, of the compulsory acquisition of the Outstanding China Paradise Shares, 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 on the Stock Exchange pursuant to Rule 6.15 of the Hong Kong Listing Rules.

China Paradise Shareholders whose Outstanding China Paradise Shares are acquired by compulsory acquisition should note that they will not receive their consideration for the Outstanding China Paradise Shares until the completion of the compulsory acquisition (which is not expected to occur before 28 January 2007), and that there may be a further delay in the payment of the consideration for the Outstanding China Paradise Shares as the Offeror will be required under Cayman Islands Company Law to pay such consideration to China Paradise (which will hold the consideration on trust for the relevant China Paradise Shareholders) rather than directly to those China Paradise Shareholders.

China Paradise Shareholders who are in doubt as to what action to take should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser. If they are in doubt as to their rights and obligations under the provisions of the Cayman Islands Company Law in respect of the compulsory acquisition of the Outstanding China Paradise Shares, they should consult a solicitor or other professional adviser qualified to advise on matters of Cayman Islands law.

WITHDRAWAL OF LISTING

Trading in China Paradise Shares was suspended with effect from 9.30 a.m. on Thursday, 16 November 2006 and will remain suspended until the withdrawal of the listing of the China Paradise Shares following completion of the compulsory acquisition of the Outstanding China Paradise Shares. It is proposed that the listing of the China Paradise Shares on the Stock Exchange will be withdrawn on or around Wednesday, 31 January 2007.

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, 29 December 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 Mr Michael Sze Tsai Ping, Mr Chan Yuk Sang, Mr Mark C. Greaves and Dr Liu Peng Hui. 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) 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, Mr Wong Kwong Yu, Ms Du Juan and Mr Ng Kin Wah; 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 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.