

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

This announcement is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the US Securities Act, as amended. There is not and is not currently intended to be any public offering of securities of China Paradise Electronics Retail Limited (the "Company") in the United States.

The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and Hong Kong Securities Clearing Company Limited ("HKSCC") take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

In connection with the Global Offering, Morgan Stanley Dean Witter Asia Limited, as stabilising manager, or any person acting for it, may over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilizing) Rules and made under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). However, there is no obligation on Morgan Stanley Dean Witter Asia Limited to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of Morgan Stanley Dean Witter Asia Limited and may be discontinued at any time. Any such stabilising activity is required to be brought to an end after a limited period.

Unless otherwise defined in this announcement, terms defined in the prospectus of the Company dated 4 October 2005 (the "Prospectus") have the same meanings when used in this announcement.



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)

GLOBAL OFFERING

Number of Offer Shares	: 455,778,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 45,578,000 Shares (subject to adjustment)
Number of International Offer Shares	: 410,200,000 Shares (subject to adjustment and the Over-allotment Option)
Maximum offer price	: HK\$2.30 per Offer Share (payable in full on application and subject to refund)
Nominal value	: HK\$0.10 each
Stock code	: 503

Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Joint Sponsors

Morgan Stanley

CAZENOVE
Cazenove Asia Limited

Application has been made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may fall to be issued upon the exercise of the Over-allotment Option) and any Shares which may fall to be issued as disclosed in the Prospectus. Dealings in the Shares on the Hong Kong Stock Exchange are expected to commence on Friday, 14 October 2005. Subject to the granting of the listing of, and permission to deal in, the Shares on the Hong Kong Stock Exchange and the compliance with the stock admission requirements of HKSCC, the Shares

will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

The Global Offering comprises the Hong Kong Public Offering of initially 45,578,000 Shares and the International Offering of initially 410,200,000 Shares. For allocation purposes only, the total number of the Hong Kong Offer Shares available under the Hong Kong Public Offering will be divided equally into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with a total subscription amount (excluding the brokerage fee, SFC transaction levy, investor compensation levy and Hong Kong Stock Exchange trading fee payable) of HK\$5,000,000 or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with a total subscription amount (excluding the brokerage fee, SFC transaction levy, investor compensation levy and Hong Kong Stock Exchange trading fee payable) of more than HK\$5,000,000 and up to the value of Pool B. Applicants should be aware that applications in the two pools are likely to receive different allocation ratios. If the Hong Kong Offer Shares in one pool (but not both pools) is under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of the Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 22,788,000 Hong Kong Offer Shares will be rejected. Only one application on a **WHITE** or **YELLOW** Application Form or by way of giving **electronic application instructions** to HKSCC may be made for the benefit of any person. In addition, each applicant is required to undertake and confirm in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares. Applications where cheques or banker's cashier orders are dishonoured upon first presentation are liable to be rejected.

In connection with the Global Offering, it is expected that the Company will grant the Over-allotment Option to the Joint Global Coordinators exercisable by the Joint Global Coordinators on behalf of the International Purchasers. The Over-allotment Option gives the Joint Global Coordinators the right exercisable at any time from the date of the International Purchase Agreement until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering to require the Company to allot and issue or sell up to an aggregate of 68,366,000 additional Shares, representing in aggregate 15% of the initial size of the Global Offering at the Offer Price, solely to cover over-allocations in the International Offering, if any. In the event that the Over-allotment Option is exercised, a press announcement will be made.

Acceptance of all applications for the Offer Shares pursuant to the Hong Kong Public Offering is conditional upon fulfillment of the conditions as stated in the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in the Prospectus. If the conditions are not fulfilled or waived prior to the time and date specified, all application moneys received from applicants under the Hong Kong Public Offering will be refunded, **WITHOUT INTEREST**, on the terms set out under the section headed "Refund of your application monies" on the Application Forms and the section headed "How to Apply for Hong Kong Offer Shares — VI. Refund of Application Monies" of the Prospectus.

The Offer Price is expected to be fixed by agreement between the Company and the Joint Global Coordinators (on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Saturday, 8 October 2005 and, in any event, not later than Wednesday, 12 October 2005. Applicants for the Hong Kong Offer Shares are required to pay, on application, the maximum offer price of HK\$2.30 for each Share together with a brokerage fee of 1%, SFC transaction levy of 0.005%, investor compensation levy of 0.002% and Hong Kong Stock Exchange trading fee of 0.005%. The Joint Global Coordinators (on behalf of the Underwriters) may, with the consent of the Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below that

stated in the Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. If applications pursuant to the Hong Kong Public Offering have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, then even if the offer price range is so reduced, such applications cannot be subsequently withdrawn. If, for any reason, the Offer Price is not agreed between the Company and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed.

Applicants who would like to have the Hong Kong Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of their CCASS Investor Participant stock accounts or the stock accounts of their designated CCASS Participants maintained in CCASS should (i) complete and sign the **YELLOW** Application Forms, copies of which, together with copies of the Prospectus, may be obtained during normal business hours from 9:00 a.m. on Tuesday, 4 October 2005 until 12:00 noon on Friday, 7 October 2005 at the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong or the Customer Service Centre of HKSCC at Upper Ground Floor, V-Heun Building, 128–140 Queen’s Road Central, Hong Kong, or (ii) give **electronic application instructions** to HKSCC via CCASS.

Applicants who would like to have the Hong Kong Offer Shares issued in their own names should complete and sign the **WHITE** Application Forms. Copies of the Prospectus, together with the **WHITE** Application Forms, may be obtained during normal business hours in the same period from:

1. **Any participant of the Hong Kong Stock Exchange;**
2. **Morgan Stanley Dean Witter Asia Limited**, 30th Floor, Three Exchange Square, Central, Hong Kong;
3. **Cazenove Asia Limited**, 5001, One Exchange Square, 8 Connaught Place, Central, Hong Kong;
4. **BOCI Asia Limited**, 26/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong;
5. **Sun Hung Kai International Limited**, Level 12, One Pacific Place, 88 Queensway, Hong Kong;
6. **Kingsway Financial Services Group Limited**, 5/F, Hutchison House, 10 Harcourt Road, Central, Hong Kong;
7. **Tai Fook Securities Company Limited**, 25th Floor, New World Tower, 16–18 Queen’s Road Central, Hong Kong;
8. **BCOM Securities Company Limited**, 3rd Floor, Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong; and
9. any of the following branches of **Standard Chartered Bank (Hong Kong) Limited**:

Hong Kong Island	Des Voeux Road	4–4A, Des Voeux Road Central, Central, Hong Kong
	88 Des Voeux Road	88 Des Voeux Road Central, Central, Hong Kong
	Central	Shop no. 16, G/F and Lower G/F, New World Tower, 16–18 Queen’s Road Central, Hong Kong
	Hennessy Road	399 Hennessy Road, Wanchai, Hong Kong
	Leighton Centre	Shop 12–16, UG/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong
	Quarry Bay	G/F, Westlands Gardens, 1027 King’s Road, Quarry Bay, Hong Kong
	North Point Centre	North Point Centre, 284 King’s Road, North Point, Hong Kong

Kowloon	Yaumati	546–550 Nathan Road, Yaumati, Kowloon
	Telford Gardens	Shop P9–12, Telford Centre, Telford Gardens, Tai Yip Street, Kwun Tong, Kowloon
	San Po Kong	Shop A, G/F, Perfect Industrial Building, 31 Tai Yau Street, San Po Kong, Kowloon
	Tsimshatsui	G/F, 10 Granville Road, Tsimshatsui, Kowloon
	Cheung Sha Wan Road	828 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon
	Kwun Tong	88–90 Fu Yan Street, Kwun Tong, Kowloon
New Territories	Metroplaza	Shop Nos. 186–188, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung, New Territories
	Shatin Centre	Shop 32C, Level 3, Shatin Shopping Arcade, Shatin Centre, 2–16 Wang Pok Street, Shatin, New Territories
	Tsuen Wan	Shop C G/F & 1/F, Jade Plaza, no. 298 Sha Tsui Road, Tsuen Wan, New Territories

Completed **WHITE** and **YELLOW** Application Forms (to which cheques or banker's cashier orders should be securely stapled) should be deposited in the special collection boxes provided at any of the branches of Standard Chartered Bank (Hong Kong) Limited referred to above at the following times on the following dates:

Tuesday, 4 October 2005	—	9:00 a.m. to 4:00 p.m.
Wednesday, 5 October 2005	—	9:00 a.m. to 4:00 p.m.
Thursday, 6 October 2005	—	9:00 a.m. to 4:00 p.m.
Friday, 7 October 2005	—	9:00 a.m. to 12:00 noon

Investors can also apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC as follows:—

1. CCASS Investor Participants can give **electronic application instructions** to HKSCC through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants on their behalf if they go to the Customer Service Centre of HKSCC at Upper Ground Floor, V-Heun Building, 128–140 Queen's Road Central, Hong Kong and complete an input request form. Prospectuses are also available for collection at the Customer Service Centre of HKSCC; and
2. those who are not CCASS Investor Participants can instruct their brokers or custodians who are CCASS Broker Participants or CCASS Custodian Participants to give **electronic application instructions** to HKSCC via CCASS terminals to apply for Hong Kong Offer Shares on their behalf.

CCASS Broker/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, 4 October 2005	—	9:00 a.m. to 8:30 p.m.¹
Wednesday, 5 October 2005	—	9:00 a.m. to 8:30 p.m.¹
Thursday, 6 October 2005	—	9:00 a.m. to 8:30 p.m.¹
Friday, 7 October 2005	—	9:00 a.m.¹ to 12:00 noon

Note:

1. These time are subject to change as HKSCC may determine from time to time with prior notification to CCASS Broker/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 4 October 2005 until 12:00 noon on Friday, 7 October 2005 (24 hours daily, except for the last application day).

Subject to the terms and conditions set out in the Prospectus and the Application Forms, completed **WHITE** and **YELLOW** Application Forms or **electronic application instructions** to HKSCC must be received by no later than 12:00 noon on Friday, 7 October 2005 (or such later date as may apply in the case of a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning being in force in Hong Kong as described under the section headed “How to Apply for Hong Kong Offer Shares — Effect of Bad Weather on the Last Application Day” in the Prospectus). Announcement of the Offer Price, results of applications under the Hong Kong Offer Shares and basis of allocation of the Hong Kong Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Thursday, 13 October 2005.

If you apply for 1,000,000 Hong Kong Offer Shares or more using a **WHITE** or **YELLOW** Application Form and have indicated your intention on your Application Form to collect your refund cheque(s) (where applicable) and/or (if using **WHITE** Application Forms) Share certificate(s) (where applicable) from the Hong Kong branch share registrar, and have provided all information required by the Application Form, you may collect the refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person from Computershare Hong Kong Investor Services Limited at Shop 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 13 October 2005 or any other date as notified by the Company in the newspapers as the date of collection/despatch of the same. If you do not collect the refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be despatched thereafter to you by ordinary post to the address as specified in your Application Form and at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares using a **WHITE** or **YELLOW** Application Form or if you apply for 1,000,000 Hong Kong Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Thursday, 13 October 2005, by ordinary post and at your own risk.

If you apply for the Hong Kong Offer Shares using a **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of any designated CCASS Participant as instructed by you in your Application Form or **electronic application instructions** at the close of business on Thursday, 13 October 2005, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees. If you apply through a designated CCASS Participant (other than a CCASS Investor Participant), for Hong Kong Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant. If you are applying as a CCASS Investor Participant, you should check the announcement of the results of the Hong Kong Public Offering to be published by the Company on Thursday, 13 October 2005 and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 13 October 2005 or such other time/date as shall be determined by HKSCC or HKSCC Nominees. Immediately following the credit of the Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures

contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your stock account.

If your application is wholly or partially unsuccessful, the Company will refund in whole or in part (as applicable) your application monies, including the related brokerage fee, SFC transaction levy, investor compensation levy and the Hong Kong Stock Exchange trading fee, to you **WITHOUT INTEREST**. For applicants using **WHITE** or **YELLOW** Application Forms, all refunds will be made by a cheque crossed "Account payee only" in favour of the applicant (or, in the case of joint applicants, to the First-named applicant on your Application Form) on the terms set out under "Refund of your application moneys" on the Application Form. The refund cheque will be sent to the address on your Application Form (or in the case of joint applicants, to the address of the first-named applicant on your Application Form) by ordinary post and at your own risk on Thursday, 13 October 2005. If you have given **electronic application instructions** to HKSCC via CCASS, refunds (if any) will be credited to your designated bank account or the designated bank account of the designated CCASS Participant through which you are applying on Thursday, 13 October 2005.

As at the date of this announcement, our executive directors are Mr. Chen Xiao, Ms. Shu Wei, Mr. Liu Hui, Mr. Ma Yawei, Mr. Yuan Yashi, Mr. Zhou Meng and Mr. Shen Ping; our non-executive directors are Mr. Liu Haifeng, David, Mr. Jiao Shuge (alias Jiao Zhen) and Mr. Julian Juul Wolhardt; our independent non-executive directors are Dr. Yu Zengbiao, Mr. Chu Cheng Chung and Mr. Wang Bing.

By Order of the Board
Chen Xiao
Chairman

Hong Kong, Tuesday, 4 October 2005

* *For identification purposes only*

Please also refer to the published version of this announcement in (South China Morning Post)