



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)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China Paradise Electronics Retail Limited (the “Company”) will be held at Tien Room, Pacific Place Conference Centre, 5/F One Pacific Place, 88 Queensway, Hong Kong on Friday, 26 May 2006 at 3:00 p.m. for the purpose of transacting the following business:

ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the directors of the Company (“Directors”) and the Auditors for the year ended 31 December 2005;
2. To consider and declare a final dividend and a special dividend for the year ended 31 December 2005;
3. To re-elect directors of the Company (particulars of the directors proposed to retire and be re-elected are set out in Appendix II to the Company’s circular dated 28 April 2006);
4. To re-appoint Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

* *For identification purpose only*

As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

5. **“THAT:**

- (a) subject to paragraph (c) below, a general mandate be and is hereby unconditionally granted to the Directors to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options, warrants and other securities which would or might require the exercise of such powers;
- (b) the approval in paragraph (a) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options, warrants and other securities which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to a Rights Issue (as hereinafter defined) or any issue of shares of the Company on the exercise of the subscription rights attaching to any warrants which may be issued by the Company from time to time or on the exercise of any options granted under the share option scheme of the Company or an issue of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company passed in a general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

6. **“THAT:**

- (a) subject to paragraph (b) below, a general mandate be and is hereby unconditionally granted to the Directors to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to repurchase its shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Stock Exchange or of any other stock exchange as amended from time to time;

- (b) the aggregate nominal amount of securities authorised to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law or the articles of association of the Company to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company passed at a general meeting.”

7. “**THAT** conditional upon the passing of the resolutions set out in paragraphs 5 and 6 of the notice convening this meeting, the aggregate nominal value of the shares which are purchased or otherwise acquired by the Company pursuant to the resolution set out in paragraph 6 above shall be added to the aggregate nominal value of the shares which may be issued pursuant to the resolution set out in paragraph 5.”

As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as Special Resolutions:

SPECIAL RESOLUTIONS

8. “**THAT** the current Articles be amended as follows:

(a) By deleting the current Article 114 in its entirety and substituting therefore the following new Article 114:

“The Board shall have the power from time to time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.”

(b) By deleting the current Article 115 in its entirety and substituting therefore the following new Article 115:

“The Company may from time to time in general meeting by ordinary resolution increase or reduce the number of Directors but so that the number of Directors shall not be less than two. Subject to the provisions of these Articles and the Law, the Company may by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election.” and

(c) By replacing the word “special” by “ordinary” immediately after the words “The Company may by” in the first sentence in the current Article 118 and in the right margin.

By Order of the Board
CHEN Xiao
Chairman and President

Hong Kong, 28 April 2006

Notes:

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company. A member who is holding two or more shares of the Company is entitled to appoint more than one proxy to attend and vote on his behalf. If more than one proxy is appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power of attorney or authority must be deposited at the share registrar of the Company, Computershare Hong Kong Investor Services Limited at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude any member of the Company from attending the meeting or any adjournment thereof and voting in person if such member so wishes and in such event, the form of proxy will be deemed to have been revoked.
3. The register of members of the Company will be closed from Wednesday, 24 May 2006 to Friday, 26 May 2006 (both dates inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and special dividend to be approved at the meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 23 May 2006.

As at the date of this notice, the Board of Directors of the Company comprises Mr. Chen Xiao (Chairman and President), Ms. Shu Wei (Vice Chairman and Executive Vice President), Mr. Liu Hui, Mr. Ma Yawei, Mr. Yuan Yashi, Mr. Zhou Meng (Vice President and Chief Operating Officer) and Mr. Shen Ping who are executive directors; Mr. Julian Juul Wolhardt who is a non-executive director; and Dr. Yu Zengbiao, Mr. Chu Cheng Chung and Mr. Wang Bing who are independent non-executive directors.

"Please also refer to the published version of this announcement in South China Morning Post."