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蜆壳電器工業（集團）有限公司
SHELL ELECTRIC MFG. (HOLDINGS)
COMPANY LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 81)

CONNECTED TRANSACTION

On 27 January 2005, Sybond, a wholly owned subsidiary of the Company, entered into (i) an agreement for the acquisition of the Shi Sale Shares for the Shi Consideration from Mr. Shi, a director and substantial shareholder of Appeon; and (ii) an agreement for the acquisition of the Gao Sale Shares for the Gao Consideration from Mr. Gao, a director of Appeon. Completion of the Shi Agreement shall take place in 5 tranches and it is expected that completion of the final tranche will take place on or before 3 July 2006, while completion of the Gao Agreement will take place in 2 tranches and it is expected that completion of the final tranche will take place on or before 30 June 2005. Upon completion of the Acquisitions, the percentage shareholding of Sybond in Appeon will increase from 77.28% to 91.97%, assuming none of the Options are exercised.

The terms of the Acquisition Agreements have been negotiated on an arm's length basis. The Directors consider that the terms of the Acquisition Agreements are on normal commercial terms, are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Acquisitions constitute connected transactions of the Company under the Listing Rules, pursuant to which the Company is making this announcement. Since each of the percentage ratios as defined in Rule 14A.10 of the Listing Rules is less than 2.5%, the Acquisitions are only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules but otherwise exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

SHI AGREEMENT DATED 27 JANUARY 2005

Parties

- (1) Zheng John Shi, a director and substantial shareholder of Appeon, as the vendor; and
- (2) Sybond, a wholly owned subsidiary of the Company, as the purchaser

Interest Acquired

The Shi Sale Shares being 387,500 Shares in the issued share capital of Appeon representing approximately 10.59% of the issued share capital of Appeon as of the date of this announcement (assuming no Options are exercised). Sybond will acquire the Shi Sale Shares in 5 tranches, totalling 387,500 Shares.

Mr. Shi originally acquired the Shi Sale Shares when he joined the Group as a key member of management of Appeon and Mr. Shi paid US\$12,787.5 in aggregate for the Shi Sale Shares in 2003 and 2004.

Shi Consideration

The consideration for each tranche of the Shi Sale Shares will be US\$3 per Share but will be adjusted based on factors calculated with reference to the number of employees of Appeon and its subsidiaries as at completion. The maximum consideration under the Shi Agreement is US\$1,162,500 (equivalent of approximately HK\$9,067,500, calculated on the basis of US\$1 = HK\$7.8).

Conditions

Completion of each tranche is conditional upon each of Sybond and Mr. Shi having complied, or caused to be complied, in all material respects with the Listing Rules, including the obtaining of any consent, permission or approval, in respect of the transactions contemplated under the Shi Agreement.

The obligation of Sybond to effect completion of each of the 5 tranches will be subject to, among other things, Mr. Shi delivering to Sybond a number of documents on or prior to that completion which are necessary for the transfer of the Shi Sale Shares and which are required by Sybond relating to the operations and financial situation of Appeon. Sybond has the right to waive such conditions and proceed to completion of each tranche.

Completion

The Shi Acquisition will be completed in 5 tranches according to the following expected timetable:

Tranche 1:	expected to be on or about 28 January 2005
Tranche 2:	during the period commencing on 20 January 2005, and ending on 28 February 2005 (inclusive of both dates)
Tranche 3:	on 30 June 2005
Tranche 4:	on 3 January 2006
Tranche 5:	on 3 July 2006

GAO AGREEMENT DATED 27 JANUARY 2005

Parties

- (1) Gao Yang, a director of Appeon, as the vendor; and
- (2) Sybond, a wholly owned subsidiary of the Company, as the purchaser

Interest Acquired

The Gao Sale Shares being 150,000 Shares in the issued share capital of Appeon representing approximately 4.10% of the issued share capital of Appeon as of the date of this announcement (assuming no Options are exercised). Sybond will acquire the Gao Sale Shares in 2 tranches.

Mr. Gao originally acquired the Gao Sale Shares when he joined the Group as a key member of management of Appeon and Mr. Gao paid US\$4,950 in aggregate for the Gao Sale Shares in 2003 and 2004.

Gao Consideration

The consideration for each tranche of the Gao Sale Shares will be US\$3 per Share but will be adjusted based on factors calculated with reference to the number of employees of Appeon and its subsidiaries as at completion. The maximum consideration under the Gao Agreement is US\$450,000 (equivalent of approximately HK\$3,510,000, calculated on the basis of US\$1 = HK\$7.8).

Conditions

Completion of each tranche is conditional upon each of Sybond and Mr. Gao having complied, or caused to be complied, in all material respects with the Listing Rules, including the obtaining of any consent, permission or approval, in respect of the transactions contemplated under the Gao Agreement.

The obligation of Sybond to effect completion of each of the 2 tranches will be subject to, among other things, Mr. Gao delivering to Sybond a number of documents on or prior to that completion which are necessary for the transfer of the Gao Sale Shares and which are required by Sybond relating to the operations and financial situation of Appeon. Sybond has the right to waive such conditions and proceed to completion of each tranche.

Completion

The Gao Acquisition will be completed in 2 tranches according to the following expected timetable:

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| Tranche 1: | during the period commencing on 1 January 2005, and ending on 28 February 2005 (inclusive of both dates) |
| Tranche 2: | on 30 June 2005 |

INFORMATION ABOUT THE COMPANY, SYBOND AND APPEON

The Group is principally engaged in manufacturing and marketing of electric fans and other electrical household appliances and EMS business, investment holding, property investment and trading of and investments in securities.

Both Sybond and Appeon are investment holding companies.

The net tangible liabilities of Appeon is approximately HK\$4,559,000 according to its audited accounts for the year ended 31 December 2003. Its net losses both before and after taxation for the year ended 31 December 2003 were HK\$2,780,000, whereas the net losses for the year ended 31 December 2002 were HK\$3,839,000.

Immediately prior to the execution of the Acquisition Agreements, assuming that none of the Options are exercised, Sybond owned 2,827,008 Shares, representing 77.28% of the issued share capital of Appeon as of the date of this announcement. The remaining shares were held by Mr. Shi as to 10.59%, Mr. Gao as to 9.57%, and other shareholders of Appeon as to 2.56%.

Upon completion of the Acquisitions, assuming that none of the Options are exercised, Sybond will own 91.97% of the issued share capital of Appeon, Mr. Gao will own 5.47%, and Mr. Shi will cease to be a shareholder of Appeon. The shareholding of other shareholders will remain unchanged.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Acquisitions were agreed as part of the process for Mr. Shi and Mr. Gao to dispose of their interests in Appeon and to ensure the continued operation of Appeon following Mr. Shi's resignation.

Mr. Shi was a key member of the management of Appeon, but has decided to leave the Group to pursue other opportunities. Mr. Shi has resigned as the director and chief executive officer of Appeon with effect from 1 January 2005.

Mr. Shi will enter into an agreement with Appeon to act as the consultant and advisor to the board of directors and chief executive of Appeon for a period of 18 months from 1 January 2005, while Mr. Gao will continue as a director of Appeon. Mr. Shi has undertaken to ensure that Appeon will be entitled to use all patents, copyrights, engineering rights, technology rights, intellectual property rights, product names, trademarks and domain names currently being used by Appeon in its business after his resignation.

Both Mr. Shi and Mr. Gao will each execute a non-competition undertaking in favour of Appeon, under which they will undertake, among others, not to engage or participate in similar business as that of Appeon and not to solicit Appeon's customers and staff.

The terms of the Acquisition Agreements have been negotiated on an arm's length basis. The Directors, including the independent non-executive Directors, consider that the terms of the Acquisition Agreements are on normal commercial terms, are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Source of Funding

The Group will finance the Acquisitions through internal resources.

GENERAL

As Mr. Shi is a director and substantial shareholder of Appeon and Mr. Gao is a director of Appeon which is a non wholly owned subsidiary of the Company and a subsidiary of Sybond, each of Mr. Shi and Mr. Gao is a connected person of the Company and therefore the Acquisitions constitute connected transactions of the Company under the Listing Rules. Since each of the percentage ratios as defined in Rule 14A.10 of the Listing Rules is less than 2.5%, the Acquisitions are only subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules but otherwise exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Definitions:–

In this announcement, the following terms have the following meanings:–

“Acquisitions”	the Shi Acquisition and the Gao Acquisition
“Acquisition Agreements”	the Shi Agreement and the Gao Agreement
“Appeon”	Appeon Corporation, a company incorporated in the British Virgin Islands and a non wholly owned subsidiary of the Company and a subsidiary of Sybond
“Company”	Shell Electric Mfg. (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the Stock Exchange

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Gao Acquisition”	the proposed acquisition of the Gao Sale Shares pursuant to the Gao Agreement
“Gao Agreement”	the agreement dated 27 January 2005 in relation to the sale and purchase of the Gao Sale Shares entered into between Mr. Gao and Sybond
“Gao Consideration”	the price payable by Sybond to Mr. Gao for the Gao Acquisition which will be calculated with reference to the base price of US\$3 per Share and will be adjusted based on the number of employees of Appeon and its subsidiaries
“Gao Sale Shares”	150,000 Shares representing approximately 4.10% of the issued share capital of Appeon assuming no Options are exercised
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Mr. Gao”	Mr. Gao Yang, a director of Appeon
“Mr. Shi”	Mr. Zheng John Shi, a director and substantial shareholder of Appeon
“Options”	(i) options granted to certain director and employee of Appeon the exercise of which will involve issue of over 326,925 Shares in the unissued share capital of Appeon and (ii) options to be granted the exercise of which will involve issue of over 8,740 Shares in the unissued share capital of the Company
“Shares”	ordinary shares of US\$0.01 each in the share capital of Appeon
“Shi Acquisition”	the proposed acquisition of the Shi Sale Shares pursuant to the Shi Agreement
“Shi Agreement”	the agreement dated 27 January 2005 in relation to the sale and purchase of the Shi Sale Shares entered into between Mr. Shi and Sybond
“Shi Consideration”	the price payable by Sybond to Mr. Shi for the Shi Acquisition which will be calculated with reference to the base price of US\$3 per Share and will be adjusted based on the number of employees of Appeon and its subsidiaries
“Shi Sale Shares”	387,500 Shares representing approximately 10.59% of the issued share capital of Appeon assuming no Options are exercised

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sybond”	Sybond Venture Limited, a company incorporated in the Cayman Islands and a wholly owned subsidiary of the Company
“US\$”	United States Dollars, the lawful currency of the United States of America
“HK\$”	Hong Kong dollars
“%”	per cent

By Order of the Board
Peter Lee Yip Wah
Company Secretary

Hong Kong, 31 January 2005

As at the date hereof, the Board comprises Mr. Billy K. YUNG, Madam YUNG HO Wun Ching, Mr. LEUNG Chun Wah and Mr. Plato Chak Sang POON as executive Directors, Mr. Simon Kwok Choi YUNG as non-executive Director and Dr. Leo Tung-Hai LEE, Mr. Shiu-Kit NGAI, Mr. Peter Chung On WONG and Mr. Peter LAM as independent non-executive Directors.

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