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# SHELL ELECTRIC MFG. (HOLDINGS) COMPANY LIMITED

## 蜆壳電器工業(集團)有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)  
(Stock Code : 00081)

### DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF 20% EQUITY INTEREST IN JODRELL INVESTMENTS LIMITED AND RESUMPTION OF TRADING

The Board is pleased to announce that on 23 October 2006, the Agreement was entered into between the Vendor, the Purchaser and the Guarantor, pursuant to which, the Purchaser has conditionally agreed to acquire from the Vendor (i) the Sale Shares, being 20% of the issued share capital of Jodrell, and (ii) the Shareholder's Loan, at an aggregate consideration of approximately HK\$140.1 million. The said consideration will be satisfied by issuing Consideration Shares of HK\$60 million at a price of HK\$2.40 per Share and the balance of approximately HK\$80.1 million by cash.

Based on the closing price of the Shares of HK\$2.63 per Share on 24 October 2006, the last full trading day prior to the suspension of trading in the Shares with effect from 10:30 a.m. on 25 October 2006, and 25,000,000 Consideration Shares to be issued under the Agreement, the value of the Consideration Shares would be HK\$65.75 million.

Based on the financials of Jodrell and the Company, three of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition is more than 5% but less than 25% and the other ratios are below 5%. The Acquisition constituted a discloseable transaction to the Company under Rule 14.06(2) of the Listing Rules. Given the Vendor is a substantial shareholder of the subsidiary of the Company and thus a connected person of the Company, the transaction will also constitute a connected transaction under Rule 14A.13 (1) (a) of the Listing Rules.

An independent board committee comprising of the independent non-executive Directors will be established to consider and advise the independent Shareholders as to whether the terms of the Acquisition are normal and commercial and fair and reasonable and are in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the independent board committee and the independent Shareholders in this respect.

Since no Shareholder is interested in the Acquisition, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for considering and, if thought fit, approving the Acquisition. Members of the Yung's family (being Mr. Billy K YUNG (25,331,000 Shares, representing approximately 5.06%), Madam YUNG HO Wun Ching (53,196,300 Shares, representing approximately 10.63%), On Fat Profits Corporation (72,716,797 Shares, representing approximately 14.53%) and Diamond Key Enterprises Inc. (118,612,287 Shares, representing approximately 23.70%) who have no interest in the Acquisition other than their interests as Shareholders holding in aggregate 269,856,384 Shares, representing approximately 53.92% of the existing issued share capital of the Company), have issued on 26 October 2006 a written certificate to the Company to approve the Acquisition in lieu of a general meeting pursuant to Rule 14A.43 of the Listing Rules. Accordingly, the Company will not be required to convene a general meeting to consider and approve the transaction contemplated under the Agreement as prescribed in Rule 14A.43 of the Listing Rules. Submission has been made by the Company to confirm that Mr. Billy K YUNG, Madam YUNG HO Wun Ching, On Fat Profits Corporation and Diamond Key Enterprises Inc. are a closely allied group of shareholders, as (1) Madam YUNG HO Wun Ching is the mother of Mr. Billy K YUNG; (2) both On Fat Profits Corporation and Diamond Key Enterprises Inc. are trusts with Mr. Billy K YUNG's family members as beneficiaries; (3) Madam YUNG HO Wun Ching is a Shareholder since 1984, Mr. Billy K YUNG is a Shareholder since July 2005, On Fat Profits Corporation is a Shareholder since February 2005 and Diamond Key Enterprises Inc. is a Shareholder since February 2004; (4) they are parties acting in concert for the purpose of the Hong Kong Code on Takeovers and Mergers; and (5) they (being Madam YUNG HO Wun Ching, On Fat Profits Corporation and Diamond Key Enterprises Inc.) have voted together in the past on shareholders' resolutions other than routine resolutions at an annual general meeting (namely for the major transaction in May 2005). Due to the reasons mentioned above, application has been made by the Company to the Stock Exchange to refrain from strict compliance with Rule 14A.43 of the Listing Rules (i.e. written independent shareholders' approval is accepted in lieu of holding a general meeting).

A circular containing, among other things, details of the Acquisition will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares was suspended from 10:30 a.m. on 25 October 2006 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 27 October 2006.

#### INTRODUCTION

The Board is pleased to announce that on 23 October 2006, the Agreement was entered into between the Vendor, the Purchaser and the Guarantor, pursuant to which, the Purchaser has conditionally agreed to acquire from the Vendor (i) the Sale Shares, being 20% of the issued share capital of Jodrell, and (ii) the Shareholder's Loan, at an aggregate consideration of approximately HK\$140.1 million. The said consideration will be satisfied by issuing Consideration Shares of HK\$60 million at a price of HK\$2.40 per Share and the balance of approximately HK\$80.1 million by cash.

Summarised below are the principal terms of the Acquisition.

#### THE AGREEMENT

- (i) **Date**  
23 October 2006
- (ii) **Parties**  
Vendor: Richwood Trading Limited, a company incorporated in the BVI with limited liability  
Purchaser: Fast City Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company. It is an investment holding company  
Guarantor: Mr. Wang Tao Guang, a director of Jodrell as at the date of this announcement  
Given the Vendor is a substantial shareholder of Jodrell, an 80% owned subsidiary of the Company, it is thus a connected person of the Company.
- (iii) **Subject of the Acquisition**  
Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire from the Vendor (i) the Sale Shares, being 20% of the issued share capital of Jodrell, and (ii) the Shareholder's Loan.
- (iv) **Consideration**  
The Consideration of HK\$140,072,800 will be satisfied in the following manner:
- the Deposit was paid to the Vendor on the next Business Day following the signing of the Agreement by way of cash, among which HK\$2,401,350.61 will be used towards partial payment for the Sale Shares and HK\$17,598,649.39 will be used towards payment for the entire Shareholder's Loan at Completion;
  - RMB61,000,000 (equivalent to approximately HK\$60.1 million) in cash by way of telegraphic transmission to the Vendor (or its nominee) towards partial payment of the Sale Shares at Completion; and
  - on the basis that the Board has approved the issue and allotment of the Consideration Shares and the Listing Approval is obtained prior to Completion, by procuring the Company to issue to the Vendor (or its nominee) the Consideration Shares at the Issue Price as partial payment for the Sale Shares at Completion. Such number of Consideration Shares shall represent HK\$60,000,000 calculated based on the Issue Price. The Consideration Shares will be issued under the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 30 May 2006; or
    - if the Board has not approved the issue and allotment of the Consideration Shares or the Listing Approval is not obtained prior to Completion, no Consideration Shares will be issued and instead the Purchaser will pay a sum of HK\$60,000,000 in cash to the Vendor at Completion.

The Consideration was negotiated between the Vendor and the Purchaser on arm's length basis. The Consideration was determined with reference to (i) the actual amount of the outstanding Shareholders' Loan and the preliminary valuation report with regard to all the property assets of China EverBright Real Estate Development Limited as at 31 August 2006 carrying an estimated

value at the existing state of approximately RMB4 billion (approximately HK\$3.9 billion) and (ii) the consideration of HK\$500,833,800 paid by the Group for the acquisition of 100% Tigerlily (which holds 80% Jodrell) from an Independent Third Party in June 2005. Shareholders should note that the aforesaid figures may be different from the final Valuation Report. The estimated deferred tax impact and the outstanding payables for those property assets totalling approximately RMB2.3 billion (approximately HK\$2.3 billion) are to be borne by China EverBright Real Estate Development Limited. The estimated difference between the aforesaid estimated value of the property assets and the estimated amount of payables and deferred tax impact will be approximately RMB1.7 billion (approximately HK\$1.7 billion). Although the unaudited net asset value of Jodrell and its subsidiary as at 31 December 2005 was not significant (as described in paragraph headed "Information on Jodrell" below), by taking into account the basis of the Consideration as mentioned above and the reasons for and benefits of the Acquisition, the Directors consider the Consideration payable is justifiable and the terms and conditions of the Agreement (including the Consideration) are on normal commercial terms and are fair and reasonable as far as the Shareholders are concerned as a whole.

The Acquisition will be funded by internal resources of the Group and, on the basis that the Listing Approval can be obtained prior to Completion, HK\$60 million by way of issue of the Consideration Shares.

Since the Shareholder's Loan is interest-free and the amount will remain unchanged from now to Completion, there will be no adjustment to the Consideration at Completion.

On 28 June 2005, the Company completed the acquisition of the entire interest in Tigerlily, which in turn is interested in 80% of the issued share capital of Jodrell, from an Independent Third Party at an aggregate consideration of approximately HK\$500.8 million. Details of the transaction are set out in an announcement and a circular issued by the Company dated 10 May 2005 and 28 June 2005 respectively. The aggregate consideration for the said transaction was stated as HK\$505,183,800 in the circular dated 28 June 2005, which was a combination of HK\$439,933,800 cash and HK\$65,250,000 worth of 43,500,000 consideration shares issued at a price of HK\$1.50 per share. At the date of issuing the said consideration shares, the market price was HK\$1.40 per share. Accordingly, the value of acquiring the entire issued share capital of Tigerlily, which in turn, is interested in 80% of the issued share capital of Jodrell, was HK\$500,833,800 as recorded in the accounts of the Company.

#### (v) Shareholding structure of the Company

The table below illustrates the shareholding structure of the Company immediately prior to and after the issue and allotment of the Consideration Shares:

Shareholder	Number of Shares held and approximate percentage of shareholding immediately before the issue and allotment of the Consideration Shares		Number of Shares held and approximate percentage of shareholding immediately after the issue and allotment of the Consideration Shares	
	Shares	%	Shares	%
Yung's family (Note 1)	333,533,735	66.64	333,533,735	63.47
Other Directors (Note 2)	9,144,982	1.83	9,144,982	1.74
Public	157,805,845	31.53	157,805,845	30.03
Vendor	0	0.00	25,000,000	4.76
<b>Total</b>	<b>500,484,562</b>	<b>100.00</b>	<b>525,484,562</b>	<b>100.00</b>

**Notes:**

- Members of the Yung's family include Madam YUNG HO Wun Ching, Mr. Billy K YUNG, Mr. Simon YUNG Kwok Choi and late Dr. YUNG Yau.
- Other Directors refer to, namely Mr. LEUNG Chun Wah, Mr. Plato POON Chak Sang, Dr. Leo Tung-Hai LEE and Mr. Peter LAM.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange.

The Issue Price of HK\$2.40 per Consideration Share represents:

- a discount of approximately 5.5% to the closing price of HK\$2.54 per Share as quoted on the Stock Exchange on 20 October 2006, the last trading day prior to the date of the Agreement;
- a discount of approximately 2.7% to the average closing price of HK\$2.466 per Share for the 5 consecutive trading days up to and including 20 October 2006; and
- a discount of approximately 47.4% to the unaudited net asset value of the Group of approximately HK\$4.56 per Share as at 30 June 2006, the date of the Group's latest published unaudited consolidated balance sheet.

The issue of the Consideration Shares will not result in the change of control of the Company.

**(vi) Conditions precedent**

Completion is conditional upon satisfaction of the following conditions:

- the passing of resolution by the Shareholders approving the Agreement and the transactions contemplated thereunder in accordance with the requirements under the Listing Rules (such approval can be given by the shareholders in general meeting or by way of shareholders' written resolution);
- the Purchaser having obtained a legal opinion issued by the BVI legal advisers to the Vendor confirming, among other matters, the power and capacity of the Vendor to transfer the Sale Shares and the Shareholder's Loan;
- the Vendor having entered into the Deed of Termination;
- the Vendor having entered into the Deed of Assignment of Shareholder's Loan;
- the board of Jodrell having resolved at its board meeting to approve the completion of the matters set out in the Agreement;
- there having been no material adverse change since the date of signing the Agreement; and
- there having been no material breach of any warranty (or, there having been no breach of warranty which is capable of being remedied but has not been remedied).

**(vii) Completion**

Subject to the fulfillment or waiver of the conditions precedent above, Completion will take place on the Completion Date. The long stop date of the Agreement is 30 November 2006 or such other date as the Purchaser and the Vendor may agree.

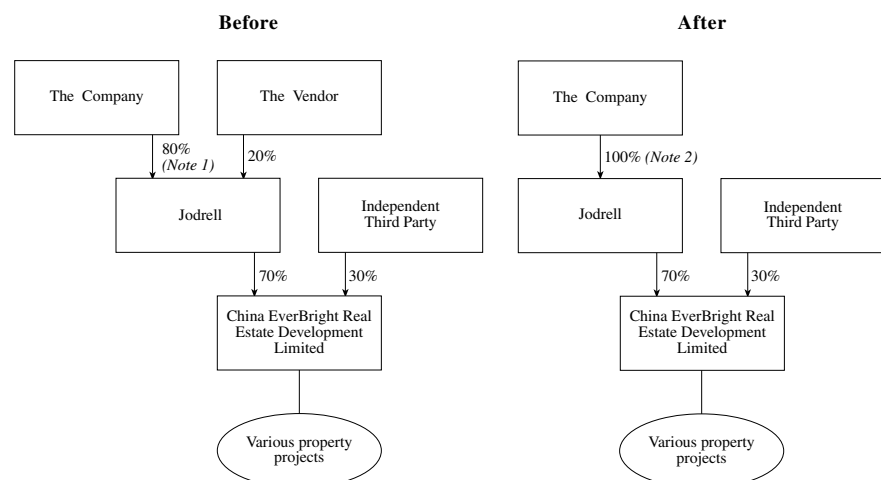
If Completion does not take place due to a higher proposed amount for the transfer of the Sale Shares and/or the Shareholder's Loan than the Consideration by the Vendor, the Vendor shall return the Deposit in cash to the Purchaser without interest and pay an amount of HK\$20,000,000 in cash as additional liquidated damages to the Purchaser ("Return and Compensation Obligations"). Both the Deposit and the additional liquidated damages shall be paid within 7 days following the date on which a written termination notice is issued by the Purchaser to the Vendor.

In consideration of the Purchaser agreeing to enter into the Agreement, the Guarantor unconditionally and irrevocably guarantees to the Purchaser the due and punctual performance and observance by the Vendor of its obligations pursuant to the Return and Compensation Obligations and agrees to indemnify the Purchaser against all losses, liabilities, costs, (including without limitation legal costs) charges, expenses, actions, proceedings, claims and demands which the Purchaser may suffer through or arising from any breach by the Vendor of its obligations under the Return and Compensation Obligations.

If Completion does not take place due to any default by the Vendor, the Vendor shall return the Deposit in cash to the Purchaser without interest. The Deposit shall be returned within 7 days following the date on which a written termination notice is issued by the Purchaser to the Vendor. If however Completion does not take place due to any default by the Purchaser, the Vendor shall be entitled to forfeit the Deposit.

**INFORMATION ON JODRELL**

Set out below are the simplified shareholding structures of Jodrell prior to and immediately following the Acquisition:

**Notes:**

- Jodrell is an indirectly held 80% owned subsidiary of the Company.
- Jodrell is an indirectly held wholly-owned subsidiary of the Company.

Following completion of the Agreement, the Group will become the holder of the entire issued share capital of Jodrell. The accounts of Jodrell will continue to be consolidated into the accounts of the Group.

So far as the Directors are aware, (i) the Vendor is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. To the best knowledge and belief of the Directors, apart from the Consideration Shares, the Vendor (including its ultimate beneficial owners) and their respective associates do not have any interest in rights or options convertible into Shares; and (ii) the Guarantor and his associates do not have any interest in rights or options convertible into Shares.

Jodrell is an investment holding company and its sole asset is its 70% interest in China EverBright Real Estate Development Limited.

China EverBright Real Estate Development Limited is an investment holding and property development company. As at the date of this announcement, China EverBright Real Estate Development Limited has 9 property projects/land reserves on hand located in Beijing, Guangzhou, Shanghai, Guilin, Hefei and Hohhot. All the projects/land reserves are residential and commercial complex and the majority of which are held under development and held for future development. The Valuation Report will be included in the circular to be despatched to the Shareholders.

The unaudited consolidated profit both before and after taxation and minority interest items of Jodrell for the two years ended 31 December 2005 based on the HK GAAP (without taking into account of any revaluation of the property assets held by Jodrell and its subsidiary) were as follows:

	For the year ended 31 December	
	2004 HK\$'000	2005 HK\$'000
Profit before taxation and minority interest items	40,979	113,482
Profit after taxation and minority interest items	19,484	72,141
	<b>As at 31 December</b>	
	2004 HK\$'000	2005 HK\$'000
Net asset value	19,484	71,945

Tigerlily and the vendor used Jodrell as vehicle to acquire 70% equity interest in China EverBright Real Estate Development Limited. During 2004, Jodrell acquired 70% equity interest in China EverBright Real Estate Development Limited for a consideration of HK\$87,994,000. At that time, China EverBright Real Estate Development Limited's property assets were 6 property projects/land reserves located in Beijing, Guangzhou, Shanghai and Hefei, and were either raw land or at different stage of development.

**REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged (i) in the manufacturing and marketing of electric fans, vacuum cleaners, electric cables and other electrical household appliances, (ii) in EMS (Electronic Manufacturing Services) business and (iii) property development and investment in the PRC. It also trades in securities, operates a taxi company and invests in technology companies.

The Acquisition will further enhance the Group's strategic position in the initiative to expand into the fast growing PRC real estate development market by increasing the Group's indirect equity interest in China EverBright Real Estate Development Limited from 56% in 2005 to 70% after the Acquisition and the Acquisition will enable the Company to fully control the board of Jodrell, which, in turn, will be represented on the board of China EverBright Real Estate Development Limited.

**GENERAL**

Based on the financials of Jodrell and the Company, three of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition is more than 5% but less than 25% and the other ratios are less than 5%. The Acquisition will constitute a discloseable transaction to the Company under Rule 14.06(2) of the Listing Rules. Given the Vendor is a substantial shareholder of the subsidiary of the Company and thus a connected person of the Company, the transaction will also constitute a connected transaction under Rule 14A.13 (1) (a) of the Listing Rules.

An independent board committee comprising of the independent non-executive Directors will be established to consider and advise the independent Shareholders as to whether the terms of the Acquisition are normal and commercial and fair and reasonable and are in the interests of the Company and the Shareholders as a whole. An independent financial adviser will be appointed to advise the independent board committee and the independent Shareholders in this respect.

Since no Shareholder is interested in the Acquisition, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for considering and, if thought fit, approving the Acquisition. Members of the Yung's family (being Mr. Billy K YUNG (25,331,000 Shares, representing approximately 5.06%), Madam YUNG HO Wun Ching (53,196,300 Shares, representing approximately 10.63%), On Fat Profits Corporation (72,716,797 Shares, representing approximately 14.53%) and Diamond Key Enterprises Inc. (118,612,287 Shares, representing approximately 23.70%) who have no interest in the Acquisition other than their interests as Shareholders holding in aggregate 269,856,384 Shares, representing approximately 53.92% of the existing issued share capital of the Company), have on 26 October 2006 issued a written certificate to the Company to approve the Acquisition in lieu of a general meeting pursuant to Rule 14A.43 of the Listing Rules. The Company will not be required to convene a general meeting to consider and approve the transaction contemplated under the Agreement as prescribed in Rule 14A.43 of the Listing Rules. Submission has been made by the Company to confirm that Mr. Billy K YUNG, Madam YUNG HO Wun Ching, On Fat Profits Corporation and Diamond Key Enterprises Inc. are a closely allied group of shareholders, as (1) Madam YUNG HO Wun Ching is the mother of Mr. Billy K YUNG; (2) both On Fat Profits Corporation and Diamond Key Enterprises Inc. are trusts with Mr. Billy K YUNG's family members as beneficiaries; (3) Madam YUNG HO Wun Ching is a Shareholder since 1984, Mr. Billy K YUNG is a Shareholder since July 2005, On Fat Profits Corporation is a Shareholder since February 2005 and Diamond Key Enterprises Inc. is a Shareholder since February 2004; (4) they are parties acting in concert for the purpose of the Hong Kong Code on Takeovers and Mergers; and (5) they (being Madam YUNG Ho Wun Ching, On Fat Profits Corporation and Diamond Key Enterprises Inc.) have together voted in the past on shareholders' resolutions other than routine resolutions at an annual general meeting (namely for the major transaction in May 2005). Due to the reasons mentioned above, application has been made by the Company to the Stock Exchange to refrain from strict compliance with Rule 14A.43 of the Listing Rules (i.e. written independent shareholders' approval is accepted in lieu of holding a general meeting).

A circular containing, among other things, details of the Acquisition will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares was suspended from 10:30 a.m. on 25 October 2006 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 27 October 2006.

**DEFINITIONS**

Unless the context otherwise require, the following expressions have the following meanings in this announcement:

"Acquisition"	the acquisition of the Sale Shares and the Shareholder's Loan by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement
"Agreement"	the sale and purchase agreement dated 23 October 2006 entered into between the Purchaser, the Vendor and the Guarantor in relation to the Acquisition
"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Board"	the board of Directors

“Business Day”	a day other than a Saturday, Sunday or public holiday in Hong Kong
“BVI”	British Virgin Islands
“Company”	Shell Electric Mfg. (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Date”	the tenth Business Day following the fulfillment (or if applicable, waiver) of all the above conditions precedent or such other date to be mutually agreed by the Vendor and the Purchaser in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration for the Acquisition in the amount of approximately HK\$140.1 million
“Consideration Shares”	25,000,000 Shares, being Shares to be issued for the value of HK\$60,000,000 calculated by reference to the Issue Price
“Deed of Assignment of Shareholder’s Loan”	the deed of assignment of the Shareholder’s Loan to be entered into between the Purchaser, the Vendor and Jodrell
“Deed of Termination”	the deed of termination to be entered into between the Vendor, Tigerlily and Jodrell terminating the shareholders’ agreement dated 6 August 2004 and the supplemental shareholders’ agreement dated 7 June 2005, both entered into between the Vendor, Tigerlily and Jodrell
“Deposit”	a sum of HK\$20,000,000 paid to the Vendor on the next Business Day following the signing of the Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Mr Wang Tao Guang, a director of Jodrell as at the date of this announcement
“HK GAAP”	the Generally Accepted Accounting Principles of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) who is (are) independent from and not connected with the Company and its subsidiaries, any of the Directors, chief executives and substantial shareholders of the Company or its subsidiaries or any of their respective associates
“Issue Price”	HK\$2.40 per Share
“Jodrell”	Jodrell Investments Limited, a company incorporated in the BVI with limited liability, which is owned by Tigerlily and the Vendor as to 80% and 20% respectively as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Approval”	approval by the Stock Exchange for the listing of and permission to deal in the Consideration Shares
“PRC”	the People’s Republic of China
“Purchaser”	Fast City Limited, a company incorporated in the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company
“Sale Shares”	two ordinary shares of US\$1 each in the share capital of Jodrell to be acquired by the Purchaser pursuant to the Agreement
“Share(s)”	ordinary share(s) of HK\$0.50 each in the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholder’s Loan”	shareholder’s loan due from Jodrell to the Vendor in the amount of HK\$17,598,649.39, which is unsecured, interest-free and repayable on demand
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tigerlily”	Tigerlily Overseas Limited, a company incorporated in the BVI, the entire issued share capital of which is indirectly owned by the Company
“Valuation Report”	the valuation report to be issued by Messrs. Knight Frank Petty, an independent firm of professional valuers, on an open market existing use basis, on all the property assets of China EverBright Real Estate Development Limited as at 31 August 2006
“Vendor”	Richwood Trading Limited, a company incorporated in the BVI with limited liability
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“%”	per cent.

*Amounts denominated in RMB in this announcement have been translated into HK\$ at a rate of RMB1.00=HK\$0.9848 for illustration purposes.*

By Order of the Board  
**BILLY K YUNG**  
 Chairman

Hong Kong, 26 October 2006

*As at the date of this announcement, the Board comprises nine Directors, of which four are executive Directors, namely Mr. Billy K YUNG, Madam YUNG HO Wun Ching, Mr. LEUNG Chun Wah and Mr. Plato POON Chak Sang, one non-executive Director being Mr. Simon YUNG Kwok Choi and four independent non-executive Directors, namely Dr. Leo Tung-Hai LEE, Mr. Shiu-Kit NGAI, Mr. Peter WONG Chung On and Mr. Peter LAM.*