



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 TRANSACTION

ACQUISITION OF 51% REGISTERED CAPITAL IN

北京金華星置業有限公司 (BEIJING JIN HUA XING PROPERTIES COMPANY LIMITED)

The Board is pleased to announce that on 3 August 2006, the Purchaser has entered into three separate agreements with Independent Third Parties, pursuant to which (i) the Purchaser acquired 51% registered capital in Jin Hua Xing from Jin Hai Cheng at a consideration of RMB125 million (approximately HK\$121.9 million); (ii) the Purchaser will provide an interest-free and unsecured loan of RMB10 million (approximately HK\$9.7 million) to Zhong Shun; (iii) following completion of item (i) above, the Purchaser paid Bai Cheng an amount of RMB25 million (approximately HK\$24.4 million) in return for Bai Cheng's co-operation to enable the Acquisition made by the Purchaser; and (iv) the Purchaser and Bai Cheng stated their intention to acquire the remaining 30% registered capital in Zhong Shun at a maximum consideration of RMB155 million (approximately HK\$151.1 million). Completion of the Acquisition took place on 21 August 2006.

The Acquisition constituted a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. A circular containing, among other things, details of the Acquisition will be despatched to the Shareholders as soon as practicable.

1. INTRODUCTION

The Board is pleased to announce that on 3 August 2006, the Purchaser has entered into three separate agreements with Independent Third Parties. Details of the Agreements are set out below.

2. PARTIES INVOLVED IN THE ACQUISITION

2.1 Bai Cheng

A company incorporated in the PRC with limited liability on 15 October 1999 with a registered capital of RMB70 million. It is principally engaged in property development, office rental, real estate consultancy.

2.2 Jin Hai Cheng

A company incorporated in the PRC with limited liability on 28 August 2003 with a registered capital of RMB500,000. It is principally engaged in investment consultancy, corporate image planning, and convention organizer.

2.3 Jin Hua Xing

A company incorporated in the PRC with limited liability on 12 September 2001 with a registered capital of RMB20 million. It is principally engaged in property development and sale of properties.

Immediately prior to the completion of the Acquisition, the shareholders comprise of Jin Hai Cheng holding 51% registered capital in this company and Bai Cheng holding 49% registered capital in this company.

The following are the unaudited consolidated financial information of Jin Hua Xing for the two years ended 31 December 2004 and 2005 and the period up to 31 July 2006 respectively (prepared in accordance with PRC generally accepted accounting principles).

	Year ended 31/12/2004 Rmb'000	Year ended 31/12/2005 Rmb'000	Period ended 31/7/2006 Rmb'000
Turnover	-	-	-
Gross profit/(loss)	-	-	-
Net loss	-	(352)	(31)
	As at 31/12/2004 Rmb'000	As at 31/12/2005 Rmb'000	As at 31/7/2006 Rmb'000
Net assets value	19,878	19,526	19,495

According to Jin Hua Xing, it is solely an investment holding company. During the period mentioned above, Jin Hua Xing has not generated any revenue and gross profit/(loss) but has incurred other operating expenses which resulted in net losses. Also during the period mentioned above, Zhong Shun is a 70% owned subsidiary of Jin Hua Xing and the only asset of Jin Hua Xing. The major assets and liabilities of Jin Hua Xing and its subsidiary were the development costs of the Project, the outstanding costs of the Project and the amounts due to shareholders.

2.4 Zhong Shun

A company incorporated in the PRC with limited liability on 14 November 2000 with a registered capital of RMB10 million. It is principally engaged in property development. Information of the Project is further described below.

Its current shareholders comprise of Jin Hua Xing which is interested in 70% registered capital in this company, Madam Qu who is interested in 10% registered capital in this company and Mr. Wei who is interested in 20% registered capital in this company.

The following are the unaudited financial information of Zhong Shun for the two years ended 31 December 2004 and 2005 and the period up to 31 July 2006 respectively (prepared in accordance with PRC generally accepted accounting principles).

	Year ended 31/12/2004 Rmb'000	Year ended 31/12/2005 Rmb'000	Period ended 31/7/2006 Rmb'000
Turnover	-	-	-
Gross profit/(loss)	-	-	-
Net profit/(loss)	-	-	-
	As at 31/12/2004 Rmb'000	As at 31/12/2005 Rmb'000	As at 31/7/2006 Rmb'000
Net assets value	10,000	10,000	10,000

According to Zhong Shun, its sole asset is the Project which has yet to be developed. Accordingly, Zhong Shun has not generated any revenue or profit/(loss) during the abovementioned period and the major assets and liabilities were the development costs of the Project, the outstanding development costs of the Project and the amounts due to shareholders. The carrying value of the Project in the book of Zhong Shun as at 31 July 2006 (under PRC generally accepted accounting principles) was approximately RMB284 million (approximately HK\$276.8 million). Zhong Shun recorded a total liabilities of

approximately RMB280 million (approximately HK\$272.9 million) as at 31 July 2006 and, accordingly, the net assets of Zhong Shun as at 31 July 2006 was RMB10 million (approximately HK\$9.7 million).

The Company has engaged an auditor, to commence an audit (prepared in accordance with Hong Kong Financial Reporting Standard and using the same accounting standards adopted by the Company) on the historical financial information of Jin Hua Xing and Zhong Shun for the two years ended 31 December 2005 and the seven months ended 31 July 2006. Although the audited account is yet to be finalized, the Directors do not anticipate the audited figures will change the classification of the type of notifiable transaction under the Listing Rules. Shareholders should note that the consideration payable for the Acquisition will not be adjusted even if the audited financial information of Jin Hua Xing and Zhong Shun is substantially different from the above figures.

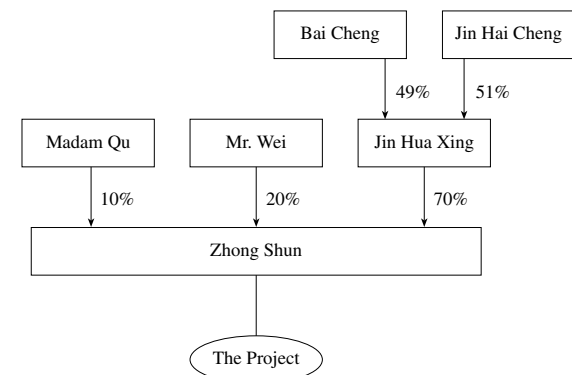
2.5 The Project

The Project held by Zhong Shun is a piece of land having a site area of approximately 14,150 square metres located at Nos. 11 - 15 Xueyuan South Road, Haidian District, Beijing, the PRC. It is on the Northwestern corner of the entrance of Ming Guang Cun, between Xizhimen Bridge of the North No.2 Ring Road in Haidian District of Beijing and Jimen Bridge of the North No. 3 Ring Road.

It is planned to develop into a residential and commercial building/complex with gross floor area of approximately 114,940 square metres for sale and/or rental.

The Project is expected to commence in the fourth quarter of 2006 and complete around July 2008. As at the date of this announcement, the Project has not yet commenced.

In summary, set out below is the simplified shareholding structure of Zhong Shun and the Project immediately prior to the completion of the Acquisition:



3. SERIES OF TRANSACTIONS CONTEMPLATED AND INTENTION STATED IN THE AGREEMENTS

Summarised below are the transactions related to the Acquisition (items (i) to (iii) below) and the intention (item (iv) below) stated in the Agreements:

- the Purchaser acquired 51% registered capital in Jin Hua Xing from Jin Hai Cheng at a consideration of RMB125 million (approximately HK\$121.9 million) as described in Agreement 1;
- the Purchaser will provide an interest-free and unsecured loan of RMB10 million (approximately HK\$9.7 million) to Zhong Shun as described in Agreement 1;
- following completion of item (i) above, the Purchaser paid Bai Cheng an amount of RMB25 million (approximately HK\$24.4 million) in return for Bai Cheng's co-operation to enable the Acquisition made by the Purchaser as described in Agreement 2; and
- the Purchaser and Bai Cheng stated their intention to acquire the remaining 30% registered capital in Zhong Shun at a maximum consideration of RMB155 million (approximately HK\$151.1 million).

There is no long stop date for any of the Agreements. Completion of the Acquisition took place on 21 August 2006.

4. THE AGREEMENTS

Summarised below are the principal terms of the Agreements.

4.1 Agreement 1

(i) Date

3 August 2006

On 2 August 2006, the board of the Purchaser approved the subject transaction and authorised the execution of the Agreements by an authorised representative of the Purchaser. On the same date, the board of China EverBright Real Estate Development Limited, holder of the entire registered capital of the Purchaser, approved the subject transaction. China EverBright Real Estate Development Limited is a 56% indirectly owned subsidiary of the Company. Mr. Billy K Yung, the managing director of the Company was represented on the board of China EverBright Real Estate Development Limited. The subject transaction has in effect been acknowledged by the Company.

Although the subject transaction was approved on 2 August 2006, neither the Company nor the Directors other than the managing director of the Company was aware that the Agreements were entered into on 3 August 2006. It was only around 18 August 2006 when the Company was aware that the Agreements were entered into. The Company has been collating and ascertaining certain relevant information for the purpose of complying with the disclosure requirements in respect of the Acquisition, including but not limited to, information regarding the background of the vendors, the basis of the consideration, and the background and legality of the target companies and the Project. Delays in the gathering of the relevant information from parties concerned, the time lags in communication between the Group's staff in China and in Hong Kong and the limited manpower of the Group's staff in China have caused the Company not to be in a position to make an informed announcement of the transactions contemplated under the Agreements until such information (which are now obtained after making all reasonable enquiries, and to the best of the Directors' knowledge and belief, to be accurate, true and not misleading or selective) are now obtained. Based on such information, the transactions contemplated under the Agreements were ratified by the Board on 21 September 2006.

(ii) **Parties**

Vendor: (1) Jin Hai Cheng

Other parties to Agreement 1, apart from the Purchaser:

- (2) Jin Hua Xing
- (3) Madam Qu
- (4) Bai Cheng
- (5) Zhong Shun

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Jin Hai Cheng, Jin Hua Xing, Bai Cheng, Zhong Shun and their ultimate beneficial owners and Madam Qu are Independent Third Parties.

Purchaser: (6) The Purchaser is a wholly-owned subsidiary of China EverBright Real Estate Development Limited. China EverBright Real Estate Development Limited is a 70% owned subsidiary of Jodrell and the remaining 30% is held by an Independent Third Party. Jodrell is an 80% owned subsidiary of the Company and will become a wholly-owned subsidiary of the Company following the completion of the discloseable and connected transaction as announced by the Company on 26 October 2006.

The Purchaser is an investment holding and property development company. As at the date of this announcement, the Purchaser has 3 projects/land reserves on hand located in Beijing and Guangzhou.

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 projects/land reserves (including the abovementioned 3 projects) on hand located in Beijing, Guangzhou, Shanghai, Guilin, Hefei and Hohhot.

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

(iii) **Subject of Agreement 1**

1. Pursuant to Agreement 1, Jin Hai Cheng transferred its interest in 51% registered capital in Jin Hua Xing to the Purchaser.

The change of shareholdings/shareholders of Jin Hua Xing took place on 21 August 2006 (when the 工商變更登記手續 (Business Administration Registration) was filed). The Purchaser becomes the holder of 51% registered capital in Jin Hua Xing.

The Purchaser agreed to pay RMB125 million as consideration for the Acquisition under the terms set out in Agreement 1.

2. Also under Agreement 1, the Purchaser will provide an unsecured and interest free loan of RMB10 million (approximately HK\$9.7 million) to Zhong Shun which will be repaid on demand.

Bai Cheng has not entered into any agreement to agree to contribute proportionate amount of loan to Zhong Shun. So far revealed from the unaudited management accounts of Zhong Shun as at 31 July 2006, a sum of approximately RMB2 million (accounts payable) was contributed by Bai Cheng.

3. Apart from the Acquisition and the provision of a loan, the Purchaser stated in Agreement 1 its intention to acquire 51% of the remaining 30% registered capital in Zhong Shun from Madam Qu and Mr. Wei.

The terms relating to the acquisition of 51% of the remaining 30% registered capital in Zhong Shun from Madam Qu and Mr. Wei by the Purchaser are yet to be finalized. The above intention statement is not legally binding and is not enforceable by any of the parties to Agreement 1.

The Purchaser stated in Agreement 1 its intention to acquire 51% of the remaining 30% registered capital in Zhong Shun from Madam Qu and Mr. Wei. According to Agreement 3 as described below, the Purchaser and Bai Cheng intended to acquire the remaining 30% registered capital in Zhong Shun. As soon as the Purchaser and Bai Cheng acquire (as intended) the remaining 30% registered capital in Zhong Shun from Madam Qu and Mr. Wei, the Purchaser and Bai Cheng intended to direct Jin Hua Xing to distribute Jin Hua Xing's interest in 70% registered capital in Zhong Shun to the Purchaser and Bai Cheng in the ratio of 51:49. As a result, the Purchaser and Bai Cheng will (as intended) be directly interested in the entire registered capital of Zhong Shun in the ratio of 51:49. In the event that the intended distribution in specie was made, the Purchaser and Bai Cheng would remain as directly holding the entire registered capital in Jin Hua Xing in the ratio of 51:49.

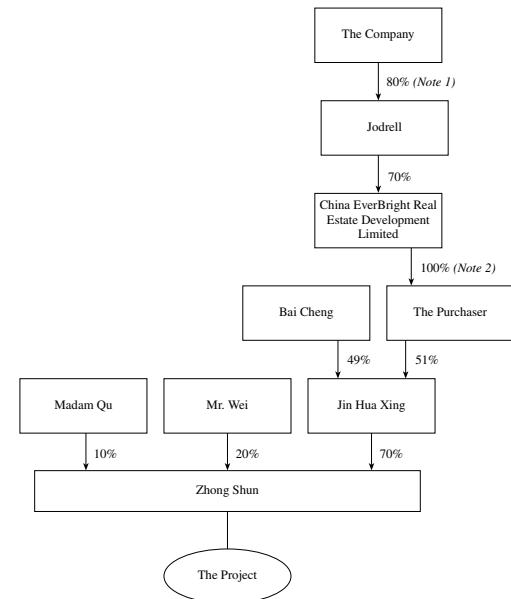
Shareholders should note that if the transaction with regard to the acquisition of the remaining 30% registered capital in Zhong Shun by the Purchaser and Bai Cheng happens to consummate as intended under Agreement 1 and Agreement 3, separate sale and purchase agreements will have to be entered into in the future and such transaction may constitute another notifiable and/or connected transaction under the Listing Rules. Accordingly, the Company will issue another announcement (as and when appropriate) and comply with the relevant requirements of the Listing Rules.

4. The Purchaser and Bai Cheng stated their intention in Agreement 1, that following completion of the Acquisition and the intended acquisition of the remaining 30% registered capital in Zhong Shun from Madam Qu and Mr. Wei by the Purchaser and Bai Cheng, the Purchaser and Bai Cheng intended to transfer the entire interest in the registered capital in Jin Hua Xing to Jin Hai Cheng or an independent third party designated by Jin Hai Cheng. According to the Purchaser, the terms of the transfer is intended to base on another agreement to be entered into in the future.

The terms relating to the above transfer are yet to be finalized. The above transfer is only an intention, which is not legally binding and is not enforceable by Jin Hai Cheng. The transfer may constitute a notifiable transaction under the Listing Rules. Accordingly, the Company will issue an announcement (as and when appropriate) and comply with the relevant requirements of the Listing Rules.

Since it is not possible to predict whether and when the intention statements as mentioned in paragraphs 2 to 4 above will occur, the management of the Company is not possible to predict the expected date of completion for those events and the identity of the abovementioned independent third party designated by Jin Hai Cheng. When those events occur, the Company will comply the relevant reporting, disclosure and independent approval requirements of the Listing Rules.

On completion of the Acquisition, the simplified shareholding structure of Zhong Shun and the Project is as follows:



Notes:

1. Jodrell is an indirectly held 80% owned subsidiary of the Company and will become a wholly-owned subsidiary of the Company following the completion of the discloseable and connected transaction as announced by the Company on 26 October 2006.
2. The Purchaser is an indirectly held wholly-owned subsidiary of China EverBright Real Estate Development Limited.

(iv) **Consideration**

The consideration of RMB125 million of the Acquisition was determined, based on the Directors' knowledge and experience with regard to the property development projects in the PRC and their expectation to the potentials to be generated from this transaction, after arm's length negotiations between the parties.

During the board meeting of the Company held on 21 September 2006, the Directors noted the unaudited net assets value of Zhong Shun as at 31 July 2006. However, when they considered ratifying the transactions contemplated under the Agreements (including the consideration payable for the Acquisition), they have also taken into account, among other things, the Directors' assessment of the future business potential of Zhong Shun (i.e. the underlying value of the Project and the estimated value of the Project when it is completed).

Of the consideration of RMB125 million (approximately HK\$121.9 million) for the Acquisition, RMB120 million (approximately HK\$117.0 million) was paid on 21 August 2006 and the balance RMB5 million (approximately HK\$4.9 million) will be payable to Jin Hai Cheng within 5 Business Days following the completion of the necessary filing and registration procedures in the PRC for the acquisition of Mr. Wei's remaining 20% registered capital in Zhong Shun by the Purchaser and Bai Cheng. The entire amount of RMB125 million is satisfied in cash from the internal resources of the Group. In the event that the Purchaser and Bai Cheng cannot acquire the remaining 30% registered capital in Zhong Shun as intended on or before 21 November 2006, the Purchaser expects it is still required to pay the balance of RMB5 million (approximately HK\$4.9 million) to Jin Hai Cheng shortly following 21 November 2006.

Following the completion of the Acquisition, the Purchaser will provide an unsecured and interest-free loan in the amount of RMB10 million (approximately HK\$9.7 million) to Zhong Shun which will be applied for its general working capital. Such amount was satisfied in cash from the internal resources of the Group. Up to date of this announcement, the Purchaser has paid RMB2 million (approximately HK\$1.9 million) to Zhong Shun as part of such loan.

4.2 Agreement 2

(i) **Date**

3 August 2006

(ii) **Parties**

- (1) the Purchaser; and
- (2) Bai Cheng

(iii) **Subject of Agreement 2**

Pursuant to Agreement 2, the Purchaser has on 12 September 2006 paid Bai Cheng an amount of RMB25 million (approximately HK\$24.4 million) in cash in return for Bai Cheng's co-operation to enable the Acquisition made by the Purchaser. Such amount was settled in cash from internal resources of the Group. Such amount of RMB25 million (approximately HK\$24.4 million) was the result of a negotiation between the Purchaser and Bai Cheng without any particular reference/benchmark. However, taking into account the Directors' knowledge and experience with regard to the property development projects in the PRC, the independent valuation of the Project prepared by Knight Frank Petty Limited, an independent valuer and their expectation to the potentials to be generated from the Project, the Directors consider this amount of RMB25 million (approximately HK\$24.4 million) as part of the overall cost payable for the Acquisition, and is fair and reasonable.

4.3 Agreement 3

(i) **Date**

3 August 2006

(ii) **Parties**

All parties involved in Agreement 1.

(iii) **Subject of Agreement 3**

It stated the intention of the Purchaser and Bai Cheng to acquire the remaining 30% registered capital in Zhong Shun at a maximum consideration of RMB155 million (approximately HK\$151.1 million).

The terms (including the consideration) relating to the acquisition of the remaining 30% registered capital in Zhong Shun from Madam Qu and Mr. Wei by the Purchaser and Bai Cheng are yet to be finalized. The above intention statement is not legally binding and is not enforceable by any of the parties to Agreement 3. Shareholders should note that if the transaction with regard to the acquisition of the remaining 30% registered capital in Zhong Shun by the Purchaser and Bai Cheng happens to consummate as intended under Agreement 1 and Agreement 3, separate sale and purchase agreements will have to be entered into in the future and such transaction may constitute another notifiable and/or connected transaction under the Listing Rules. Accordingly, the Company will issue another announcement (as and when appropriate) and comply with the relevant requirements of the Listing Rules.

5. REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE FINANCIAL ASSISTANCE

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.

With the expected continuing growth of the economy of the PRC and the upcoming 2008 Beijing Olympics, the Directors are optimistic about the growth potential for the property market in Beijing. In addition, the Acquisition helps to enhance the Group's interest in a portfolio of property development projects which the Directors are of the view that it is in the interests of the Company and Shareholders as a whole.

Taking into account:

- (i) the future prospect and growth potential for the property market in Beijing, the PRC;
- (ii) the stated business strategy of the Group to expand its property development and investment business; and
- (iii) the consideration of RMB125 million payable for the Acquisition and the amount of RMB25 million paid to Bai Cheng are made with reference to an independent valuation of the Project prepared by Knight Frank Petty Limited, an independent valuer, having an open market value (i.e. the basis of valuation is "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion") on the existing state of development of RMB389 million (approximately HK\$379.2 million) as at 31 August 2006,

the Directors are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole and the terms of the Acquisition, including the consideration for the Acquisition, are fair and reasonable and on normal commercial terms.

Given the success of Zhong Shun to develop the Project will in turn benefit Jin Hua Xing, which will further benefit the Purchaser (as a holder of 51% registered capital in Jin Hua Xing), the Purchaser will provide an unsecured and interest-free loan of RMB10 million (approximately HK\$9.7 million) to Zhong Shun for its working capital needs. Taking into account the abovementioned reasons for and benefits of the Acquisition, the RMB10 million loan is part and partial of the Acquisition under Agreement 1, the loan is to be applied by Zhong Shun as general working capital and the loan is repayable on demand, the Directors are of the view that the provision of the RMB10 million loan is in the interests of the Company and the Shareholders as a whole. As Bai Cheng has provided a sum of approximately RMB2 million to Zhong Shun (see paragraph 4.1 (iii) 2. above) and the Purchaser has also provided RMB2 million to Zhong Shun (see paragraph 4.1 (iv) above), the Directors believe that the loan provided by the Purchaser to Zhong Shun is fair and reasonable.

Given that the Acquisition will enhance the Group's interest in a portfolio of property development projects, the Directors believe the amount of RMB25 million (approximately HK\$24.4 million) paid to Bai Cheng helps to incentivize it to be willing and co-operative to work with the Purchaser for the benefit of Zhong Shun which holds the Project, and is therefore in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable.

Jin Hua Xing has a board of 7 persons. The Purchaser has 4 representatives on the board of Jin Hua Xing. According to the articles of association of Jin Hua Xing, all resolutions of the board of Jin Hua Xing shall be approved by a 2/3 majority. Although the Purchaser is the holder of 51% registered capital in Jin Hua Xing, the Purchaser does not control the board of Jin Hua Xing. Accordingly, Jin Hua Xing will not be consolidated as a subsidiary of the Purchaser. However, Jin Hua Xing and Zhong Shun will be accounted for in the consolidated financial statements of the Company under the equity method of accounting as an investment in jointly controlled entity.

6. GENERAL

The Acquisition constituted a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. A circular containing, among other things, details of the Acquisition and the Agreements will be despatched to the Shareholders as soon as practicable.

7. DEFINITIONS

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

"Acquisition"	the acquisition of the 51% registered capital in Jin Hua Xing from Jin Hai Cheng by the Purchaser under Agreement 1
"Agreement 1"	the sale and purchase agreement dated 3 August 2006 entered into by the Purchaser, Bai Cheng, Jin Hai Cheng, Jin Hua Xing, Zhong Shun and Madam Qu
"Agreement 2"	the agreement dated 3 August 2006 entered into by the Purchaser and Bai Cheng
"Agreement 3"	the supplemental agreement dated 3 August 2006 entered into by the Purchaser, Bai Cheng, Jin Hai Cheng, Jin Hua Xing, Zhong Shun and Madam Qu
"Agreements"	Agreement 1, Agreement 2 and Agreement 3
"associate(s)"	has the meaning as ascribed in the Listing Rules
"Bai Cheng"	北京百城置業有限公司 (Beijing Bai Cheng Properties Company Limited), a company incorporated in the PRC with limited liability
"Board"	the Board of Directors
"Company"	Shell Electric Mfg. (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of the Stock Exchange
"connected person(s)"	has the meaning as ascribed in the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	person(s), or in the case of companies, the company and their ultimate beneficial owner(s), who are independent of and not connected with the Company and its subsidiaries and its connected persons or in the case of a corporation (the ultimate beneficial owner) their respective associates ("connected persons" and "associates" as defined in the Listing Rules)
"Jin Hai Cheng"	北京金海誠投資顧問有限公司 (Beijing Jin Hai Cheng Investment Consultant Company Limited), a company incorporated in the PRC with limited liability
"Jin Hua Xing"	北京金華星置業有限公司 (Beijing Jin Hua Xing Properties Company Limited), a company incorporated in the PRC with limited liability
"Jodrell"	Jodrell Investments Limited, a company incorporated in the British Virgin Islands with limited liability. It is an investment holding company and the sole assets of which is its 70% interest in China EverBright Real Estate Development Company Limited
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Madam Qu"	Madam Qu Yung Luan, the holder of the 10% registered capital in Zhong Shun, an Independent Third Party
"Mr. Wei"	Mr. Wei Gong Quan, the holder of the 20% registered capital in Zhong Shun, an Independent Third Party. He is not a party to Agreement 1 or Agreement 2 or Agreement 3
"PRC"	the People's Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Project"	the property development project is located at Nos. 11-15 Xueyuan South Road, Haidian District, Beijing, the PRC
"Purchaser"	北京光大房地產開發有限公司 (Beijing EverBright Real Estate Development Company Limited), a company incorporated in the PRC with limited liability
"Shares(s)"	ordinary share(s), currently with par value of HK\$0.50 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Zhong Shun"	北京中順超科房地產開發有限公司 (Beijing Zhong Shun Chao Ke Property Development Company Limited), a company incorporated in the PRC with limited liability
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"%"	per cent.

Amounts denominated in RMB in this announcement have been translated into HK\$ at a rate of RMB1.00=HK\$0.9748 for illustration purposes.

By Order of the Board
Peter Lee Yip Wah
Secretary

Hong Kong, 8 November 2006

As at the date of this announcement, the Board comprises ten Directors, of which five are executive Directors, namely Mr. Billy K YUNG, Madam YUNG HO Wun Ching, Mr. LEUNG Chun Wah, Mr. Plato POON Chak Sang and Mr. Eddie HURIP, 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.