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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 TRANSACTION IN RELATION TO A SHAREHOLDER'S LOAN TO YUE TIAN, OTHER FINANCIAL ASSISTANCE TO YUE TIAN GROUP AND

GENERAL DISCLOSURE UNDER RULES 13.14 AND 13.16 OF THE LISTING RULES

DISCLOSEABLE TRANSACTION

The Board announces that on 5 March 2007, the Lenders (being Allright, a wholly-owned subsidiary of the Company, Red Empire and Wise Gain) entered into the Loan Agreement with Yue Tian pursuant to which the Lenders have agreed to advance the Loan to Yue Tian in proportion to their respective shareholdings in Yue Tian.

The Allright Loan constitutes a discloseable transaction of the Company under the Listing Rules. Accordingly, the Allright Loan is subject to the disclosure requirements under Chapter 14 of the Listing Rules.

A circular containing further information on the Loan and other relevant information will be despatched to the Shareholders for their information as soon as possible.

OTHER FINANCIAL ASSISTANCE TO YUE TIAN GROUP AND GENERAL DISCLOSURE

The Board announces that on 8 December 2005, the Company entered into the Guarantee with, among others, KW Bank to guarantee the payment obligation of up to HK\$80,000,000 of the PRC Company under the KW Loan Agreement. On the same day, Allright entered into the Share Charge to pledge its interest in 20% of the issued share capital of Yue Tian to KW Bank as a continuing security for the loan under the KW Loan Agreement. The financial assistance provided by the Group under the Guarantee and the Share Charge constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Guarantee given by the Company was also subject to Rule 13.14 of the then Listing Rules.

Pursuant to Rule 13.16 of the Listing Rules, the Board also announces that on 31 March 2004, the aggregate financial assistance to the affiliated companies of the Company exceeded 8% of the Market Capitalisation.

DETAILS OF THE LOAN AGREEMENT

The principal terms and conditions of the Loan Agreement are as follows:

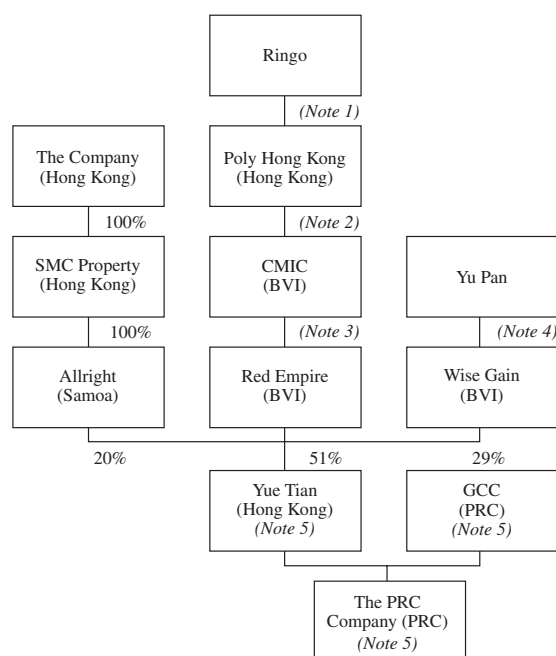
Date

5 March 2007

Parties

- (1) Red Empire
- (2) Wise Gain
- (3) Allright
- (4) Yue Tian

To the best of the Directors' knowledge and information having made all reasonable enquiries, the shareholding structure of Yue Tian as at the date of this announcement is as follows:



Notes:

To the best of the Directors' knowledge and information having made all reasonable enquiries:

1. Ringo is a substantial shareholder of Poly Hong Kong and it is also a joint venture partner of two associated companies of the Group. Ringo is not a connected person of the Company;
2. Poly Hong Kong is the holding company of CMIC. Poly Hong Kong is not a connected person of the Company;
3. CMIC is the holder of the entire issued share capital of Red Empire. CMIC and Red Empire are not connected persons of the Company. The principal activity of Red Empire is investment holding;
4. Wise Gain is owned by Mr. Yu Pan. Wise Gain and Mr. Yu Pan are not connected persons of the Company. The principal activity of Wise Gain is investment holding; and
5. Yue Tian is an associated company of the Company. GCC is not entitled to the profits generated by the PRC Company and thus the PRC Company is treated as a subsidiary of Yue Tian. Yue Tian, GCC and the PRC Company are not connected persons of the Company.

Except that Ringo is a joint venture partner of two associated companies of the Group, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Red Empire, Wise Gain and Yue Tian, together with their respective ultimate beneficial owners, and their respective associates are third parties independent of the Group and connected persons of the Company.

The Loan

Subject to the terms and conditions of the Loan Agreement, the Lenders have agreed to advance the Loan to Yue Tian in proportion to their respective shareholding in Yue Tian. The Allright Loan amounted to HK\$112,000,000 and was unsecured. The Allright Loan was drawn down on 5 March 2007.

Interest

An interest rate of 15% per annum on the Loan was payable together with the principal. A default interest rate of 20% per annum was payable on any overdue amount whether principal or interest. Assuming Yue Tian repaid the entire Loan immediately upon the maturity of the Loan, Allright would be entitled to an interest of HK\$2,807,671 based on an interest rate of 15% per annum.

Term

The Loan was for a term not exceeding two months. Yue Tian should repay the Loan upon drawdown of the ABC Loan or in any event within seven days upon written demand of the Lenders. Repayment should be made in the same currency of the Loan contributed by any one of the Lenders.

Conditions precedent

The drawdown of the Loan was subject to the following conditions:

- (1) the Loan having been approved by Red Empire, Wise Gain and Allright;
- (2) the loan agreement in respect of the ABC Loan having been entered into; and
- (3) the signatory arrangement in respect of Yue Tian's accounts with the Agricultural Bank having been completed.

Events of default

Upon occurrence of any of the following events, the Loan and its accrued interest would become immediately due and payable to the Lenders:

- (a) Yue Tian is in default on the repayment of the Loan and its accrued interest;
- (b) the Agricultural Bank refuses to grant the ABC Loan to Yue Tian upon drawdown;
- (c) a petition or an order is made for the winding up of Yue Tian and/or the PRC Company;
- (d) a receiver is appointed of the whole or any part of the assets or undertaking of Yue Tian.

Repayment of the Loan

On 14 March 2007, the Loan (including the Allright Loan) was repaid in full by Yue Tian to the Lenders. Yue Tian has paid an amount of HK\$414,247 to Allright as the interest of the Allright Loan for the period from 5 March 2007, being the drawdown date, to 14 March 2007 under the Loan Agreement.

INFORMATION ON ALLRIGHT, YUE TIAN AND THE PRC COMPANY

Allright is a limited liability company incorporated in Samoa on 23 November 2004. As at the date of this announcement, it is wholly-owned by SMC Property, which is a wholly-owned subsidiary of the Company.

Yue Tian is a limited liability company incorporated in Hong Kong on 2 March 1993. As at the date of this announcement, it is held as to 51% by Red Empire, 29% by Wise Gain and 20% by Allright.

The PRC Company is a Sino-foreign cooperative joint venture enterprise established by Yue Tian and GCC on 26 September 2002 in the PRC. GCC is not entitled to the profits generated by the PRC Company. The entire results of the PRC Company are consolidated into the accounts of Yue Tian. The Development Project is a commercial development project principally comprises the development and construction on the Land a five-star hotel tower, namely the Westin, Guangzhou and a grade A office premises and shopping arcades.

The consolidated audited loss both before and after taxation and extraordinary items of Yue Tian for the year from 1 January 2005 to 31 December 2005 were HK\$9.8 million based on the Hong Kong generally accepted accounting principles. The consolidated unaudited loss both before and after taxation and extraordinary items of Yue Tian for the year from 1 January 2006 to 31 December 2006 were approximately HK\$24 million based on the Hong Kong generally accepted accounting principles. As at 31 December 2006, the consolidated net asset value of Yue Tian was approximately HK\$364 million.

REASONS FOR AND BENEFITS OF THE LOAN

The principal activities of the Group are the manufacturing and marketing of electrical household appliances and investments in property and high technology businesses.

The Agricultural Bank has agreed to grant the ABC Loan to Yue Tian for the purpose of financing the Development Project and refinancing of the existing KW Loan. The Directors consider that it is in the best interest of both the Company and Yue Tian to obtain the ABC Loan because the banking facilities given under the ABC Loan is higher than that of the KW Loan and, by the repayment of the KW Loan, the Guarantee and the Share Charge given by the Group in respect of the KW Loan would be released. In order to obtain an immediate cashflow, Yue Tian obtained the Loan from its shareholders so as to repay the KW Loan and hence drawdown the ABC Loan. A total amount of RMB547.1 million out of the ABC Loan was drawn down on 12 March 2007 and 13 March 2007 respectively. None of the Company and its subsidiaries have provided any guarantee or security for the ABC Loan. As at the date of this announcement, the KW Loan has been repaid in full. Following repayment of the KW Loan, the Guarantee and the Share Charge are expected to be released by KW Bank around the end of March 2007.

The Allright Loan was funded by the Group's internal resources.

The Directors, including the independent non-executive Directors, consider that the terms and conditions of the Loan Agreement are on normal commercial terms and are fair and reasonable as far as the Shareholders as a whole are concerned and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATION

The Allright Loan constitutes a discloseable transaction of the Company under the Listing Rules. Accordingly, the Allright Loan is subject to the disclosure requirements under Chapter 14 of the Listing Rules.

A circular containing further information on the Allright Loan and other relevant information will be despatched to the Shareholders for their information as soon as possible.

OTHER FINANCE ASSISTANCE TO YUE TIAN GROUP

The Board announces that on 8 December 2005, the Company entered into the Guarantee with, among others, KW Bank to guarantee the payment obligation of the PRC Company under the KW Loan Agreement. Pursuant to the terms of the Guarantee, the maximum liability of the Company under the Guarantee is HK\$80,000,000, which corresponds to the Group's attributable interest of 20% in the PRC Company. On the same day, Allright, together with other parties, entered into the Share Charge in favour of KW Bank pursuant to which Allright agreed to pledge its interest in 20% of issued share capital of Yue Tian to KW Bank as a continuing security for the loan under the KW Loan Agreement. The Company has not received any fee or income for the provision of the Guarantee.

The financial assistance provided by the Group to the PRC Company under the Guarantee and the Share Charge constituted a discloseable transaction of the Company. It was therefore subject to the disclosure requirements under Chapter 14 of the Listing Rules.

Upon the granting of the Guarantee, the advances to Yue Tian Group increased from that previously disclosed by the Company on 26 April 2005 and the amount of the increase since the previous disclosure was more than 3% under the applicable ratio as defined under Rule 14.07(1) of the Listing Rules. The Guarantee was therefore subject to the general disclosure requirement under Rule 13.14 of the then Listing Rules.

The Company has not issued an announcement nor a circular in respect of the provision of the Guarantee and the Share Charge at the material time due to an oversight. However, details of the Guarantee required under Rule 13.20 of the Listing Rules have been disclosed in the annual report of the Company for the year ended 31 December 2005 and the interim report of the Company for the period from 1 January 2006 to 30 June 2006.

GENERAL DISCLOSURE UNDER RULE 13.16

The Board announces that on 31 March 2004, the aggregate financial assistance to, and guarantees given for facilities granted to, the affiliated companies of the Group exceeded 8% of the Market Capitalisation and the then total assets of the Company. A disclosure obligation under Rule 13.16 of the then Listing Rules arose on 31 March 2004. These financial assistance and guarantees have not been disclosed by way of an announcement due to an oversight. However, in compliance with continuing disclosure obligation under Rule 13.22 of the Listing Rules, the Company has included a combined balance sheet of affiliated companies in its interim report for the period from 1 January 2005 to 30 June 2005, its annual report for the year ended 31 December 2005 and its interim report for the period from 1 January 2006 to 30 June 2006. The Company would also like to restate the details of the financial assistance and guarantees to its affiliated companies as at 31 December 2005 and as at 30 June 2006 respectively.

Financial assistance and guarantees to affiliated companies:

Name of affiliated companies	Attributable interest held by the Group as at 31 March 2004	Attributable interest held by the Group as at 31 December 2005	Attributable interest held by the Group as at 30 June 2006	Attributable interest held by the Group as at the date of this announcement	Amount as at 31 March 2004	Amount as at 31 December 2005	Amount as at 30 June 2006	Amount as at the date of this announcement	Nature
Hong Kong Construction SMC Development Limited	20%	20%	20%	20%	HK\$68,448,580 (Note 1)	HK\$88,223,047 (Note 1)	HK\$70,871,962 (Note 2)	HK\$71,306,306 (Note 2)	Financial assistance
China Dynasty Development Limited	40%	40%	40%	40%	HK\$270,425,901 (Note 2)	HK\$177,453,997 (Note 2)	HK\$146,121,997 (Note 2)	HK\$125,508,877 (Note 2)	Financial assistance
湘潭市鼎康銅桿廠 (Xiang Tan City Ding Kang Copper Factory)	30%	-	-	-	HK\$3,810,272 (Note 2)	-	-	-	Financial assistance
MDCL-Frontline (China) Limited	28.34%	26.66%	26.66%	26.66%	HK\$22,400,000 (Note 3)	HK\$35,855,000 (Note 3)	HK\$35,855,000 (Note 3)	HK\$35,855,000 (Note 3)	Guarantee
Yue Tian Development Limited	-	20%	20%	20%	-	HK\$125,229,016 (Note 2)	HK\$111,773,616 (Note 2)	HK\$119,800,216 (Note 2)	Financial assistance
廣州市城建天譽房地產開發有限公司 (Guangzhou Cheng Jian Tian Yue Real Estate Development Company Limited)	-	-	-	-	-	HK\$80,000,000 (Note 4)	HK\$80,000,000 (Note 4)	HK\$80,000,000 (Note 4)	Guarantee
廣州市光大花園房地產開發有限公司 (Guangzhou City Guang Da Hua Yuan Real Estate Development Company Limited)	-	28%	36%	-	-	-	HK\$7,000 (Note 2)	-	Financial assistance
					-	HK\$31,716,300 (Note 5)	-	-	Guarantee
廣州市環博展覽有限公司 (Guangzhou City Huan Bo Exhibition Company Limited)	-	28%	28%	35%	-	HK\$73,043,600 (Note 2)	HK\$73,530,000 (Note 2)	HK\$75,642,800 (Note 2)	Financial assistance
廣西光大旅遊投資有限公司 (Guangxi Guang Da Travel Investment Company Limited)	-	-	39.7%	-	-	-	HK\$4,070,000 (Note 2)	-	Financial assistance
北京中順超科房地產開發有限公司 (Beijing Zhong Shun Chao Ke Property Development Company Limited)	-	-	-	24.99%	-	-	-	HK\$135,638,062 (Note 2)	Financial assistance
上海金鶴數碼科技發展有限公司 (Shanghai Jin He Digital Technology Development Company Limited)	-	-	-	45.5%	-	-	-	HK\$447,885 (Note 2)	Financial assistance
					-	-	-	HK\$44,788,500 (Note 6)	Guarantee
Total					HK\$365,084,753	HK\$611,520,960	HK\$522,229,575	HK\$688,987,646	

Notes:

- Such financial assistance is unsecured and subject to an interest rate of 10% per annum, and has no fixed term of repayment.
- Such financial assistance is unsecured and interest free, and has no fixed term of repayment.
- As at 31 March 2004, 31 December 2005, 30 June 2006 and the date of this announcement respectively, the total amount of facilities granted to MDCL-Frontline (China) Limited guaranteed by the Company were fully utilised.
- As at 30 June 2006 and the date of this announcement respectively, the total amount of facilities granted to Yue Tian Development Limited guaranteed by the Company were fully utilised. As at 31 December 2005, the utilised amount of facilities granted to Yue Tian Development Limited guaranteed by the Group was HK\$30,588,000.
- As at 31 December 2005, the utilised amount of facilities granted to 廣州市光大花園房地產開發有限公司 (Guangzhou City Guang Da Hua Yuan Real Estate Development Company Limited) guaranteed by a subsidiary of the Company was HK\$19,222,000.
- As at the date of this announcement, the amount of facilities granted to 上海金鶴數碼科技發展有限公司 (Shanghai Jin He Digital Technology Development Company Limited) guaranteed by a subsidiary of the Company was fully utilised.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“ABC Loan”	a term loan up to RMB800,000,000 to be advanced by the Agricultural Bank to Yue Tian
“Agricultural Bank”	the Agricultural Bank of China (Guandong Branch)
“Allright”	Allright Investments Limited, a company incorporated in Samoa and a wholly-owned subsidiary of the Company
“Allright Loan”	an amount up to HK\$112,000,000 of the Loan to be advanced by Allright to Yue Tian in proportion to Allright’s shareholding in Yue Tian
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Shell Electric Mfg. (Holdings) Company Limited (蜆壳電器工業(集團)有限公司), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Development Project”	the development on the Land by the construction, fitting out and furnishing of a five-star hotel and grade A office premises and shopping arcades thereon, which is referred as The Westin, Guangzhou and Office Annex Development Project
“Directors”	the directors of the Company
“GCC”	Guangzhou City Construction & Development Holdings Company Limited, the PRC party of the PRC Company
“Guarantee”	the guarantee and indemnity dated 8 December 2005 in respect of the KW Loan Agreement and entered into between (i) Poly Hong Kong, the Company and Mr. Yu Pan as guarantors, (ii) Yue Tian as subordinated lender, (iii) the PRC Company as borrower and (iv) KW Bank as lender
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“KW Bank”	CITIC Ka Wah Bank Limited
“KW Loan”	the total loan facilities of up to HK\$400,000,000 under the KW Loan Agreement
“KW Loan Agreement”	the loan agreement dated 10 November 2005 and entered into between the PRC Company as borrower and KW Bank as lender in respect of a loan facility of HK\$400,000,000
“Land”	the piece of land located at 廣州天河區林和東路以西、天河商旅7區 (West of Linhe Dong Road, Zone 7 of Tianhe District, Guangzhou) in the PRC having a site area of 7,672 square metres
“Lenders”	collectively, Red Empire, Wise Gain and Allright
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan up to HK\$560,000,000 to be advanced by the Lenders to Yue Tian pursuant to the terms and conditions of the Loan Agreement
“Loan Agreement”	the shareholders loan agreement dated 5 March 2007 entered into between Red Empire, Wise Gain and Allright as lenders and Yue Tian as borrower in respect of the Loan
“Market Capitalisation”	the market capitalisation of the Company as at 31 March 2004 amounting to approximately HK\$1,074,818,173 based on 443,406,837 Shares in issue as at 31 March 2004 and the average closing price of HK\$2.424 for the five business days immediately preceding 24 March 2004 to 30 March 2004
“Poly Hong Kong”	Poly (Hong Kong) Investments Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange, and the holding company of CMIC
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“PRC Company”	廣州市城建天譽房地產開發有限公司 (Guangzhou Cheng Jian Tian Yue Real Estate Development Company Limited), a Sino-foreign cooperative joint venture owned by Yue Tian and GCC
“Red Empire”	Red Empire Limited, a company incorporated in the British Virgin Islands
“Ringo”	Ringo Trading Limited, a company incorporated in Hong Kong with limited liability, a substantial shareholder of Poly Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.5 each in the Company
“Shareholder(s)”	holder(s) of Shares
“Share Charge”	the share charge incorporating subordination dated 8 December 2005 and entered into between (i) Wise Gain, Red Empire and Allright as shareholders, (ii) Yue Tian as borrower and (iii) KW Bank as lender
“SMC Property”	SMC Property Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wise Gain”	Wise Gain Investment Limited, a company incorporated in the British Virgin Islands
“Yue Tian”	Yue Tian Development Limited 越天發展有限公司, a company incorporated in Hong Kong, the entire issued share capital of which is owned as to 51% by Red Empire, 29% by Wise Gain and 20% by Allright as at the date of this announcement
“Yue Tian Group”	Yue Tian and the PRC Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By Order of the Board
Billy K. Yung
 Group Chairman and Chief Executive

Hong Kong, 23 March 2007

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 Chak Sang POON and Mr. Eddie HURIP, one non-executive Director being Mr. Simon Kwok Choi YUNG and four independent non-executive Directors, namely Dr. Leo Tung-Hai LEE, Mr. Shiu-Kit NGAI, Mr. Peter Chung On WONG and Mr. Peter LAM.