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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
MEMORANDUM OF UNDERSTANDING IN RELATION TO
SUBSCRIPTION FOR THE TRANCHE A CONVERTIBLE NOTES,
THE TRANCHE B CONVERTIBLE NOTES AND
THE TRANCHE C NON-CONVERTIBLE NOTES ISSUED BY KORVAC**

Reference is made to the announcement (“January Announcement”) of Shell Electric Mfg. (Holdings) Company Limited (“Company”) dated 4 January 2007 and the announcement of the Company dated 27 March 2007. Capitalised terms used in this announcement shall have the same meanings as those defined in the January Announcement, unless the context otherwise requires.

The Board announces that on 26 April 2007, the Company entered into the Agreement with Korvac, Holdco and the Original Shareholders in relation to the Subscription. As disclosed in the January Announcement, the principal terms of the Agreement are substantially the same as those set out in the MOU.

By Order of the Board

Billy K. Yung

Group Chairman and Chief Executive

Hong Kong, 26 April 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.