

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 42% REGISTERED CAPITAL IN
廣州市光大花園房地產開發有限公司
(GUANGZHOU EVERBRIGHT GARDENS REAL ESTATE
DEVELOPMENT CO. LIMITED*)

On 15 November 2007, Beijing EB Real Estate entered into the Equity Transfer Agreement with Shenzhen EB Strategic, pursuant to which Beijing EB Real Estate agreed to acquire and Shenzhen EB Strategic agreed to dispose of 42% equity interest in Guangzhou EB Gardens for a total payment of RMB58,657,000 (approximately HK\$60,593,000). Upon the Acquisition, Beijing EB Real Estate will be entitled to 42% entire Shares in Guangzhou EB Gardens.

Based on the financials of Guangzhou EB Gardens and the Company, some of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 5% but less than 25%. The Acquisition constitutes a discloseable transaction to the Company under Rule 14.06(2) of the Listing Rules. Given Shenzhen EB Strategic is a substantial shareholder of the Guangzhou EB Gardens and Shenzhen EB Strategic is wholly owned by a director of China EB Real Estate, Mr. Wang Tao Guang and thus a connected person of the Company, the transaction also constitutes a connected transaction under Rule 14A.13(1)(a) of the Listing Rules.

As no Shareholders are interested in the Acquisition and no Shareholders are required to abstain from the voting if the Company were to convene a general meeting for the approval of the Acquisition, the Company will apply to the Stock Exchange for a waiver pursuant to Rule 14A.43 of the Listing Rules under which written Independent Shareholders' approval may be accepted in lieu of holding a general meeting.

As at the date of this announcement, the Company has noted that written approval of the Acquisition from members of the Yung's family (being Mr. Billy K YUNG (33,393,000 Shares, representing approximately 6.35%), Madam YUNG HO Wun Ching (63,196,300 Shares, representing approximately 12.03%), On Fat Profits Corporation (72,716,797 Shares, representing 13.84%) and Diamond Key Enterprises Inc. (143,612,287 Shares, representing approximately 27.33%) who have no interest in the Acquisition other than their interests as Shareholders holding in aggregate 312,918,384 Shares, representing approximately 59.55% of the existing issued share capital of the Company) will be obtained.

A circular containing, among other things, details of the Acquisition, the recommendation from the Independent Board Committee and the opinion from an independent financial advisor will be despatched to the Shareholders as soon as practicable.

1. INTRODUCTION

On 15 November 2007, 北京光大房地產開發有限公司 (Beijing EverBright Real Estate Development Limited*) entered into the Equity Transfer Agreement with 深圳市光大策略投資有限公司 (Shenzhen Everbright Strategic Investment Limited*). Pursuant to the Equity Transfer Agreement, Beijing EB Real Estate agreed to acquire and Shenzhen EB Strategic agreed to dispose of 42% equity interest in Guangzhou EB Gardens for a total payment of RMB58,657,000 (approximately HK\$60,593,000).

As at the date of this announcement, China EB Real Estate holds 58% interest in Guangzhou EB Gardens and Shenzhen EB Strategic holds 42% interest in Guangzhou EB Gardens.

2. THE EQUITY TRANSFER AGREEMENT

Summarised below are the principal terms of the Equity Transfer Agreement.

2.1 Date

15 November 2007

2.2 Parties

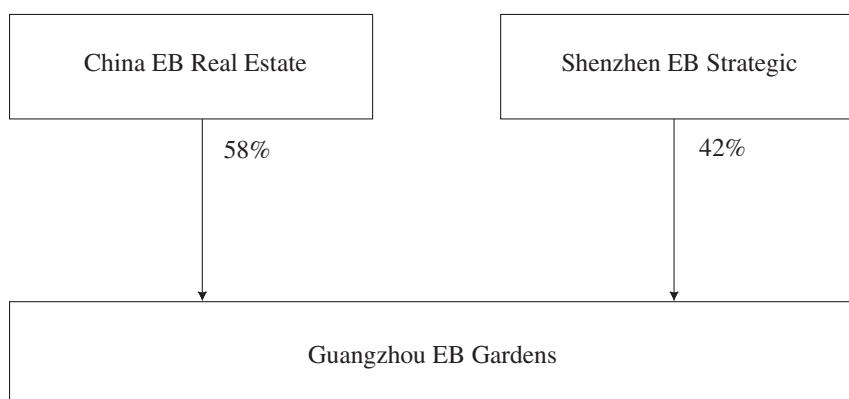
- (a) Beijing EB Real Estate
- (b) Shenzhen EB Strategic

2.3 Subject of the Acquisition

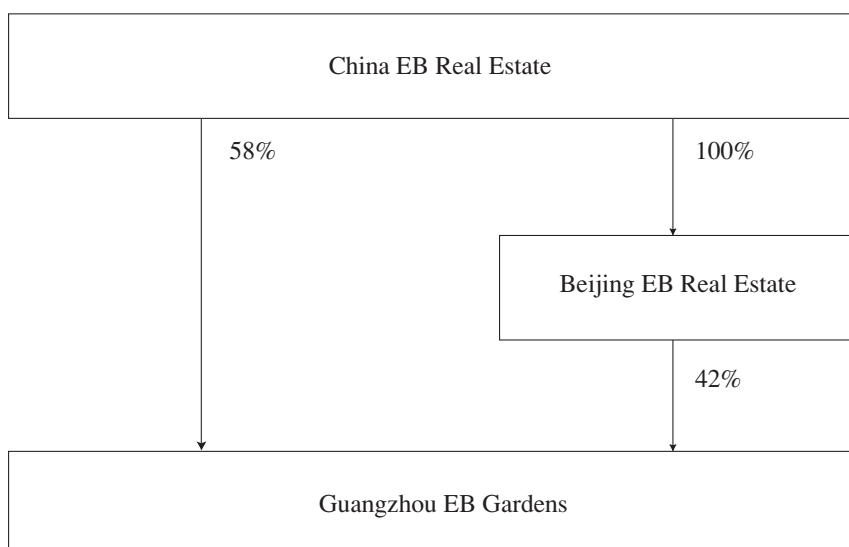
Guangzhou EB Gardens is a company incorporated in PRC with limited liability with registered capital of RMB100 million. It is principally engaged in property development business in the PRC. To the best of the directors' knowledge and information from Guangzhou EB Gardens, its sole asset is the Guangzhou EB Gardens Project. As at the date of this announcement, construction of the residential property comprising total GFA of approximately 250,000 sq.m. has been substantially completed. In addition, Guangzhou EB Gardens is planning to construct certain residential properties with total GFA of approximately 390,000 sq.m..

Immediately prior to the completion of the Acquisition, the registered capital of Guangzhou EB Gardens is owned as to 58% by China EB Real Estate and the remaining 42% of registered capital in Guangzhou EB Gardens owned by Shenzhen EB Strategic. Upon completion, the registered capital of Guangzhou EB Gardens will be owned as to 58% by China EB Real Estate and the remaining 42% of registered capital in Guangzhou EB Gardens will be owned by Beijing EB Real Estate.

Set out below was the shareholding structure of Guangzhou EB Gardens before the completion of the Acquisition.



Set out below is the shareholding structure of Guangzhou EB Gardens upon the completion of the Acquisition.



According to audited financial information of Guangzhou EB Gardens, it has recorded a net profit (before taxation) of approximately RMB78,808,000 (approximately HK\$81,409,000) and a net profit (after taxation) of approximately RMB60,335,000 (approximately HK\$62,326,000) for the year ended 31 December 2005 and a net loss (before taxation) of approximately RMB8,132,000 (approximately HK\$8,400,000) and a net loss (after taxation) of approximately RMB14,589,000 (approximately HK\$15,070,000) for the year ended 31 December 2006. As at 31 December 2005 and 2006, the audited net assets of Guangzhou EB Gardens were approximately RMB 191,891,000 (approximately HK\$198,223,000) and RMB119,622,000 (approximately HK\$123,570,000) respectively (prepared in accordance with PRC generally accepted accounting principles).

2.4 Consideration and settlement method

Pursuant to the Equity Transfer Agreement, Beijing EB Real Estate, after arm's length negotiation, agreed to acquire 42% of registered capital of Guangzhou EB Gardens at a consideration of RMB58,657,000. The consideration of RMB58,657,000 will be satisfied by the internal resources of the Company.

The consideration was made with reference to the (i) 42% attributable interest of registered capital of Guangzhou EB Gardens; and (ii) estimate of the management of Guangzhou EB Gardens with respect to the recent market statistics and comparable market transactions as well as the future business potential of Guangzhou EB Gardens (i.e. the underlying value of the property assets of Guangzhou EB Gardens when it is completed).

The aggregate payment of RMB58,657,000 will be paid to Shenzhen EB Strategic's bank account within two Business Days following the Completion Date.

2.5 Conditions precedent

The Equity Transfer Agreement will become effective upon the fulfillment of the following conditions:

- (a) the passing of resolution by the Shareholders approving the Equity Transfer Agreement and the transactions thereunder in accordance with the requirements under the Listing Rules, if required (such approval can be given by the shareholders in general meeting or by way of shareholders' written resolution);
- (b) the board of Guangzhou EB Gardens having resolved at its board meeting to approve the completion of the matters set out in the Equity Transfer Agreement;
- (c) there having been obtained consent(s) from China EB Real Estate to waive its first rights of refusal to acquire interest in Guangzhou EB Gardens;
- (d) there having been obtained approval(s) from relevant governmental authorities for the Acquisition (if required); and
- (e) there having been no material breach of any warranty since the date of signing the Equity Transfer Agreement (or, there having been no breach of warranty which is capable of being remedied but has not been remedied.)

If the above conditions are not satisfied on or before 30 December 2007 or such later time may be agreed between Beijing EB Real Estate and Shenzhen EB Strategic, the Equity Transfer Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder.

2.6 Completion

Subject to the fulfillment of the conditions precedent above, completion will take place on the day when the legal and valid registration in relation to the ownership transfer of 42% equity interest in Guangzhou EB Gardens is completed. Accordingly, Beijing EB Real Estate will be entitled to 42% in Guangzhou EB Gardens and China EB Real Estate will be entitled to remaining 58% in Guangzhou EB Gardens.

3. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in (i) the manufacturing and marketing of electric fans, vacuum cleaners, electric cables and other electrical household appliances, (ii) EMS (Electronic Manufacturing Services) business and (iii) property development and investment in the PRC.

With the expected continuing growth of the economy of the PRC, the Directors are optimistic about the growth potential for the property market in the PRC. The Acquisition is in line with the Group's stated strategy and will further enhance the Group's interest in a portfolio of property development projects by consolidating the Group's interest in Guangzhou EB Gardens after the Acquisition which the Directors are of the view that it is fair and reasonable and is in the interests of the Company and Shareholders as a whole.

4. GENERAL

Based on the financials of Guangzhou EB Gardens and the Company, some of the applicable percentage ratios (as calculated in accordance with Rule 14.07 of the Listing Rules) for the Acquisition are more than 5% but less than 25%. The Acquisition constitutes a discloseable transaction to the Company under Rule 14.06(2) of the Listing Rules. Given the Shenzhen EB Strategic is a substantial shareholder of the Guangzhou EB Gardens and Shenzhen EB Strategic is wholly owned by a director of China EB Real Estate, Mr. Wang Tao Guang, and thus a connected person of the Company, the transaction also constitutes a connected transaction under Rule 14A.13(1)(a) of the Listing Rules.

As no Shareholders are interested in the Acquisition and no Shareholders are required to abstain from the voting if the Company were to convene a general meeting for the approval of the Acquisition, the Company will apply to the Stock Exchange for a waiver pursuant to Rule 14A.43 of the Listing Rules under which written Independent Shareholders' approval may be accepted in lieu of holding a general meeting.

As at the date of this announcement, the Company has noted that written approval of the Acquisition from members of the Yung's family (being Mr. Billy K YUNG (33,393,000 Shares, representing approximately 6.35%), Madam YUNG HO Wun Ching (63,196,300 Shares, representing approximately 12.03%), On Fat Profits Corporation (72,716,797 Shares, representing 13.84%) and Diamond Key Enterprises Inc. (143,612,287 Shares, representing approximately 27.33%) who have no interest in the Acquisition other than their interests as Shareholders holding in aggregate 312,918,384 Shares, representing approximately 59.55% of the existing issued share capital of the Company) will be obtained.

A circular containing, among other things, details of the Acquisition, the recommendation from the Independent Board Committee and the opinion from an independent financial advisor will be despatched to the Shareholders as soon as possible.

5. DEFINITIONS

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

“Acquisition”	the acquisition in relation to the 42% of registered capital in Guangzhou EB Gardens from Shenzhen EB Strategic to Beijing EB Real Estate under the Equity Transfer Agreement
“associate(s)”	has the meaning as ascribed in the Listing Rules
“Board”	the Board of Directors
“Beijing EB Real Estate”	北京光大房地產開發有限公司 (Beijing EverBright Real Estate Development Limited*), an indirectly 70% owned subsidiary of the Company
“Business Day”	a day (other than a Saturday, a Sunday or public holiday) on which banks generally are open for business in Hong Kong
“China EB Real Estate”	中國光大房地產開發有限公司 (China EverBright Real Estate Development Limited*), an indirectly 70% owned subsidiary of the Company
“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
“Completion Date”	the date when the legal and valid registration in relation to the ownership transfer of 42% equity interest in Guangzhou EB Gardens is completed
“connected person(s)”	has the meaning as ascribed in the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 15 November 2007 entered into by Beijing EB Real Estate and Shenzhen EB Strategic to the Acquisition
“GFA”	Gross Floor Area
“Group”	the Company and its subsidiaries
“Guangzhou EB Gardens”	廣州市光大花園房地產開發有限公司, (Guangzhou EverBright Gardens Real Estate Development Limited*), a company incorporated in the PRC with limited liability
“Guangzhou EB Gardens Project”	the property development project is located at no.122 Gong Ye Avenue, Haizhu District, Guangzhou, Guangdong Province, the PRC

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a board committee comprising independent non-executive Directors
“Independent Third Party(ies)”	person(s), or in the case of companies, 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)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Share(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)
“Shenzhen EB Strategic”	深圳市光大策略投資有限公司, (Shenzhen Everbright Strategic Investment Limited*), an investment holding company, a company incorporated in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square metres
“%”	per cent.

Amounts denominated in RMB in this announcement have been translated into HK\$ at a rate of RMB1.00=HK\$1.033 for illustration purposes.

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

Hong Kong, 15 November 2007

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. 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.

* For identification purpose only