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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)

VARIATION TO DISCLOSEABLE TRANSACTION

Reference is made to the announcements of the Company dated 4 January 2007 (“January Announcement”) and 26 April 2007 respectively and the circular of the Company dated 25 January 2007 in relation to the subscription of the Tranche A Convertible Notes, the Tranche B Convertible Notes and the Tranche C Non-Convertible Notes issued by Korvac. 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 wishes to announce that completion of the subscription of the Tranche A Convertible Notes has taken place on 30 April 2007. Simultaneously with the Tranche A Completion, the Company subscribed for the Tranche B Convertible Notes and the Tranche C Non-Convertible Notes. The Tranche B and Tranche C Subscription Monies were concurrently paid into escrow on the terms and conditions of the Escrow Agreement. Release of the Tranche B and Tranche C Subscription Monies is subject to the fulfillment of the Release Conditions Precedent.

On 30 April 2007, a deed of transfer and assignment was entered into between the Company and Mr. Tran Kwok Wai, Robert (“Transferee”) whereby the Transferee agreed to purchase and the Company agreed to sell its benefit and interest in 5% of the principal amount of the Notes to be issued to the Company (“Transfer Notes”) under the terms of the subscription agreement dated 26 April 2007 entered into between Korvac, the Company, the Original Shareholders and Holdco in respect of the Subscription (“Subscription Agreement”). Subsequently, the Company and the Transferee mutually agreed to cancel the transfer of the Transfer Notes upon the redemption of the Tranche B Convertible Notes and the Tranche C Non-Convertible Notes. A deed of transfer and discharge of assignment was therefore entered into between the Transferee and the Company on 30 April 2008.

The Board wishes to further announce that the Release Conditions Precedent in relation to the subscription for the Tranche B Convertible Notes and the Tranche C Non-Convertible Notes had not been fulfilled on 30 April 2008, being the extended fulfillment date agreed between the parties to the Agreement. Under such circumstances, the Company had called for the redemption of the Tranche B Convertible Notes and the Tranche C Non-Convertible Notes and the return of the Tranche B and Tranche C Subscription Monies (“Redemption”) pursuant to the Subscription Agreement. Concurrent with the Redemption, the Company elected to maintain its interest in the Tranche A Convertible Notes. The Redemption was completed on 30 April 2008. A supplemental subscription agreement was therefore executed between the Company, Korvac, Holdco and the Original Shareholders on 13 August 2008 (“Supplemental Agreement”) to amend certain provisions of the Subscription Agreement with effect on and from 30 April 2008 to give effect to the continuation of the Company’s investment in the Tranche A Convertible Notes and to reflect the percentage holding of the Company in Korvac upon conversion of all the Tranche A Convertible Notes. Subject to the terms and conditions set out in the Tranche A Convertible Notes and the Subscription Agreement (as amended by the Supplemental Agreement), the Tranche A Convertible Notes shall remain effective until 30 June 2009. Upon conversion of all the Tranche A Convertible Notes, the Company will be interested in 6.43% of the notional enlarged issued share capital of Korvac. The Supplemental Agreement also provides the Company with a right to further subscribe for shares in Korvac under certain circumstances so as to maintain the Company’s intended shareholding of 6.43% of the notional enlarged issued share capital of Korvac. The Company will comply with the applicable provisions of the Listing Rules in the event that the Company exercises the right to further subscribe for shares in Korvac.

The Board considers that the redemption of the Tranche B Convertible Notes and the Tranche C Non-Convertible Notes has no material adverse impact on the existing business of the Group.

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

By Order of the Board

Billy K. Yung

Group Chairman and Chief Executive

Hong Kong, 14 August 2008

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 LEE Tung-Hai, Mr. Shiu-Kit NGAI, Mr. Peter WONG Chung On and Mr. Peter LAM.