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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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Shell Electric Mfg. (Holdings) Company Limited (the “**Company**”) will be held at Concord Room II-III, 8th Floor, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong at 11:00 a.m. on Thursday, 31st December, 2009 for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTION

1. “**THAT**, subject to and conditional upon:
 - (A) the making of an order confirming the Capital Reduction (as defined below) and the Share Premium Cancellation (as defined below) by the Court of First Instance of the High Court of the Hong Kong Special Administrative Region (the “**Court**”);
 - (B) the registration by the Registrar of Companies in Hong Kong of an office copy of the Court order confirming the Capital Reduction and the Share Premium Cancellation and an office copy of the minute containing such particulars as required under section 61 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
 - (C) the compliance with any other conditions as may be imposed by the Court in relation to the Capital Reduction and the Share Premium Cancellation;
 - (D) the granting of the listing of, and permission to deal in, the Reduced Shares (as defined below) immediately following the Capital Reorganisation (as defined below) becoming effective by the Listing Committee of The Stock Exchange of Hong Kong Limited; and

- (E) all conditions to the completion of the Subscription Agreement (as defined in resolution no. 2 of this notice), other than those conditions relating to the Capital Reorganisation (as defined below) and Distribution in Specie (as defined in resolution no. 2 of this notice), having been fulfilled or waived,

the reorganisation of the share capital of the Company in the following manner (the “**Capital Reorganisation**”) be and is hereby approved:

- (i) the authorised share capital of the Company be and is hereby reduced from HK\$450,000,000 divided into 900,000,000 shares of HK\$0.50 each (the “**Shares**”) to HK\$9,000,000 divided into 900,000,000 shares of HK\$0.01 each (the “**Reduced Shares**”) and that such reduction be effected (1) by cancelling the capital paid up or credited as paid up to the extent of HK\$0.49 upon each of the Shares in issue as of the date on which the petition for the confirming of the Capital Reduction is heard and determined by the Court and (2) by reducing the nominal value of all the issued and unissued Shares from HK\$0.50 each to HK\$0.01 each (the “**Capital Reduction**”);
- (ii) the entire amount standing to the credit of the share premium account of the Company as at the date on which the petition for the confirming of the Share Premium Cancellation is heard and determined by the Court be and is hereby reduced to zero (the “**Share Premium Cancellation**”);
- (iii) to the extent permitted by the Court and subject to any conditions which the Court may impose, the credit arising from the Capital Reduction and the Share Premium Cancellation be and is hereby transferred to a distributable reserve account or a special capital reserve account of the Company to be applied by the directors in such manner as they may consider appropriate (including, but not limited to, applying the same for the implementation of the Distribution in Specie) in accordance with all applicable laws and all such direction(s) made by and undertaking(s) given to the Court;
- (iv) subject to and forthwith upon the Capital Reduction becoming effective, the authorised share capital of the Company be and is hereby increased from HK\$9,000,000 divided into 900,000,000 Reduced Shares to HK\$450,000,000 divided into 45,000,000,000 Reduced Shares by the creation of an additional 44,100,000,000 new Reduced Shares ranking pari passu in all respects to all the issued and unissued Reduced Shares;
- (v) the directors of the Company be and are hereby authorised generally to do all such acts, deeds and things and to sign all documents as they may, in their absolute discretion, deem necessary, desirable or appropriate to carry into effect or to give effect to the foregoing including, but not limited to, to make application to the Court for the confirmation of the Capital Reduction and Share Premium Cancellation to the Court and authorise counsel on behalf of the Company to provide to the Court all necessary or appropriate undertaking(s).”

ORDINARY RESOLUTIONS

2. “THAT:

- (i) The subscription agreement (the “**Subscription Agreement**”) dated 9th September, 2009 entered into between the Company, Mr. Billy Yung and China Overseas Land & Investment Limited (“**COLI**”) in relation to the subscription by COLI of an aggregate of 157,045,368 Reduced Shares (the “**Subscription Shares**”), representing approximately 23.08% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares, at a cash consideration of HK\$2.90 per Subscription Share upon and subject to the terms and conditions contained therein and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (ii) subject to and conditional upon, among others, the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Subscription Shares, the issue and allotment of the Subscription Shares to COLI pursuant to the terms and conditions of the Subscription Agreement be and is hereby approved.
- (iii) the directors of the Company be and are hereby authorised generally to do all such acts, deeds and things and to sign all documents as they may, in their absolute discretion, deem necessary, desirable or appropriate to carry into effect or to give effect to the Subscription Agreement (a copy of which is produced to the Meeting marked “A” for the purpose of identification) and the transactions contemplated thereunder.”

AND THAT, subject to the obtaining any third-party consents or approvals, including all regulatory consents, required to the give effect to the reorganisation of the Company and its subsidiaries (the “**Group**”), the reorganisation of the Group in the following manner (the “**Group Reorganisation**”) be and is hereby approved, confirmed and ratified:-

- (iv) Shell Electric Holdings Limited (the “**Privateco**”), a company incorporated in Bermuda with limited liability and a wholly-owned subsidiary of the Company as at the date hereof, and its subsidiaries (the “**Privateco Group**”) is to acquire all interests of the Group relating to the Distributed Businesses (as defined in the circular dated 8th December, 2009 (the “**Circular**”) of which this notice forms part);
- (v) the said acquisition is to be effected by the Privateco Group acquiring a number of subsidiaries and associated companies from the Company and the transfer of various intra-group assets and liabilities between the members of the Group (excluding the Privateco Group) and the Privateco Group as explained and elaborated in the Circular;

- (vi) in consideration of and in exchange for the said acquisition, the Privateco is to issue and allot such number of shares in the Privateco (the “**Privateco Shares**”) credited as fully paid to the Company so that the total number of the Privateco Shares to be in issue is equal to the number of Shares, or Reduced Shares, in issue on the Record Date (as defined below); and
- (vii) the directors of the Company be and are hereby authorised generally to do all such acts, deeds and things and to sign all documents as they may, in their absolute discretion, deem necessary, desirable or appropriate to carry into effect or to give effect to the Group Reorganisation.

AND THAT, subject to:

- (A) the completion of the Group Reorganisation (as defined above); and
- (B) the Capital Reorganisation (as defined in resolution no. 1 of this notice) having become effective;
- (C) the compliance with all applicable laws and the articles of association of the Company,

the distribution in specie in the following manner (the “**Distribution in Specie**”) be and is hereby approved:-

- (viii) subject to (ix) below, the Privateco Shares of US\$0.00002 each held by the Company will be distributed to the shareholders of the Company whose names appear on the register of members of the Company as at the close of business of a record date as determined by the directors of the Company (the “**Record Date**”) on a one-for-one basis (i.e. one Privateco Share for one Share, or Reduced Share, held by the shareholders of the Company) by a distribution from the distributable profits and/or the distributable reserve of the Company;
- (ix) for those overseas shareholders of the company whose names appear on the register of members of the Company as at the close of business of the said record date but to whom the directors of the Company, based on enquiries made with its lawyers and on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, considers it necessary or expedient not to offer the Privateco Shares under the Distribution in Specie, the Privateco Shares which, but for the aforesaid reason, will be distributed to such overseas shareholders under (viii) above will be done by way of distributing such Privateco Shares to a trustee within Hong Kong who will be authorised by the directors of the Company to hold such Privateco Shares on trust for such overseas shareholders and to sell such Privateco Shares at his absolute discretion for the benefits and accounts of such overseas shareholders; and

- (x) the directors of the Company be and are hereby authorised generally to do all such acts, deeds and things and to sign all documents as they may, in their absolute discretion, deem necessary, desirable or appropriate to carry into effect or to give effect to the foregoing.”

By Order of the Board
HUEN Po Wah
Secretary

Hong Kong, 8th December, 2009

Registered office:
Shell Industrial Building
12 Lee Chung Street
Chai Wan Industrial District
Hong Kong

Notes:

- (1) A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more than one proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A proxy so appointed shall also have the same right as the member to speak at the Meeting.
- (2) The register of members of the Company will be closed from Tuesday, 29th December, 2009 to Thursday, 31st December, 2009, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the Meeting, all duly completed and signed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 28th December, 2009.
- (3) Where there are joint holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, provided that if more than one of such joint holders be present at the Meeting personally or by proxy, the person whose name stands first in the register in respect of such share shall alone be entitled to vote in respect thereof.
- (4) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if such appointor is a corporation, under its common seal or under the hand of some officer of the corporation duly authorised in that behalf.
- (5) The form of proxy and, if required by the Company, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy or office copy of such power or authority, shall be deposited at the Company's share registrar, Tricor Standard Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the Meeting and taking the poll or the adjourned meeting, as the case may be, at which the person named as proxy in the form of proxy proposes to vote; and in default the form of proxy shall not be treated as valid.
- (6) Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the meeting will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.
- (7) A circular giving details of the proposed Capital Reorganisation, Distribution in Specie, Group Reorganisation and transaction contemplated under the Subscription Agreement incorporating this notice will be despatched on Tuesday, 8th December, 2009 to the shareholders of the Company.
- (8) This notice will also be available for viewing on the designated website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.smc.com.hk from 8th December, 2009.
- (9) As at the date of this notice, the board of directors of the Company comprises Mr. Billy K YUNG, Madam YUNG HO Wun Ching, Mr. LEUNG Chun Wah and Mr. Eddie HURIP as executive directors, Mr. Simon YUNG Kwok Choi as non-executive director and Mr. Peter WONG Chung On, Mr. Peter LAM and Mr. Lawrence LEUNG Man Chiu as independent non-executive directors.