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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 AND OTHER FINANCIAL
ASSISTANCE TO YUE TIAN GROUP**

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions have the following meanings:

“ABC Loan”	a term loan up to RMB800,000,000 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 as at the Latest Practicable Date
“Allright Loan”	an amount up to HK\$112,000,000 of the Loan 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
“CMIC”	CMIC Property (China) Limited, a company incorporated in the British Virgin Islands
“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 to 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
“Group”	the Company and its subsidiaries
“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

DEFINITIONS

“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
“Latest Practicable Date”	10 April 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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 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
“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 circular 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

DEFINITIONS

“Ringo”	Ringo Trading Limited, a company incorporated in Hong Kong with limited liability, a substantial shareholder of Poly Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of 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 Latest Practicable Date
“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
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



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)

Directors:

Mr. Billy K. YUNG

(Group Chairman and Chief Executive)

Dr. Leo Tung-Hai LEE, *GBM, GBS, Cav Gr Cr, OBE,*

*Chev Leg d'Hon, Comm Leopold II, LLD, JP (**)*

Mr. Shiu-Kit NGAI, *SBS, OBE, JP (**)*

Madam YUNG HO Wun Ching

Mr. LEUNG Chun Wah

Mr. Plato POON Chak Sang

Mr. Eddie HURIP

Mr. Simon YUNG Kwok Choi (*)

Mr. Peter WONG Chung On (**)

Mr. Peter LAM (**)

Registered office and head office:

Shell Industrial Building

12 Lee Chung Street

Chai Wan Industrial District

Hong Kong

() Non-executive Director*

*(**) Independent non-executive Directors*

16 April 2007

To the Shareholders,

Dear Sir or Madam,

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

INTRODUCTION

The Allright Loan

The Board announced on 23 March 2007 that the Lenders (being Allright, a wholly-owned subsidiary of the Company, Red Empire and Wise Gain) entered into the Loan Agreement with Yue Tian on 5 March 2007, pursuant to which the Lenders have agreed to advance the Loan to Yue Tian in proportion to their respective shareholdings in Yue Tian.

LETTER FROM THE BOARD

The Allright Loan constituted a discloseable transaction of the Company under the Listing Rules. The purpose of this circular is to provide you with further information relating to the Loan.

The Board also announced on 8 March 2007 that SMC Property and CMIC entered into a sale and purchase agreement with Great Elegant Investment Limited (“Purchaser”) (a company owned by Skyfame Realty (Holdings) Limited, the shares of which are listed on the Stock Exchange) on 2 March 2007 pursuant to which, among other matters, SMC Property has conditionally agreed to sell and assign and the Purchaser has conditionally agreed to purchase the entire issued share capital of Allright and the total principal amount due from Allright to SMC Property as at 31 January 2007. For further details in relation to the disposal of the entire issued share capital of Allright, please refer to the announcement of the Company dated 8 March 2007 and the circular of the Company dated 28 March 2007.

Other financial assistance to Yue Tian Group

The Board announced on 23 March 2007 that the Company entered into the Guarantee with, among others, KW Bank on 8 December 2005 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 purpose of this circular is to provide you with further information relating to the financial assistance provided by the Group under the Guarantee and the Share Charge.

DETAILS OF THE LOAN AGREEMENT

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

Date

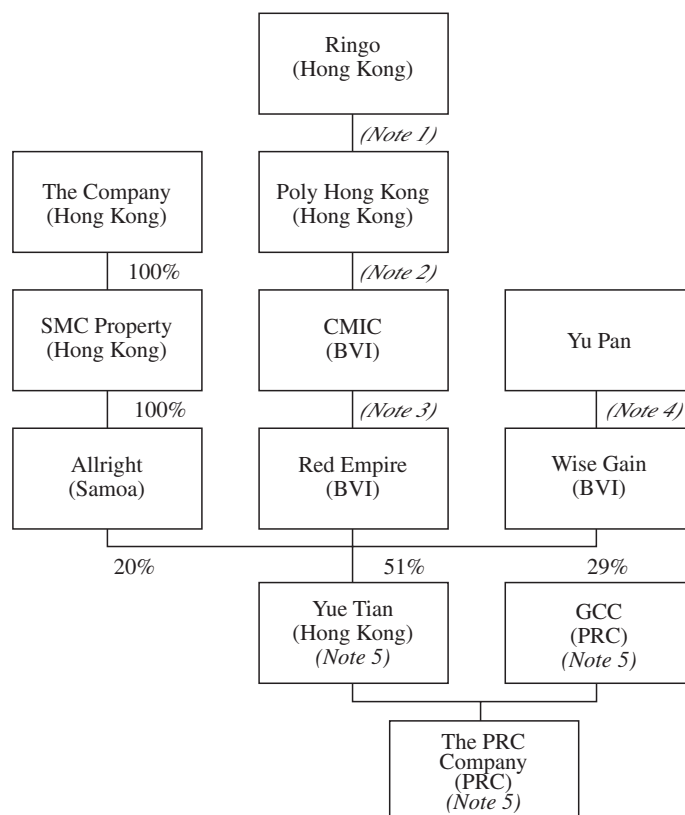
5 March 2007

Parties

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

LETTER FROM THE BOARD

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



Notes:

To the best of the Directors' knowledge, information and belief 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.

LETTER FROM THE BOARD

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 shareholdings 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; or
- (d) a receiver is appointed of the whole or any part of the assets or undertaking of Yue Tian.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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 Latest Practicable Date, 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. Based on the unaudited management accounts of Yue Tian available to the Company, 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 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 Latest Practicable Date, the KW Loan has been repaid in full. Following repayment of the KW Loan, the Company is in the process of filing the release of the Guarantee and the Share Charge with the relevant authorities and the Guarantee and the Share Charge are expected to be released by KW Bank around the end of April 2007.

LETTER FROM THE BOARD

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.

The Allright Loan had not given rise to any material effect on the earnings, working capital, gearing ratio and the assets and liabilities of the Group.

LISTING RULES IMPLICATION

The Allright Loan constituted a discloseable transaction of the Company under the Listing Rules.

OTHER FINANCIAL ASSISTANCE TO YUE TIAN GROUP

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 the 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 provision of the Guarantee and the Share Charge by the Company facilitated the PRC Company to obtain the KW Loan without involving actual funding from the Company.

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.

The Guarantee and the Share Charge had not given rise to any material effect on the earnings, working capital, gearing ratio and the assets and liabilities of the Group.

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.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
Shell Electric Mfg. (Holdings) Company Limited
Billy K. Yung
Group Chairman and Chief Executive

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' AND CHIEF EXECUTIVES' INTEREST

As at the Latest Practicable Date, the interests of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO), or were required to be recorded in the register required to be maintained by the Company under Section 352 of the SFO or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

(a) Long position in the Shares

Name of Directors	Capacity	Nature of Interests	Number of ordinary Shares held	Aggregate long position	Percentage of aggregate long position in Shares to the issued share capital of the Company
Mr. Billy K. Yung	Beneficial Owner	Personal	26,800,000	253,129,084	48.17%
	Interest of child under 18 or spouse (<i>Note 1</i>)	Other	216,329,084		
	Interest held jointly with another person (<i>Note 2</i>)	Other	10,000,000		
Dr. Leo Tung-Hai Lee	Beneficial Owner	Personal	5,306,382	5,306,382	1.01%
Mr. Peter Lam	Beneficiary of a trust (<i>Note 3</i>)	Other	1,300,000	1,300,000	0.25%
Madam Yung Ho Wun Ching	Beneficial Owner	Personal	53,196,300	63,196,300	12.03%
	Interest of spouse (<i>Note 4</i>)	Family	10,000,000		

Name of Directors	Capacity	Nature of Interests	Number of ordinary Shares held	Aggregate long position	Percentage of aggregate long position in Shares to the issued share capital of the Company
Mr. Leung Chun Wah	Beneficial Owner	Personal	1,799,400	1,799,400	0.34%
Mr. Plato Poon Chak Sang	Beneficial Owner	Personal	739,200	739,200	0.14%
Mr. Simon Yung Kwok Choi	Beneficial Owner	Personal	39,147,911	43,677,351	8.31%
	Interest of controlled corporation (Note 5)	Corporate	3,529,440		
	Interest of spouse (Note 6)	Family	1,000,000		

Notes:

- (1) These Shares are held by a trust for the benefit of Mr. Billy K. Yung's family members.
- (2) These Shares are held jointly with his wife, Madam Hsu Vivian.
- (3) These Shares are held by a trust for the benefit of Mr. Peter Lam.
- (4) This interest represents the holding of Shares held by the late Dr. Yung Yau.
- (5) These Shares are held by Konvex Enterprises Limited, which is wholly-owned by Mr. Simon Yung Kwok Choi.
- (6) This interest represents the holding of Shares held by Mr. Simon Yung Kwok Choi's spouse, Madam Chiu Man.

(b) Share option scheme

Details of the share options held by the Directors as at the Latest Practicable Date were as follows:

(i) Share options to subscribe for shares in Appeon Corporation (“Appeon”)

Name	Capacity	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options held as at the Latest Practicable Date	Percentage to the issued share capital of Appeon as at the Latest Practicable Date
Mr. Billy K. Yung	Beneficial Owner	09.06.2003	09.06.2003-10.11.2012	2.50	6,750	
		09.06.2003	01.10.2003-10.11.2012	2.50	3,375	
	09.06.2003	01.04.2004-10.11.2012	2.50	3,375		
	09.06.2003	01.10.2004-10.11.2012	2.50	3,375		
	09.06.2003	01.04.2005-10.11.2012	2.50	3,375		
	09.06.2003	01.10.2005-10.11.2012	2.50	3,375		
	09.06.2003	01.04.2006-10.11.2012	2.50	3,375		
Total number of share options held by Director					27,000	0.74%

Appeon is a company incorporated in January 2002 with limited liability and engaged in investment holding and computer software development. As at the Latest Practicable Date, the issued share capital of Appeon is held as to 89.33% by the Company indirectly, 0.82% by an employee of Appeon and 9.85% by third parties independent of the Group.

(ii) Share options to subscribe for shares in Galactic Computing Corporation (“Galactic”)

Name	Capacity	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options held as at the Latest Practicable Date	Percentage to the issued share capital of Galactic as at the Latest Practicable Date
Mr. Billy K. Yung	Beneficial Owner	09.06.2003	09.06.2003-10.11.2012	0.45	25,000	
		09.06.2003	01.12.2003-10.11.2012	0.45	25,000	
	09.06.2003	01.06.2004-10.11.2012	0.45	25,000		
	09.06.2003	01.12.2004-10.11.2012	0.45	25,000		
	09.06.2003	01.06.2005-10.11.2012	0.45	25,000		
	09.06.2003	01.12.2005-10.11.2012	0.45	25,000		
	09.06.2003	01.06.2006-10.11.2012	0.45	25,000		
	09.06.2003	01.12.2006-10.11.2012	0.45	25,000		
Total number of share options held by Director					200,000	0.84%

Galactic is a company incorporated in November 2001 with limited liability and engaged in investment holding and computer software and hardware development. As at the Latest Practicable Date, the Company indirectly held 100% of the issued share capital of Galactic.

(c) Disclosure of other interests

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors and chief executives of the Company was interested in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by the Directors of Listing Companies to be notified to the Company and the Stock Exchange.

3. DISCLOSABLE INTEREST UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by, the Directors and chief executives of the Company, the persons, other than a Director or chief executive of the Company, who had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group and the amount of each of such person's interest in such securities or in any options in respect of such capital were as follows:

(a) Shares in the Company

Name of Substantial Shareholder	Capacity	Nature of Interests	Number of ordinary Shares held	Aggregate long position	Percentage of ordinary shares held to the issued share capital of the Company
UBS Trustee (BVI) Limited	Trustee of a Trust <i>(Note 1)</i>	Other	224,437,334	224,437,334	42.71%
Diamond Key Enterprises Inc.	Beneficial Owner <i>(Note 1)</i>	Beneficial	143,612,287	143,612,287	27.33%
On Fat Profits Corporation	Beneficial Owner <i>(Note 1)</i>	Beneficial	72,716,797	72,716,797	13.84%

Name of Substantial Shareholder	Capacity	Nature of Interests	Number of ordinary Shares held	Aggregate long position	Percentage of ordinary shares held to the issued share capital of the Company
Madam Chiu Man	Beneficial Owner	Personal	1,000,000	43,677,351	8.31%
	Interest of spouse (Note 2)	Family	42,677,351		
Madam Hsu Vivian	Interest of spouse	Family	26,800,000	36,800,000	7.00%
	Interest held jointly with another person (Note 3)	Other	10,000,000		
Yung Siu Chee Margaret (Note 4)	Beneficial Owner	Personal	28,154,604	28,154,604	5.36%

Notes:

- (1) 143,612,287 Shares and 72,716,797 Shares form part of the 224,437,334 Shares held by UBS Trustee (BVI) Limited. Of which, the aggregate of 143,612,287 Shares and 72,716,797 Shares (i.e. 216,329,084 Shares) are disclosed in the sub-paragraph headed "(a) Long position in the Shares" under the paragraph headed "Directors' and Chief Executives' Interests" above as being held under a trust with Mr. Billy K. Yung's family as the beneficiaries. None of the Directors are directors or employees of On Fat Profits Corporation and Diamond Key Enterprises Inc.
- (2) Madam Chiu Man's Shares held under personal and family interest are in fact the same block of Shares already disclosed respectively under family interest, personal and corporate interests of her husband, Mr. Simon Yung Kwok Choi as disclosed in the sub-paragraph headed "(a) Long position in the Shares" under the paragraph headed "Directors' and Chief Executives' Interests" above.
- (3) Madam Hsu Vivian's Shares held under family interest and other interest are in fact the same block of Shares already disclosed respectively under personal interest and other interests of her husband, Mr. Billy K. Yung as disclosed in the sub-paragraph headed "(a) Long position in Shares" under the paragraph headed "Directors' and Chief Executives' Interests" above.
- (4) Madam Yung Siu Chee Margaret is daughter of Madam Yung Ho Wun Ching. She is also a sister of Mr. Billy K. Yung and Mr. Simon Yung Kwok Choi.

(b) Shares in the Company's subsidiaries

Name of substantial shareholder	Capacity	Name of subsidiary	Percentage of equity interest
APD Semiconductor, Inc.	Beneficial Owner	Phoenix Atlantic Limited	35.00%
Honwise International Limited	Beneficial Owner	Brentwood Ventures Limited	12.50%
Wyler Investments Limited	Beneficial Owner	Brentwood Ventures Limited	12.50%
Poly Bright Holdings Limited	Beneficial Owner	Brentwood Ventures Limited	12.50%
Assure Win Investments Limited	Beneficial Owner	China EverBright Real Estate Development Limited	30.00%
呼和浩特繞城公路建設開發 有限責任公司 (Hohhot Rao Cheng Gong Lu Construction and Development Company Limited*)	Beneficial Owner	呼和浩特光大環城建設開發 有限公司 (Hohhot Guang Da Huan Cheng Construction and Development Company Limited*)	20.00%
深圳市光大策略投資有限公司 (Shenzhen City Guang Da Strategic Investment Company Limited*)	Beneficial Owner	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*)	42.00%
桂林光大國富房地產開發有限責任公司 (Guilin Guang Da Guo Fu Real Estate Development Company Limited*)	Beneficial Owner	廣西光大旅遊投資有限公司 (Guangxi Guang Da Travel Investment Company Limited*)	10.00%
廣西農墾集團有限責任公司 (Guangxi Nong Ken Group Company Limited*)	Beneficial Owner	廣西桂林光大立元生態家園 開發建設有限公司 (Guangxi Guilin Guang Da Li Yuan Sheng Tai Jia Yuan Development Company Limited*)	12.00%
廣西國有良豐農場 (Guangxi State-owned Liang Feng Farm*)	Beneficial Owner	廣西桂林光大立元生態家園 開發建設有限公司 (Guangxi Guilin Guang Da Li Yuan Sheng Tai Jia Yuan Development Company Limited*)	18.00%

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and chief executives of the Company, none of the persons, other than a Director or chief executive of the Company, had any interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or had, directly or indirectly, any interests in 10% of more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. LITIGATION

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. COMPETING BUSINESS

None of the Directors and their respective associates have any interests in a business or are interested in any business which competes or is likely to compete either directly or indirectly with, or is similar to, the business of the Group as at the Latest Practicable Date.

7. GENERAL

- (a) The head and registered office of the Company is Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong.
- (b) The secretary of the Company is Mr. Peter Lee Yip Wah, a qualified solicitor practising in Hong Kong.
- (c) The qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Mr. Chu Ka Loy, the Group financial controller, who is an associate member of both The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants of the United Kingdom and is also an associate member of The Hong Kong Institute of Certified Public Accountants.
- (d) The share registrar and transfer office of the Company is Standard Registrars Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) The translation into Chinese language of this circular is for reference only. The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

* For identification purpose only