
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Shell Electric Mfg. (Holdings) Company Limited**, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or to the transferee or to the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or to the transferee.

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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)

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO REPURCHASE
ITS OWN SHARES AND TO ISSUE SHARES
AND NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Shell Electric Mfg. (Holdings) Company Limited (“the AGM”) to be held at Concord Room II-III, 8th Floor, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong, on Tuesday, 20 May 2008 at 4:00 p.m. is set out on pages 13 to 16 of this circular.

Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to Shell Electric Mfg. (Holdings) Company Limited at its registered office in Hong Kong at Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

22 April 2008

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DEFINITIONS

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

| | |
|---------------------------|---|
| “AGM” | means the annual general meeting of the Company to be held at Concord Room II-III, 8th Floor, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on Tuesday, 20 May 2008 at 4:00 p.m. |
| “AGM Notice” | means the notice convening the AGM as set out on pages 13 to 16 of this circular |
| “Articles of Association” | means the articles of association of the Company and its amendments from time to time |
| “Board” | means the board of directors of the Company or a duly authorised committee thereof for the time being, including the independent non-executive Directors |
| “Company” | means Shell Electric Mfg. (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Stock Exchange |
| “Companies Ordinance” | means Companies Ordinance, Chapter 32 of the Laws of Hong Kong |
| “Directors” | means the directors of the Company for the time being |
| “Group” | means the Company, its subsidiaries, its associated companies, its jointly controlled entities and its related companies from time to time |
| “Hong Kong” | means the Hong Kong Special Administrative Region of the People’s Republic of China |
| “HK\$” | means Hong Kong dollars, the lawful currency of Hong Kong |
| “Latest Practicable Date” | means 16 April 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular |
| “Listing Rules” | means the Rules Governing the Listing of Securities on the Stock Exchange |
| “Ordinary Resolution(s)” | means the proposed ordinary resolution(s) in respect of the special business as referred to in the AGM Notice |

DEFINITIONS

| | |
|----------------------------|---|
| “Share(s)” | means share(s) of HK\$0.50 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time) |
| “Share Issue Mandate” | means a general and unconditional mandate given to the Directors to exercise the power of the Company to allot and issue Shares during the period as set out in Ordinary Resolution No.6 up to 20% of the issued share capital of the Company as at the date of passing of the Ordinary Resolution No.6 |
| “Share Repurchase Mandate” | means a general and unconditional mandate given to the Directors to exercise the power of the Company to repurchase at any time during the period as set out in Ordinary Resolution No.5 up to 10% of the issued share capital of the Company at the date of passing of the Ordinary Resolution No.5 |
| “Shareholder(s)” | means holder(s) of the Share(s) |
| “Stock Exchange” | means The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | means The Codes on Takeovers and Mergers and Share Repurchases |
| “%” | means 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. The Hon 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. Eddie HURIP

Mr. Simon YUNG Kwok Choi (*)

Mr. Peter WONG Chung On (**)

Mr. Peter LAM (**)

Registered office:

Shell Industrial Building

12 Lee Chung Street

Chai Wan Industrial District

Hong Kong

(*) *Non-executive Director*

(**) *Independent non-executive Directors*

22 April 2008

To the shareholders

Dear Sir or Madam,

PROPOSALS FOR RE-ELECTION OF DIRECTORS, GENERAL MANDATES TO REPURCHASE ITS OWN SHARES AND TO ISSUE SHARES AND NOTICE OF ANNUAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposed re-election of Directors, general mandates to repurchase Shares and to issue Shares and extension of the general mandate to issue Shares and to seek your approval of the resolutions relating to these matters at the AGM.

LETTER FROM THE BOARD

2. RE-ELECTION OF DIRECTORS

The Board currently consists of nine Directors, namely Mr. Billy K YUNG, Dr. The Hon Leo Tung-Hai LEE, Mr. Shiu-Kit NGAI, Madam YUNG HO Wun Ching, Mr. LEUNG Chun Wah, Mr. Eddie HURIP, Mr. Simon YUNG Kwok Choi, Mr. Peter WONG Chung On and Mr. Peter LAM.

Pursuant to Article 103 of the Articles of Association, Dr. The Hon Leo Tung-Hai LEE, Mr. Shiu-Kit NGAI and Mr. LEUNG Chun Wah shall retire by rotation at the AGM and, being eligible, offer themselves for re-election.

The “Recommended Best Practices” of the “Code on Corporate Governance Practices” set out in Appendix 14 of the Listing Rules are for guidance only. Under the “Recommended Best Practices” A.4.3, any further appointment of an independent non-executive Director who has served more than 9 years should be subject to a separate resolution to be approved by Shareholders. The Board should set out to Shareholders in the document accompanying a resolution to elect such an independent non-executive Director the reasons that it believes that such independent non-executive Director continues to be independent and why he should be re-elected.

Each of Dr. The Hon Leo Tung-Hai LEE and Mr. Shiu-Kit NGAI has served as independent non-executive Director since 1998 and their re-elections are subject to separate resolutions to be approved by the Shareholders at the AGM. The Board has complied with the code provision E.1.1 with regard to the requirement to propose separate resolution in respect of each substantially separate issue at a general meeting. In the past several years, it has been the practice for the Chairman of a general meeting to propose separate resolution for the re-election of each individual Director whether such Director is an executive Director, non-executive Director or independent non-executive Director. Accordingly, re-election of Directors including Dr. The Hon Leo Tung-Hai LEE and Shiu-Kit NGAI will be voted on individually at the AGM.

The Board has noted that Dr. The Hon Leo Tung-Hai LEE and Mr. Shiu-Kit NGAI have complied with the requirements as to independence set out in Rule 3.13 of the Listing Rules, have properly discharged their duties and responsibilities as independent non-executive Directors and have made positive contribution to the development of the Company through wise counsel, independent, constructive and informed comments and participation at Board and audit committee meetings. Therefore, the Board considers that Dr. The Hon Leo Tung-Hai LEE and Mr. Shiu-Kit NGAI continue to be independent and are eligible for re-election as independent non-executive Directors notwithstanding the fact that they have served as independent non-executive Directors for more than 9 years.

Brief biographical details of the retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix I to this circular.

LETTER FROM THE BOARD

3. GENERAL MANDATE TO REPURCHASE SHARES

Pursuant to the Companies Ordinance and the Listing Rules, listed companies incorporated in Hong Kong may in certain circumstances, if authorised by their articles of association, purchase their own shares.

On 29 May 2007, general mandates were given to the Directors to exercise the powers of the Company to, among others, repurchase its own Shares. Such general mandate will lapse at the conclusion of the AGM. Therefore, an Ordinary Resolution will be proposed at the AGM to give the Share Repurchase Mandate to the Directors representing up to a maximum of 10% of the issued share capital of the Company at the date of the passing of the Ordinary Resolution; details of which are set out in Ordinary Resolution No. 5 in the AGM Notice.

An explanatory statement as required under the Listing Rules to provide the requisite information is set out in Appendix II to this circular.

4. GENERAL MANDATE TO ISSUE SHARES

On 29 May 2007, general mandates were given to the Directors to exercise the powers of the Company to, among others, issue Shares. Such general mandate will lapse at the conclusion of the AGM. At the AGM, an Ordinary Resolution will be proposed that a Share Issue Mandate be given to the Directors representing up to 20% of the issued share capital of the Company at the date of the passing of the Ordinary Resolution (i.e. not exceeding 105,096,912 Shares based on the issued share capital of the Company of 525,484,562 Shares as at the Latest Practicable Date and assuming that such issued share capital remains the same at the date of passing the Ordinary Resolution). In addition, an Ordinary Resolution will be proposed to authorise extension of the Share Issue Mandate which would increase the limit of the Share Issue Mandate by adding to it the number of Shares repurchased under the Share Repurchase Mandate.

Details of the Share Issue Mandate and the extension of the Share Issue Mandate are set out in Ordinary Resolutions No. 6 and No. 7 in the AGM Notice respectively.

5. ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 13 to 16 of this circular to consider the resolutions relating to, among others, the re-election of Directors, the Share Repurchase Mandate, the Share Issue Mandate and the extension of the Share Issue Mandate.

Pursuant to Article 74 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required under the Listing Rules or any other applicable laws, rules or regulations or unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:—

- (i) by the chairman of the meeting; or

LETTER FROM THE BOARD

- (ii) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

6. ACTIONS TO BE TAKEN

A form of proxy for use at the AGM is enclosed. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM. Completion and deposit of the form of proxy will not preclude you from attending and voting at the AGM if you so wish.

7. RECOMMENDATION

The Directors believe that the re-election of Directors, the Share Repurchase Mandate, the Share Issue Mandate and the extension of the Share Issue Mandate are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant Ordinary Resolutions to be proposed at the AGM.

Yours faithfully,

For and on behalf of the Board

SHELL ELECTRIC MFG. (HOLDINGS) COMPANY LIMITED

Billy K YUNG

Group Chairman and Chief Executive

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Dr. The Hon Leo Tung-Hai LEE, GBM, GBS, LLD, JP

Dr. LEE, aged 86, has been an independent non-executive Director since 1998. Dr. LEE is also the Chairman of the audit committee of the Company. Dr. LEE is the Chairman of the Tung Tai Group of Companies. He is an independent non-executive director of two publicly listed companies in Hong Kong, K. Wah International Holdings Limited and Liu Chong Hing Investment Limited respectively. Besides, Dr. LEE is a non-executive director of Asia Financial Holdings Limited, a publicly listed company in Hong Kong. Dr. LEE previously held directorships as an independent non-executive director of two publicly listed companies in Hong Kong, Termbray Industries International (Holdings) Limited (resigned on 22 February 2008) and Beijing Enterprises Holdings Limited (resigned on 3 March 2008). He is a member of a number of public services committees and heads many social service organizations, including as Vice President of the China Overseas Friendship Association, Chairman of Friends of Hong Kong Association, Adviser of the Advisory Board of the Tung Wah Group of Hospitals and Chairman of the Association of Chairmen of the Tung Wah Group of Hospitals. Dr. LEE served as a Standing Committee Member of the eighth and ninth National Committees of the Chinese People's Political Consultative Conference; an Adviser on Hong Kong Affairs to the Hong Kong & Macau Affairs Office of the State Council and Xinhua News Agency, Hong Kong Branch; a member of the Preparatory Committee for the Hong Kong Special Administrative Region; and a member of the Selection Committee for the First Government of the HKSAR. He has been honoured with awards by different governments, which include Cavaliere di Gran Croce of Italy, O.B.E. of Great Britain, Chevalier Legion d'Honneur of France, Commandeur de l'Ordre de Leopold II of Belgium and Gold Bauhinia Star of the Government of the HKSAR in 1999. Dr. LEE was awarded the highest honour of the Grand Bauhinia Medal in July 2006 by the Government of the HKSAR. Dr. LEE has been honoured with the "Icebreaker Award" by The 48 Group Club as a recognition of his contribution to the promotion of Sino-UK trade relations. Dr. LEE has over 50 years of experience in business management. Save as disclosed above, he has not held any directorship in any public listed companies in the last three years or any position with the Company or other members of the Group.

He does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

As at the Latest Practicable Date, he has beneficial interest in 3,206,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance, representing approximately 0.61% of the issued share capital of the Company.

Dr. LEE has been appointed for a period of three years, from 1 September 2007 to 31 August 2010 and is subject to retirement by rotation and re-election at the AGM and vacation of office in accordance with the provisions of the Articles of Association. For the year ended 31 December 2007, he received a Director's fee of HK\$120,000 per annum as approved by the Shareholders at the annual general meeting of the Company in 2007, and a remuneration of HK\$96,000 per annum for being a chairman of the audit committee. His emoluments are determined by reference to his duties and responsibilities with the Company and the Company's remuneration policy and after considering the market emoluments for directors of other listed companies.

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

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

Mr. NGAI, aged 83, has been an independent non-executive Director since 1998. Mr. NGAI is also a member of the audit committee of the Company, Mr. NGAI was a Deputy of the 9th National People's Congress of the PRC; a member of The Preparatory & Working Committee for the Hong Kong Special Administrative Region; and also a member of The Selection Committee for the First Government of Hong Kong Special Administrative Region. He served as an Adviser on Hong Kong Affairs to The People's Republic of China; and a member of The Legislative Council of Hong Kong and The Chairman of The Trade & Industry Panel (1985-1997). He has been honoured with awards by O.B.E. of Great Britain and Silver Bauhinia Star of the Hong Kong Special Administrative Region Government of the People's Republic of China. Mr. NGAI was the Former President of The Chinese Manufacturers' Association of Hong Kong and is now the permanent Hon. President of The Association. Save as disclosed above, he has not held any directorship in any public listed companies in the last three years or any position with the Company or other members of the Group.

He does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

As at the Latest Practicable Date, he does not have any beneficial interest in Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Mr. NGAI has been appointed for a period of three years, from 1 September 2007 to 31 August 2010 and is subject to retirement by rotation and re-election at the AGM and vacation of office in accordance with the provisions of the Articles of Association. For the year ended 31 December 2007, he received a Director's fee of HK\$120,000 per annum as approved by the Shareholders at the annual general meeting of the Company in 2007, and a remuneration of HK\$72,000 per annum for being a member of the audit committee. His emoluments are determined by reference to his duties and responsibilities with the Company and the Company's remuneration policy and after considering the market emoluments for directors of other listed companies.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

Mr. LEUNG Chun Wah

Mr. LEUNG, aged 61, joined the Group in 1977 and was appointed as an executive Director in 1990. Mr. LEUNG is the General Manager of the ceiling fan division. Mr. LEUNG took a Bachelor's degree of Business Administration from University of East Asia, Macau. He is also a director in various members of the Group. Save as disclosed above, he has not held any directorship in any public listed companies in the last three years or any other positions with the Company or other members of the Group.

APPENDIX I DETAILS OF DIRECTORS PROPOSED FOR RE-ELECTION

He does not have any relationship with any other Directors, senior management, substantial Shareholders or controlling Shareholders of the Company.

As at the Latest Practicable Date, he has beneficial interest in 1,559,400 Shares within the meaning of Part XV of the Securities and Futures Ordinance, representing approximately 0.30% of the issued share capital of the Company.

Mr. LEUNG was appointed as an executive Director in 1990. There is no specific term of office with the Company but he is subject to retirement by rotation and re-election at the AGM and vacation of office in accordance with the provisions of the Articles of Association. For the year ended 31 December 2007, he received a Director's fee of HK\$120,000 per annum as approved by the Shareholders at the annual general meeting of the Company in 2007, and emoluments of HK\$1,722,958 per annum for being an executive Director. His emoluments are determined by reference to his duties and responsibilities with the Company and the Company's remuneration policy and after considering the market emoluments for directors of other listed companies.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to Shareholders for their consideration of the Share Repurchase Mandate. This explanatory statement further constitutes the memorandum required under section 49BA(3)(b) of the Companies Ordinance.

1. LISTING RULES

The Listing Rules permit companies whose primary listing are on the Stock Exchange to repurchase their fully paid up shares on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(a) Source of Funds

Repurchases must be funded out of funds which are legally available for the purpose and in accordance with the company's constitutive documents and the laws of the jurisdiction in which the company is incorporated or otherwise established.

(b) Maximum Number of Shares to be Repurchased

A maximum of 10% of the existing issued share capital of a company at the date of passing the relevant resolution may be repurchased on the Stock Exchange.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 525,484,562 Shares.

Subject to the passing of ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Share Repurchase Mandate to repurchase a maximum of 52,548,456 Shares.

3. REASON FOR REPURCHASES

The Directors believe that the Share Repurchase Mandate is in the best interest of the Company and its Shareholders. Such purchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share of the Company and will only be made when the Directors believe that such a purchase will benefit the Company and its Shareholders.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the company or from the proceeds of a new issue of shares made for the purpose. The Companies Ordinance further provides that the amount of premium

payable on repurchase may only be paid out of the distributable profits of the company. Where the repurchased shares were issued at a premium, any premium payable on repurchase may be paid out of the proceeds of a fresh issue of shares made for the purposes of the share repurchase up to certain limits specified by the Companies Ordinance.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 December 2007) in the event that the Share Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:–

| | Share Prices | |
|---|-----------------|----------------|
| | Highest HK\$ | Lowest HK\$ |
| 2007 | | |
| April | 4.840 | 2.860 |
| May | 7.280 | 4.790 |
| June | 8.020 | 6.000 |
| July | 8.600 | 6.520 |
| August | 7.250 | 5.260 |
| September | 8.600 | 6.900 |
| October | 8.470 | 6.480 |
| November | 10.500 | 6.850 |
| December | 10.280 | 7.000 |
| 2008 | | |
| January | 8.400 | 5.400 |
| February | 6.300 | 5.900 |
| March | 6.100 | 4.910 |
| April (up to the Latest Practicable Date) | 6.800 | 5.800 |

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that in the event they exercise the powers of the Company to make repurchases pursuant to the Share Repurchase Mandate, they will exercise such powers in accordance with the Listing Rules, the regulations set out in the memorandum and articles of association of the Company, the Companies Ordinance and any other applicable laws of Hong Kong.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company under the Share Repurchase Mandate if such is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Share Repurchase Mandate is approved by the Shareholders.

If on the exercise of the power to repurchase Shares pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Madam YUNG HO Wun Ching and Mr. Billy K YUNG (the "said Persons") together with their respective associates were beneficially interested in 323,047,384 Shares representing approximately 61.48% of the issued share capital of the Company. In the event that the Directors exercised the Share Repurchase Mandate in full, then (if the present shareholdings otherwise remained the same) the collective shareholdings of the said Persons together with their respective associates in the Company would be increased to 68.31% of the issued share capital of the Company. The Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any purchases made under the Share Repurchase Mandate. However, the Directors have no intention to exercise the Share Repurchase Mandate to the extent that the number of shares held by the public would be reduced to less than 25% of the issued share capital of the Company or such level of minimum public float requirement stipulated under the Listing Rules from time to time.

7. SHARE REPURCHASE MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, there was no repurchase of its Shares made by the Company (whether on the Stock Exchange or otherwise).

NOTICE OF ANNUAL GENERAL MEETING



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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general 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, on Tuesday, 20 May 2008 at 4:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements, the directors’ report and the independent auditors’ report for the year ended 31 December 2007.
2. To declare a final dividend.
3. To elect directors and to fix the directors’ fees.
4. To appoint auditors for the ensuing year and to authorise the directors to fix their remuneration.
5. As special business, to consider and if thought fit, pass, with or without modifications, the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the Company on The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) or on any other stock exchange on which the shares in the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares in the Company which may be repurchased pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

- (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; or
 - (iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking, varying or renewing the authority given to the directors of the Company by this resolution.”
- 6. As special business, to consider and if thought fit, pass, with or without modifications, the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) subject to paragraph (c) of this resolution and pursuant to Section 57B of the Companies Ordinance, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares in the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), or (ii) the exercise of any rights of subscription or conversion under any existing warrants, bonds, debentures, notes and other securities issued by the Company which carry rights to subscribe for or are convertible into shares in the Company; or (iii) an issue of shares upon the exercise of options which may be granted under any share option scheme or under any option scheme or similar arrangement for the time being adopted for the grant or issue to the grantees as specified in such schemes or similar arrangements of shares or rights to acquire shares of the Company; or (iv) any scrip

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dividend schemes or similar arrangements providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares in the Company in accordance with the memorandum and articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) to be held; or
- (iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking, varying or renewing the authority given to the directors of the Company by this resolution; and

“Rights Issue” means an offer of shares in the Company or issue of options, warrants or other securities giving the right to subscribe for shares in the Company, open for a period fixed by the directors of the Company to the holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares in the Company (or, where appropriate, such other securities), (subject in all cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

7. As special business, to consider and if thought fit, pass, with or without modifications, the following resolution as an Ordinary Resolution:

ORDINARY RESOLUTION

“**THAT** subject to the passing of Ordinary Resolutions Nos. 5 and 6 set out in the notice convening this meeting, the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with any additional shares in the Company pursuant to Ordinary Resolution No. 6 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 5 set out in the notice convening this

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meeting, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution.”

By Order of the Board
Peter LEE Yip Wah
Secretary

Hong Kong, 22 April 2008

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.
2. To be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's registered office, Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong not less than 48 hours before the time fixed for holding this meeting or adjourned meeting or poll (as the case may be).
3. The register of members of the Company will be closed from Friday, 16 May 2008 to Tuesday, 20 May 2008, both days inclusive, during which period no transfer of shares in the Company will be effected. In order to qualify for the proposed final dividend and to determine the identity of the shareholders who are entitled to attend and vote at the meeting, all transfers of shares in the Company accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 15 May 2008.
4. With regard to Resolutions Nos. 3 and 5 to 7 set out in this notice, a circular giving details of the proposed re-election of directors, the proposed general mandates to repurchase and issue shares incorporating this notice will be despatched today to the Shareholders of the Company.
5. 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 22 April 2008.
6. 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, Mr. Plato POON Chak Sang and Mr. Eddie HURIP as executive Directors, Mr. Simon YUNG Kwok Choi as non-executive Director and Dr. Leo Tung-Hai LEE, Mr. Shiu-Kit NGAI, Mr. Peter WONG Chung On and Mr. Peter LAM as independent non-executive Directors.