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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, 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 to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or 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)**

**CONNECTED TRANSACTION  
DISPOSAL OF 67% REGISTERED CAPITAL IN  
北京寅豐房地產開發有限責任公司  
(Beijing Yinfeng Real Estate Development Limited\*)**

**Financial adviser to the Company**



**Independent Financial Adviser to  
the Independent Board Committee and the independent Shareholders**



**CIMB-GK Securities (HK) Limited**

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A letter from the Board is set out on pages 3 to 9 of this circular.

A letter from the Independent Board Committee to the independent Shareholders is set out on page 10 of this circular.

A letter from CIMB-GK Securities (HK) Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the independent Shareholders is set out on pages 11 to 16 of this circular.

\* *For identification purpose only*

21 May 2009

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## DEFINITIONS

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*In this circular, the following expressions have the meanings set out below unless the context requires otherwise:*

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing EB Real Estate”	北京光大房地產開發有限公司 (Beijing EverBright Real Estate Development Limited*), an indirect 70% owned subsidiary of the Company
“Beijing Yinfeng”	北京寅豐房地產開發有限責任公司 (Beijing Yinfeng Real Estate Development Limited*), a company incorporated in the PRC with limited liabilities
“Board”	the Company’s board of Directors
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Co-operation Agreement”	the co-operation agreement dated 20 April 2009 entered into, amongst others, between Beijing EB Real Estate, Mr. Wang and the Purchaser for the development of the Land
“Directors”	the directors of the Company
“Disposal”	the disposal of the 67% registered capital in Beijing Yinfeng
“Disposal Agreement”	the disposal agreement dated 8 April 2009 entered into between Beijing EB Real Estate and the Purchaser in respect of the Disposal
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors
“Independent Financial Adviser”	CIMB-GK Securities (HK) Limited, a licensed corporation under the SFO which engages in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities and the independent financial adviser to the Independent Board Committee and the independent Shareholders in respect of the terms of the Disposal Agreement

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## DEFINITIONS

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“Land”	the property located at Gaolizhuang, Fengtai District, Beijing City, the PRC, comprises of a parcel of land to the north of South 5th Ring Road of Beijing, with a total site area of approximately 374,200 sq.m., 301,200 sq.m. of which will become developable upon completion of the infrastructure
“Latest Practical Date”	18 May 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
“Mr. Wang”	王吉順 (Mr. Wang Ji Shun*), a substantial shareholder of Beijing Yinfeng and beneficially owns 80% interest in the Purchaser
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“Purchaser”	北京青鵬投資有限公司 (Beijing Qingpeng Investment Limited*), a company incorporated in the PRC
“Shares(s)”	ordinary share(s), currently with par value of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“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 circular have been translated into HK\$ at a rate of RMB1.00 = HK\$1.13 for illustration purposes.*

\* For identification purpose only



**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)*

Madam YUNG HO Wun Ching

Mr. LEUNG Chun Wah

Mr. Eddie HURIP

Mr. Simon YUNG Kwok Choi<sup>1</sup>

Mr. Peter WONG Chung On<sup>2</sup>

Mr. Peter LAM<sup>2</sup>

Mr. Lawrence LEUNG Man Chiu<sup>2</sup>

*Registered office and head office:*

Shell Industrial Building

12 Lee Chung Street

Chai Wan Industrial District

Hong Kong

*1. Non-executive Director*

*2. Independent non-executive Directors*

21 May 2009

*To the Shareholders,*

Dear Sir or Madam,

**DISPOSAL OF 67% REGISTERED CAPITAL IN  
北京寅豐房地產開發有限責任公司  
(Beijing Yinfeng Real Estate Development Limited\*)**

**INTRODUCTION**

Reference is made to the Company's announcement dated 30 April 2009, in which the Directors announced that, on 8 April 2009, Beijing EB Real Estate entered into the Disposal Agreement with the Purchaser, pursuant to which (i) Beijing EB Real Estate disposed of 67% registered capital of Beijing Yinfeng to the Purchaser for a total consideration of RMB46.5 million (approximately HK\$52.5 million); and (ii) Beijing Yinfeng agreed to repay the shareholder's loan of RMB89.2 million (approximately HK\$100.8 million) to Beijing EB Real Estate.

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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### THE DISPOSAL AGREEMENT

Summarised below are the principal terms of the Disposal Agreement:

#### Date

8 April 2009

#### Parties

Vendor: Beijing EverBright Real Estate Development Limited, an indirect 70% owned subsidiary of the Company

Purchaser: 北京青鵬投資有限公司 (Beijing Qingpeng Investment Limited\*)

Target company: Beijing Yinfeng

As the Purchaser is beneficially owned as to 80% by Mr. Wang and as to 20% by Madam Li Gui Ying, spouse of Mr. Wang, the Purchaser is an associate of Mr. Wang, a substantial shareholder of Beijing Yinfeng, and is therefore a connected person of the Company under the Listing Rules.

#### Subject of the Disposal Agreement

The 67% registered capital in Beijing Yinfeng.

Beijing Yinfeng is a company incorporated in the PRC with limited liability. The sole asset of Beijing Yinfeng is a property for primary development located in Gaolizhuang, Fengtai District, Beijing City, the PRC. The property comprises a parcel of land with a total site area of approximately 374,200 sq.m. (i.e., the Land), 301,200 sq.m. of which will become developable upon completion of the infrastructure. The Land is initially intended for primary development. As at the Latest Practicable Date, based on information available, the Land is currently occupied by local villagers and industrial enterprises. Based on the valuation report prepared by CB Richard Ellis Limited, an independent valuer, the Land as at 31 March 2009 has no commercial value due to the fact that the State-owned Land Use Rights Certificate of the Land has not been obtained. Given that the State-owned Land Use Rights Certificate for the Land has not been obtained as at the date of the Disposal Agreement, the Land has no commercial value. As at the Latest Practicable Date, Beijing Yinfeng has not commenced any business.

As at 31 December 2008, Beijing Yinfeng had a net asset value under Hong Kong Generally Accepted Accounting Principles (“HK GAAP”) of approximately RMB45.7 million (approximately HK\$51.6 million). For the two years ended 31 December 2008, Beijing Yinfeng’s losses under HK GAAP were approximately RMB1.2 million (approximately HK\$1.4 million) and RMB3.1 million (approximately HK\$3.5 million), respectively.

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## LETTER FROM THE BOARD

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### Consideration and settlement method

Pursuant to the Disposal Agreement, Beijing EB Real Estate agreed to dispose of 67% registered capital in Beijing Yinfeng to the Purchaser at a consideration of RMB46.5 million (approximately HK\$52.5 million) which has been paid upon the signing of the relevant documents in respect of the transfer of 67% registered capital in Beijing Yinfeng.

The consideration was made, after arm's length negotiation, with reference to, the original purchase price of 67% registered capital in Beijing Yinfeng by Beijing EB Real Estate in June 2007 in the amount of RMB33.5 million (approximately HK\$37.9 million) and a premium of RMB13.0 million (approximately HK\$14.7 million). The premium was determined, after arm's length negotiation between the parties, taking into account the length of investment by Beijing EB Real Estate in Beijing Yinfeng since June 2007.

Under the Disposal Agreement, Beijing Yinfeng agreed to repay the outstanding shareholder's loan in an amount of RMB89.2 million (approximately HK\$100.8 million) to Beijing EB Real Estate. Out of the total outstanding shareholder's loan, Beijing Yinfeng agreed to repay RMB23.5 million (approximately HK\$26.6 million) upon the signing of the relevant transfer documents as mentioned above. The repayment of the remaining balance of RMB65.7 million (approximately HK\$74.2 million) would be based on the repayment schedule as set out in an agreement dated 8 April 2009 ("Repayment Agreement") entered into between, amongst others, Beijing EB Real Estate and Beijing Yinfeng.

Under the Repayment Agreement, Beijing Yinfeng agreed to repay the remaining balance of RMB65.7 million (approximately HK\$74.2 million) to Beijing EB Real Estate under the following schedule:

- RMB10.0 million (approximately HK\$11.3 million) shall be repaid on or before 30 April 2009; and
- RMB55.7 million (approximately HK\$62.9 million), being the remaining balance of the shareholder's loan, shall be repaid on or before 30 June 2009.

As at the Latest Practicable Date, the remaining balance of the shareholder's loan of RMB65.7 million (approximately HK\$74.2 million) has been repaid by Beijing Yinfeng to Beijing EB Real Estate.

### Completion

Completion of the transfer of 67% registered capital in Beijing Yinfeng from Beijing EB Real Estate to the Purchaser took place on 14 April 2009. Beijing Yinfeng ceased to be a 67% subsidiary of Beijing EB Real Estate, an indirect 70% owned subsidiary of the Company. Accordingly, Beijing Yinfeng ceased to be a subsidiary of the Company.

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## LETTER FROM THE BOARD

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### THE CO-OPERATION AGREEMENT

The purpose of this agreement was to set out the co-operation arrangement for the secondary development of the Land.

Summarised below are the principal terms of the Co-operation Agreement:

#### Date

20 April 2009

#### Parties

- (i) Mr. Wang
- (ii) Beijing Qingpeng Investment Limited\*, i.e. the Purchaser
- (iii) Beijing EB Real Estate
- (iv) Beijing Yinfeng
- (v) 李桂英 (Li Gui Ying\*), spouse of Mr. Wang and a substantial shareholder of the Purchaser

#### Methods of co-operation

Upon the Co-operation Agreement became effective, Beijing EB Real Estate agreed to pay to Beijing Yinfeng a deposit of RMB36.0 million (approximately HK\$40.7 million) for the secondary development of the Land.

Details of the co-operation are as follows:

- a) in the event that Beijing Yinfeng is able to obtain the approval for secondary development of the Land, Beijing EB Real Estate has the right to, within two months from Beijing Yinfeng obtaining such approval, acquire not less than 50% registered capital in Beijing Yinfeng; and
- b) in the event that the secondary development right of the Land is subject to auction, Beijing EB Real Estate, Mr. Wang and the Purchaser agreed to, prior to the auction, enter into a supplemental co-operation agreement, setting out the terms of the joint bidding for the said development right.

Mr. Wang, the Purchaser and Beijing Yinfeng undertake the followings:

- a) on or before 30 October 2010, Beijing Yinfeng will obtain one of the followings:
  - i) complete the primary development of the Land which shall be able to satisfy the requirements under 土地收儲中心 (Land Reserve Centre\*) for auction; or

\* For identification purpose only



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## LETTER FROM THE BOARD

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- ii) obtain the approval for secondary development of the Land.

In the event that Beijing Yinfeng fails to obtain either one of the above, Beijing EB Real Estate has the right to terminate the Co-operation Agreement and request Beijing Yinfeng to repay the deposit of RMB36.0 million (approximately HK\$40.7 million) and a compensation of RMB4.0 million (approximately HK\$4.5 million) within 30 days from the termination of the Co-operation Agreement.

- b) in the event that Beijing Yinfeng is able to obtain the approval for secondary development of the Land on or before 30 October 2010, Mr. Wang and the Purchaser agree to dispose of not less than 50% registered capital in Beijing Yinfeng. In the event that Beijing EB Real Estate is unable to acquire the said registered capital in Beijing Yinfeng, Beijing EB Real Estate has the right to terminate the Co-operation Agreement and request Beijing Yinfeng to repay the deposit of RMB36.0 million (approximately HK\$40.7 million) and a compensation of RMB4.0 million (approximately HK\$4.5 million) within 30 days from the termination of the Co-operation Agreement.
- c) in the event that Beijing Yinfeng is able to complete the primary development of the Land on or before 30 October 2010, Beijing EB Real Estate, Mr. Wang and the Purchaser agree to, 5 days prior to the auction, enter into a supplemental agreement, setting out the terms of the joint bidding. In the event that the parties fail to enter into the relevant supplemental agreement, Beijing EB Real Estate has the right to terminate the Co-operation Agreement and request Beijing Yinfeng to repay the deposit of RMB36.0 million (approximately HK\$40.7 million) and a compensation of RMB4.0 million (approximately HK\$4.5 million) within 30 days from the termination of the Co-operation Agreement.
- d) in the event that Beijing EB Real Estate co-operates with Mr. Wang, the Purchaser and/or Beijing Yinfeng for the secondary development of the Land, the deposit will be used as part of the contribution towards the development of the project.
- e) if Mr. Wang and the Purchaser request support from Beijing EB Real Estate, Beijing EB Real Estate agrees to, after signing the relevant agreement, provide reasonable support to Beijing Yinfeng for the primary development of the Land.
- f) if for any reason either Mr. Wang, the Purchaser or Beijing Yinfeng fails to co-operate with Beijing EB Real Estate for the secondary development of the Land, Beijing Yinfeng agrees to repay Beijing EB Real Estate a compensation equivalent to twice the amount of the deposit.

Should the Company decide to exercise its right under the Co-operation Agreement, the Company will comply with the relevant requirements of the Listing Rules.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE CO-OPERATION

The principal activities of the Group comprise property investment and development, manufacturing and marketing of electric fans and other electrical household appliances and contract manufacturing business, property leasing and investment holding.

The Purchaser is principally engaged in investment management, investment consultancy, real estate consultancy, technical consultancy and construction services.

In June 2007, Beijing EB Real Estate acquired the 67% registered capital in Beijing Yinfeng from Mr. Wang for a consideration of RMB33.5 million (approximately HK\$37.9 million) in anticipation for the primary development of the Land.

As a result of the recent downturn of the global economy and uncertainties surrounding the PRC property market, the Directors, having taken the prudent approach in evaluating the property portfolio of the Group, consider that entering into the Disposal Agreement would provide the Group an opportunity to dispose of its non-core property at a reasonable price and reduce the financial obligation for the development of the Land whilst entering into the Co-operation Agreement would provide the flexibility to participate in the future development of the Land as and when the relevant approvals are obtained.

The Disposal will give rise to a gain (before taking into account the relevant tax expenses arising from the Disposal) of approximately RMB15.0 million (approximately HK\$17.0 million) (unaudited).

The Company intends to use the net proceeds of approximately RMB46.5 million (approximately HK\$52.5 million) for general working capital of the Company.

### LISTING RULES REQUIREMENTS

As at the date of the Disposal Agreement, the remaining interest of Beijing Yinfeng was owned as to 33% by Mr. Wang.

As the Purchaser is beneficially owned as to 80% by Mr. Wang and as to 20% by Madam Li Gui Ying\*, spouse of Mr. Wang, the Purchaser is an associate of Mr. Wang, a substantial shareholder of Beijing Yinfeng, and is therefore a connected person of the Company under the Listing Rules. Hence, the entering into of the Disposal Agreement constituted a connected transaction for the Company under Rule 14A.13(1)(a) of the Listing Rules. Accordingly, the transaction as contemplated under the Disposal is subject to approval from independent Shareholders of the Company.

As no independent Shareholders are interested in the Disposal and no independent Shareholders are required to abstain from the voting if the Company were to convene a general meeting for the approval of the Disposal, the Company has applied for, and the Stock Exchange has granted, a waiver of the requirement of holding a general meeting to approve the transaction contemplated under the Disposal Agreement. Pursuant to Rule 14A.43 of the Listing Rules, the transaction has been approved by the independent Shareholders by way of a written approval in lieu of a general meeting of the Company.

\* For identification purpose only

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company has noted that written approval of the Disposal from members of the Yung's family (being Mr. Billy K YUNG (37,272,000 Shares, representing approximately 7.1%), Madam YUNG HO Wun Ching (53,246,300 Shares, representing approximately 10.17%), On Fat Profits Corporation (72,716,797 Shares, representing 13.89%) and Diamond Key Enterprises Inc. (143,612,287 Shares, representing approximately 27.43%) who have no interest in the Disposal other than their interests as independent Shareholders holding in aggregate 306,847,384 Shares, representing approximately 58.62% of the existing issued share capital of the Company) has been obtained. Pursuant to Rule 14A.43 of the Listing Rules, the transaction has been approved by the independent Shareholders by way of a written approval in lieu of a general meeting of the Company.

### GENERAL

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Peter Wong Chung On, Mr. Peter Lam and Mr. Lawrence Leung Man Chiu, has been formed to advise the independent Shareholders in relation to the Disposal Agreement and the transaction thereunder.

The Independent Financial Adviser has been appointed to make recommendations to the Independent Board Committee and the independent Shareholders as to whether the terms of the Disposal Agreement are fair and reasonable.

The Directors (including the independent non-executive Directors whose views are stated in the letter from the Independent Board Committee included in this circular) are of the view that the transaction contemplated under the Disposal Agreement is in the interests of the Company and the independent Shareholders as a whole, and the terms thereof are fair and reasonable so far as the independent Shareholders are concerned.

### ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Advisor, CIMB-GK Securities (HK) Limited containing their respective advice to the independent Shareholders and the additional information set out in the Appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**SHELL ELECTRIC MFG. (HOLDINGS) COMPANY LIMITED**  
**Billy K YUNG**  
*Group Chairman and Chief Executive*



**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)**

21 May 2009

*To the independent Shareholders*

Dear Sir or Madam,

**DISPOSAL OF 67% REGISTERED CAPITAL IN  
北京寅豐房地產開發有限責任公司  
(Beijing Yinfeng Real Estate Development Limited\*)**

We refer to the circular dated 21 May 2009 issued by the Company (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been established by the Board for the purpose of advising the independent Shareholders in connection with the Disposal, details of which are set out in the “Letter from the Board” in the Circular. The Independent Board Committee comprises all independent non-executive Directors. CIMB-GK Securities (HK) Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders regarding the Disposal. Details of the advice from CIMB-GK Securities (HK) Limited together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 11 to 16 of the Circular.

Having considered the details of the Disposal, the interests of the independent Shareholders, the principal factors and reasons considered by CIMB-GK Securities (HK) Limited, we consider that the terms of the Disposal as contemplated under the Disposal Agreement are on commercial terms and are fair and reasonable so far as the independent Shareholders are concerned and are in the interests of the Company and the independent Shareholders as a whole.

Yours faithfully,  
Independent Board Committee

**Peter WONG Chung On**  
*Independent  
non-executive Director*

**Peter LAM**  
*Independent  
non-executive Director*

**Lawrence LEUNG Man Chiu**  
*Independent  
non-executive Director*

\* *For identification purpose only*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of a letter of advice from CIMB-GK Securities (HK) Limited to the Independent Board Committee and the independent Shareholders in connection with the transaction, which has been prepared for the purpose of incorporation in this circular.*



**CIMB-GK Securities (HK) Limited**

25/F Central Tower  
28 Queen's Road Central  
Hong Kong

21 May 2009

*To the Independent Board Committee and the independent Shareholders  
of Shell Electric Mfg. (Holdings) Company Limited*

Dear Sirs,

**CONNECTED TRANSACTION  
DISPOSAL OF 67% REGISTERED CAPITAL IN  
北京寅豐房地產開發有限責任公司  
(Beijing Yinfeng Real Estate Development Limited\*)**

### INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders with respect to the Disposal, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 21 May 2009 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

As at the Latest Practicable Date, Mr. Wang held 33% interest in Beijing Yinfeng. As the Purchaser is beneficially owned as to 80% by Mr. Wang and as to 20% by Madam Li Gui Ying\*, spouse of Mr. Wang, the Purchaser is an associate of Mr. Wang, and therefore a connected person of the Company under the Listing Rules. Hence, the entering into of the Disposal Agreement constituted a connected transaction for the Company under Rule 14A.13(1)(a) of the Listing Rules. As no Shareholder is interested in the Disposal and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal, the Company has applied 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.

\* For identification purpose only

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee, comprising Mr. Peter WONG Chung On, Mr. Peter LAM and Mr. Lawrence LEUNG Man Chiu, all of whom are independent non-executive Directors and have no direct or indirect interest or involvement in the Disposal, has been established to advise the independent Shareholders in relation to the Disposal.

In our capacity as the independent financial adviser to the Independent Board Committee and the independent Shareholders, our role is to provide the Independent Board Committee and the independent Shareholders with an independent opinion and recommendation as to whether the Disposal and the terms of the Disposal Agreement are in the interests of the Group and the independent Shareholders as a whole and whether the terms of the Disposal Agreement are on normal commercial terms, fair and reasonable so far as the Group and the independent Shareholders are concerned.

### **BASIS OF OUR OPINION**

In formulating our recommendation, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules including the notes thereto to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the information and facts contained or referred to in the Circular, the information provided by the Company and our review of the relevant public information. The Directors have declared in a responsibility statement set out in Appendix II to the Circular that they jointly and severally accept full responsibility for the accuracy of the information contained and representations made in the Circular. We have also assumed that the information, facts and representations contained or referred to in the Circular were true and accurate at the time they were made and up to the Latest Practicable Date. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, Beijing Yinfeng, the Purchaser, or any of their respective subsidiaries or associates. We have no reason to doubt the truth, accuracy and completeness of the information, facts and representations provided and represented to us by the Company. We have also been advised by the Company and believe that no material facts have been omitted from the Circular.

### **PRINCIPAL FACTORS CONSIDERED**

In arriving at our opinion regarding the Disposal, we have considered the following principal factors and reasons:

#### **(I) Background**

##### *(A) Background*

On 8 April 2009, Beijing EB Real Estate, an indirect 70% owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser pursuant to which (i) Beijing EB Real Estate agreed to dispose of 67% registered capital of Beijing Yinfeng to the Purchaser for a total consideration (the “**Consideration**”) of RMB46.5 million (approximately HK\$52.5 million); and (ii)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Beijing Yinfeng agreed to repay the shareholder's loan of RMB89.2 million (approximately HK\$100.8 million) to Beijing EB Real Estate, details of which are set out in the Letter from the Board.

Completion of the transfer of 67% registered capital in Beijing Yinfeng from Beijing EB Real Estate to the Purchaser took place on 14 April 2009 (the "**Completion**"). Accordingly, Beijing Yinfeng ceased to be an indirect subsidiary of the Company.

On 20 April 2009, Beijing Real Estate entered into the Co-operation Agreement with, amongst others, Beijing Yinfeng and Mr. Wang setting out the co-operation arrangement for the secondary development of the Land which gives the Company the opportunity to participate in the project in the event that Beijing Yinfeng is able to obtain the approval for secondary development of the Land. Details of the co-operation arrangement are set out in the section headed "The Co-operation Agreement" in the Letter from the Board. As stated in the Letter from the Board, should the Company decide to exercise its right under the Co-operation Agreement, the Company will comply with the relevant requirements of the Listing Rules.

### *(B) The Group*

As noted from the Letter from the Board, the Group is principally engaged in property investment and development, manufacturing and marketing of electric fans and other electrical household appliances and contract manufacturing business, property leasing and investment holding.

### *(C) Background of Beijing Yinfeng and the Land*

We note from the Letter from the Board that Beijing EB Real Estate acquired 67% registered capital in Beijing Yinfeng in June 2007 at a consideration of RMB33.5 million (approximately HK\$37.9 million). The main asset of Beijing Yinfeng is a parcel of land (i.e., the Land) for primary development located in Gaolizhuang, Fengtai District, Beijing City, with a total site area of approximately 374,200 sq.m., of which 301,200 sq.m. will become "developable land" upon completion of the primary development according to the requirements of 土地收儲中心 (Land Reserve Centre\*) for auction.

As advised by the management of the Company and as noted in the valuation report as set out in Appendix I to the Circular (the "**Valuation Report**") prepared by CB Richard Ellis Limited, an independent professional property valuer (the "**Independent Valuer**"), the Land is currently inhabited by some local residents and industrial enterprises. As advised by the management of the Company, to complete the primary development, relocation costs have to be agreed with the local residents to vacate the Land and roads and other infrastructures have to be constructed to support the development in the area but as at the Latest

\* For identification purpose only

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Practicable Date, negotiations with the majority of the local residents to vacate the Land are still in progress and the construction works of the roads and other infrastructures have not been commenced.

As noted in Valuation Report, as at 31 March 2009, the Land had no commercial value given the fact that the State-owned land use rights certificate of the Land (the “**Land Use Right Certificate**”) has not been obtained. The management of the Company further advised that the Land Use Right Certificate has not been obtained as at the Latest Practicable Date and accordingly, the Land had no commercial value as at the Latest Practicable Date.

As stated in the Letter from the Board, as at the Latest Practicable Date, Beijing Yinfeng has not commenced any business. Based on the unaudited financial information of Beijing Yinfeng prepared according to Hong Kong Generally Accepted Accounting Principles (“**HK GAAP**”), Beijing Yinfeng had a net assets value of approximately RMB45.7 million (approximately HK\$51.6 million) as at 31 December 2008, and recorded loss of approximately RMB1.2 million (approximately HK\$1.4 million) and RMB3.1 million (approximately HK\$3.5 million), respectively, for each of the two years ended 31 December 2008. Since the Land has no commercial value, the book value of the Land as at 31 December 2008 was approximately RMB35.7 million, representing the cost incurred on the Land up to 31 December 2008.

### **(II) Reasons for entering into of the Disposal Agreement**

Taking into account the roads and other infrastructures to be constructed and the relocation costs to be agreed with the local residents of the Land, the management of the Company anticipates that it would require substantial management resources to negotiate and agree with the inhabitants of the Land the relocation costs, which amount is estimated to be substantial. The management of the Company further estimates that it will take approximately two years to complete the primary development of the Land.

Based on our discussion with the management of the Company, the primary development of the Land is expected to be completed in 2010. Upon completion of the primary development of the Land, 土地收儲中心 (Land Reserve Centre\*) will put up the Land for sale by way of an auction. While Beijing Yinfeng can bid for the Land, it is uncertain whether Beijing Yinfeng’s bid will be successful and whether Beijing Yinfeng can obtain the Land Use Right Certificate in the future.

Having considered the above, we concur with the view of the management of the Company that the Disposal would provide the Company with an opportunity to realise its investment in the Land at a profit and at the same time release the Company from further capital requirement and management resources for the primary development of the Land. Accordingly, we concur with the view of the management of the Company that the Disposal is in the interests of the Group and the independent Shareholders as a whole.

\* For identification purpose only



**(III) Major terms of the Disposal Agreement**

*(i) Consideration*

We note from the Letter from the Board that the Consideration was arrived at after arm's length negotiation with reference to the original purchase price of 67% registered capital in Beijing Yinfeng by Beijing EB Real Estate in June 2007 in the amount of RMB33.5 million (approximately HK\$37.9 million) and a premium of RMB13.0 million (approximately HK\$14.7 million).

As stated in the Letter from the Board, as at 31 December 2008, Beijing Yinfeng had an unaudited net assets value under HK GAAP of approximately RMB45.7 million (approximately HK\$51.6 million). Given that the Land has no commercial value according to the Valuation Report, we consider that no adjustment to the unaudited net assets value of Beijing Yinfeng is required for the purpose of assessing the fairness of the Consideration. The Consideration represents a premium of approximately 52.0% over the unaudited net assets value of Beijing Yinfeng attributable to Beijing EB Real Estate.

Taking into account (i) the substantial capital requirement and management resources and the estimated time for the primary development of the Land; (ii) the fact that it is uncertain whether Beijing Yinfeng would be able obtain the Land Use Right Certificate; (iii) the Consideration is at a premium of RMB13.0 million (approximately HK\$14.7 million) over the original purchase price paid by Beijing EB Real Estate in June 2007; and (iv) the Consideration represents a premium of approximately 52.0% over the unaudited net assets value of Beijing Yinfeng attributable to Beijing EB Real Estate, we concur with the Directors' view that the Consideration is fair and reasonable so far as the Company and the independent Shareholders are concerned.

*(ii) Payment terms*

As noted from the Letter from the Board, the Consideration has been fully paid.

Under the Disposal Agreement, Beijing Yinfeng also agreed to repay the outstanding shareholder's loan in an amount of RMB89.2 million (approximately HK\$100.8 million) to Beijing EB Real Estate. Out of the total outstanding shareholder's loan, Beijing Yinfeng agreed to repay RMB23.5 million (approximately HK\$26.6 million) upon the signing of the relevant transfer documents in respect of the Disposal. The repayment of the remaining balance of RMB65.7 million (approximately HK\$74.2 million) would be based on the repayment schedule as set out in an agreement dated 8 April 2009 entered into between, amongst others, Beijing EB Real Estate and Beijing Yinfeng.

We note from the Letter from the Board that the remaining balance of the shareholder's loan of RMB65.7 million (approximately HK\$74.2 million) has already been repaid by Beijing Yinfeng to Beijing EB Real Estate.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Our View*

Having considered the above, we are of the view that the major terms of the Disposal Agreement are fair and reasonable so far as the Company and the independent Shareholders are concerned.

#### **(IV) Possible financial effects of the Disposal**

##### *(A) Earnings*

As referred to in the Letter from the Board, the Disposal is expected to give rise to an estimated unaudited gain (before taking into account the relevant tax expenses arising from the Disposal) of approximately RMB15.0 million (approximately HK\$17.0 million) for the Group at Completion, which is estimated based on (i) the Consideration of RMB46.5 million (approximately HK\$52.5 million); and (ii) the unaudited net assets value of the Beijing Yinfeng attributable to Beijing EB Real Estate as at the date of Completion. Save for the above, there is no material financial effect on earnings of the Group immediately upon Completion.

##### *(B) Net assets value*

Save for the increase in the Group's net assets value by approximately RMB15.0 million (approximately HK\$17.0 million) as a result of the unaudited gain on disposal as mentioned above, there shall be no material impact to the net assets value of the Group immediately upon Completion.

##### *(C) Working capital*

As the Consideration has been fully settled by cash and coupled with the repayment of the shareholder's loan of RMB89.2 million (approximately HK\$100.8 million) by Beijing Yinfeng to Beijing EB Real Estate, the working capital position of the Group has been improved accordingly.

#### **RECOMMENDATION**

Having considered the principal factors and reasons referred to in the above, we are of the opinion that (i) the Disposal is in the interests of the Group and the independent Shareholders as a whole; and (ii) the terms of the Disposal Agreement are on normal commercial terms, fair and reasonable so far as the Group and the independent Shareholders are concerned.

Yours faithfully,

For and on behalf of

**CIMB-GK Securities (HK) Limited**

**Heidi Cheng**  
*Director*

**Anthony Ng**  
*Senior Vice President*

*The following is the text of a letter with the valuation certificate received from CB Richard Ellis Limited, an independent property valuer, prepared for the purpose of incorporation in the circular, in connection with their valuation as at 31 March 2009 for the property interests of the Group.*

**CBRE**  
CB RICHARD ELLIS  
世邦魏理仕

34/F Central Plaza  
18 Harbour Road  
Wanchai, Hong Kong  
T 852 2820 2800  
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電話 852 2820 2800 傳真 852 2810 0830

[www.cbre.com.hk](http://www.cbre.com.hk)

21 May 2009

The Board of Directors  
**Shell Electric Mfg. (Holdings) Company Limited**  
Shell Industrial Building,  
12 Lee Chung Street,  
Chai Wan Industrial District,  
Hong Kong

Dear Sirs,

In accordance with your instruction for us to value the property interests held by Shell Electric Mfg. (Holdings) Company Limited (hereinafter referred to as the “Company”) and its subsidiaries (collectively referred to as the “Group”) in the People’s Republic of China (the “PRC”), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of such property interests as at 31 March 2009 (the “Date of Valuation”).

Our valuation is prepared in accordance with the “First Edition of The HKIS Valuation Standards on Properties” published by The Hong Kong Institute of Surveyors (“HKIS”). We have also complied with all the requirements contained in Paragraph 34(2), (3) of Schedule 3 of the Companies Ordinance (Cap. 32), Chapter 5, Practice Note 12 and Practice Note 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Our valuation is made on the basis of Market Value which is defined by the HKIS to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Our valuation has been made on the assumption that the owner sells the properties on the open market without any benefit or burden of deferred term contract, leaseback, joint venture, management agreement or any other similar arrangement, which would serve to affect the value of the property.

No allowance has been made in our valuation for any charge, mortgage or amount owing on the property interests or for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrance, restriction and outgoing of an onerous nature which could affect its value.

We have ascribed no commercial value to the property as the Group has not yet obtained any title certificate of the property.

We have been provided with extracts of title documents relating to such property interests. We are not, however, provided with the original documents to verify the existence of any amendment which may not appear on the copies handed to us. All such documents have been used for reference only.

We have relied to a considerable extent on the information given by the Group and accepted the advices given to us on such matters as tenures, title documents, planning approvals, statutory notices, easements, development schemes, development schedules, dates of completion, occupancies, floor areas and all other relevant matters material to this valuation. No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are only approximate. We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and the accuracy of the information, which is material to the valuation, provided to us by the Group. We were also advised by the Group that no material fact was omitted from the information supplied.

We have inspected the properties to such extent as for the purpose of this valuation. We have not carried out any investigation on the site to determine the suitability of the ground conditions and the services etc. for any future development.

All monetary amounts are stated in Renminbi (“RMB”).

We enclose herewith our valuation certificate.

Yours faithfully,  
For and on behalf of  
**CB Richard Ellis Limited**

**Alex PW Leung**  
*Director*  
Valuation & Advisory Services

**Leo MY Lo**  
*Director*  
Valuation & Advisory Services

*Note:* Mr. Leung is a Registered Professional Surveyor (General Practice), a professional member of Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He has over 15 years’ valuation experience in Hong Kong, the PRC and Asia-Pacific region.

Mr. Lo is a professional member of Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He has over 5 years’ valuation experience in Hong Kong, the PRC and Asia-Pacific region.

## VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 31 March 2009 (RMB)
The Land for Primary Development, Gaolizhuang, Fengtai District, Beijing City, the PRC	The property comprises of a parcel of land to the north of South 5th Ring Road of Beijing, with a total site area of approximately 374,200 sq.m., 301,200 sq.m. of which will become developable upon completion of the infrastructure.  As advised, the primary development will be completed in 2010.	The property is currently occupied by local villagers and industrial enterprises.	No Commercial Value

*Note:*

- a) As advised, the Group will not obtain any State-owned Land Use Rights Certificate of the property in the primary development.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiry, 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. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions 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 Part XV 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 were 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 Director	Capacity	Nature of Interests	Number of Shares held	Aggregate long position	Percentage of Shares to the issued share capital of the Company
Mr. Billy K Yung	Beneficial owner	Personal	37,272,000	263,601,084	50.36%
	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		
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	53,246,300	63,246,300	12.08%
	Interest of spouse <i>(note 4)</i>	Family	10,000,000		
Mr. Leung Chun Wah	Beneficial owner	Personal	1,559,400	1,559,400	0.30%
Mr. Simon Yung Kwok Choi	Beneficial owner	Personal	39,147,911	43,577,351	8.32%
	Interest of controlled corporation <i>(note 5)</i>	Corporate	3,529,440		
	Interest of spouse <i>(note 6)</i>	Family	900,000		

*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 by 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 options 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 of Director	Capacity	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options capital held as at the Latest Practicable Date	Percentage to the issued share 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 December 2001 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.

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

Name of Director	Capacity	Date of grant	Period during which options are exercisable	Subscription price per share US\$	Number of share options capital held as at the Latest Practicable Date	Percentage to the issued share 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					<u>200,000</u>	<u>0.84%</u>

Galactic is a company incorporated in September 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.

(iii) *Share options to subscribe for shares in Pan China Land (Holdings) Corporation (“Pan China”)*

Name of Director	Capacity	Date of grant	Period during which options are exercisable	Subscription price per share HK\$	Number of share options capital held as at the Latest Practicable Date	Percentage to the issued share of Pan China as at the Latest Practicable Date
Mr. Billy K Yung	Beneficiary Owner	29.11.2007	On the Listing Date–10 years after the Listing Date	600	4,000	
			6 months after the Listing Date–10 years after the Listing Date	600	4,000	
			12 months after the Listing Date–10 years after the Listing Date	600	4,000	
			18 months after the Listing Date–10 years after the Listing Date	600	4,000	
			24 months after the Listing Date–10 years after the Listing Date	600	4,000	



Name of Director	Capacity	Date of grant	Period during which options are exercisable	Subscription price per share HK\$	Number of share options capital held as Practicable Date	Percentage to the issued share of Pan China as at the Latest Practicable Date
	Trustee (Note)	29.11.2007	On the Listing Date–10 years after the Listing Date	600	800	
			6 months after the Listing Date–10 years after the Listing Date	600	800	
			12 months after the Listing Date–10 years after the Listing Date	600	800	
			18 months after the Listing Date–10 years after the Listing Date	600	800	
			24 months after the Listing Date–10 years after the Listing Date	600	800	
Mr. Eddie Hurip	Beneficiary Owner	29.11.2007	On the Listing Date–10 years after the Listing Date	600	160	
			6 months after the Listing Date–10 years after the Listing Date	600	160	
			12 months after the Listing Date–10 years after the Listing Date	600	160	
			18 months after the Listing Date–10 years after the Listing Date	600	160	
			24 months after the Listing Date–10 years after the Listing Date	600	160	
	Trustee (Note)	29.11.2007	On the Listing Date–10 years after the Listing Date	600	240	
			6 months after the Listing Date–10 years after the Listing Date	600	240	
			12 months after the Listing Date–10 years after the Listing Date	600	240	
			18 months after the Listing Date–10 years after the Listing Date	600	240	
			24 months after the Listing Date–10 years after the Listing Date	600	240	
Total number of share options held by Directors					26,000	1.30%

*Note:* These share options are held in trust for the benefit of Timely Hero Limited, a wholly owned subsidiary of the Company.

Pan China is a company incorporated in November 2007 with limited liability and engaged in investment holding. As at the Latest Practicable Date, the Company indirectly held 70% of the issued share capital of Pan China.

**(c) Disclosure of other interests**

Save as disclosed above, 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 Transaction by the Directors of Listing Companies to be notified to the Company and the Stock Exchange.

**3. DISCLOSURE OF INTEREST UNDER DIVISIONS 2 AND 3 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 Divisions 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 Shares held	Aggregate long position	Percentage of Shares held to the issued share capital of the Company
UBS Trustees (BVI) Limited	Trustee of a trust <i>(note 1)</i>	Other	224,437,334	224,437,334	42.87%
Diamond Key Enterprises Inc.	Beneficial owner <i>(note 1)</i>	Beneficial	143,612,287	143,612,287	27.43%
On Fat Profits Corporation	Beneficial owner <i>(note 1)</i>	Beneficial	72,716,797	72,716,797	13.89%
Madam Chiu Man	Beneficial owner Interest of spouse <i>(note 2)</i>	Personal Family	900,000 42,677,351	43,577,351	8.32%
Madam Hsu Vivian	Interest of spouse Interest held jointly with another person <i>(note 3)</i>	Family Other	37,272,000 10,000,000	47,272,000	9.03%

*Notes:*

- (1) 143,612,287 Shares and 72,716,797 Shares form part of the 224,437,334 Shares held by UBS Trustees (BVI) Limited of which the aggregate number of 143,612,287 Shares and 72,716,797 Share (i.e. 216,329,084 Shares) are disclosed in the sub-paragraph headed “2.(a) Long position in the Shares” under the paragraph headed “2. Disclosure of 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 interests are in fact the same block of Shares already disclosed respectively under family, personal and corporate interests of her husband, Mr. Simon Yung Kwok Choi as disclosed in the sub-paragraph headed “2.(a) Long position in the Shares” under the paragraph headed “2. Disclosure of interests” above.
- (3) Madam Hsu Vivian’s Shares held under family and other interests are in fact the same block of Shares already disclosed respectively under personal and other interests of her husband, Mr. Billy K Yung as disclosed in the sub-paragraph headed “2.(a) Long position in the Shares” under the paragraph headed “2. Disclosure of interests” above.

**(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	Pan China Land (Holdings) Corporation	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%
北京世紀隆興投資有限公司 (Beijing Century Longxing Investment Limited*)	Beneficial Owner	北京華世柏利房地產開發有限公司 (Beijing Huashiboli Property Development Limited*)	10.00%
北京世紀恆信諮詢有限公司 (Beijing Century Hengxin Consulting Limited*)	Beneficial Owner	北京華世柏利房地產開發有限公司 (Beijing Huashiboli Property Development Limited*)	20.00%

Name of substantial shareholder	Capacity	Name of subsidiary	Percentage of equity interest
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%
青島崇杰集團有限公司 (Qingdao Chongjie Company Limited*)	Beneficial Owner	青島頤景房地產開發有限公司 (Qingdao Yijing Real Estate Development Limited*)	18.00%
吳祖華 (Wu Zu Hua*)	Beneficial Owner	青島頤景房地產開發有限公司 (Qingdao Yijing Real Estate Development Limited*)	12.00%
廣州市新城投資顧問有限公司	Beneficial Owner	廣州新都房地產發展有限公司	10.00%
Ying Min Qiang	Beneficial Owner	SLP (China) Pte. Ltd.	10.00%
Zhang Qing	Beneficial Owner	SLP (China) Pte. Ltd.	10.00%

\* For identification purpose only

Save as disclosed above, as at the Latest Practicable Date, as 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 Divisions 2 and 3 of Part XV of the SFO, or had, directly or indirectly, any interests 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.

**4. SERVICE CONTRACT**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a 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.

**5. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respectively associates had any interest in businesses, which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

**6. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS**

As at the Latest Practicable Date, none of the Directors and supervisors of the Company had any interest in any assets which have been since 31 December 2008 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group. As at the Latest Practicable Date, none of the Directors and supervisors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

**7. 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.

**8. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, being the date of the latest published audited financial statements of the Company.

**9. CONSENTS**

As at the date of this circular, each of CIMB-GK Securities (HK) Limited and CB Richard Ellis Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and reference to its name and opinion in the form and context in which it appears in this circular.

As at the Latest Practicable Date, CIMB-GK Securities (HK) Limited and CB Richard Ellis Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## 10. QUALIFICATION OF EXPERTS

The following are the qualification of the experts who have given their opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
CIMB-GK Securities (HK) Limited	a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
CB Richard Ellis Limited	independent professional valuer

## 11. MISCELLANEOUS

- (a) The head office and registered office of the Company is at Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong.
- (b) The share registrar and transfer office of the Company is Tricor Standard Limited, Share Registration Public Office, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) The secretary of the Company is Mr. Peter Lee Yip Wah, a qualified solicitor practicing in Hong Kong.
- (d) The translation into Chinese language of this document is for reference only. In the event of any inconsistency, the English text of this document shall prevail over the Chinese language text.

## 12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Shell Industrial Building, 12 Lee Chung Street, Chai Wan Industrial District, Hong Kong during normal business hours on any business day from the date of this circular until 4 June 2009:

- (a) the Disposal Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 10 of this circular;
- (c) the letter from CIMB-GK Securities (HK) Limited, the text of which is set out on pages 11 to 16 of this circular;
- (d) the property valuation report prepared by CB Richard Ellis Limited, the text of which is set out in Appendix I to this circular; and
- (e) the consent letters from CIMB-GK Securities (HK) Limited and CB Richard Ellis Limited referred to in the paragraph headed "Consents" in this Appendix.