



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, 30 May 2006 at 4:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and of the auditors for the year ended 31 December 2005.
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. A Special Notice has been given pursuant to Sections 116C and 132 of the Companies Ordinance of the intention to propose the following resolution as an Ordinary Resolution:

“**THAT** Messrs. Grant Thornton, the retiring Auditors, who were appointed by the Board of Directors of the Company to fill the casual vacancy following the resignation of Messrs. Deloitte Touche Tohmatsu, be re-appointed Auditors to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed with the Directors.”

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
 - (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 in the Company upon the exercise of options granted under any share option schemes or any similar arrangements 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 in the Company; or (iv) any scrip 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 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.”

8. As special business to consider and if thought fit, pass, with or without modifications, the following resolution as a Special Resolution:–

SPECIAL RESOLUTION

“**THAT** the articles of association of the Company be and are hereby amended in the following manner:–

(a) Article 72

by deleting the existing Article 72 in its entirety and substituting therefor the following new Article and its marginal note:–

“72. The Chairman (if any) of the Board or, if he is absent or declines to take the chair at such meeting, the Deputy Chairman (if any) shall take the chair at every general meeting, or, there be no such Chairman or Deputy Chairman or, if at any general meeting neither of such Chairman or Deputy Chairman is present within fifteen minutes after the time appointed for holding such meeting, or both such persons decline to take the chair at such meeting, the Directors present shall choose one of their number to act as Chairman, or if one Director only is present he shall take the chair if he is willing to act as Chairman, and if no Director is present or if all the Directors present decline to take the chair or if the Chairman chosen shall retire from the chair, then the members present shall choose one of their number to be Chairman.”;

Chairman of
general meeting

(b) Article 94

by deleting the last sentence of the Article 94 in its entirety and substituting therefor the following sentence:–

“Any Director so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the existing Board), and shall then be eligible for re-election.”; and

(c) Article 103. (A)

by deleting the existing Article 103. (A) in its entirety and substituting therefor the following new Article and its marginal note:–

“103. (A) Subject to the manner of retirement by rotation of Directors as from time to time prescribed under the Listing Rules, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election.”;

Rotation and
retirement of
Directors

By Order of the Board
Peter LEE Yip Wah
Secretary

Hong Kong, 28 April 2006

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 Thursday, 25 May 2006 to Tuesday, 30 May 2006, 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, all transfers of shares in the Company accompanied by the relevant share certificates must be lodged with the share registrars of the Company, Standard Registrars Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Wednesday, 24 May 2006.
4. With regard to items 3 and 5 to 8 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 and the proposed amendment to the Company's Articles of Association will be despatched to the Shareholders of the Company together with the Company's Annual Report 2005.
5. This notice will also be available for viewing on the website of each of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the Company at www.smc.com.hk from 28 April 2006.
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 and Mr. Plato POON Chak Sang 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.

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AS REFERRED TO IN SPECIAL RESOLUTION NO.8 SET OUT IN THE
NOTICE OF ANNUAL GENERAL MEETING**

The Stock Exchange of Hong Kong Limited has amended the Rules Governing the Listing of Securities on the Stock Exchange for the purpose of implementing the Code on Corporate Governance Practices (the "Code"). The Code replaces the Code of Best Practice in Appendix 14 of the Listing Rules. Pursuant to paragraph A.4.2 of the Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. To reflect the requirements of paragraph A.4.2 of the Code, the Board proposes to amend the existing Articles 94 and 103.(A) of the Articles to provide that a director appointed to fill a casual vacancy shall be subject to election at the next following general meeting and at each annual general meeting one-third of the Directors or the number of Directors nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation once every three years.

The existing Article 72 of the Articles requires the Shareholders present to choose another Director as Chairman if at any general meeting neither of the Chairman of the Board or Deputy Chairman is present or both such persons decline to take the chair of such meeting. In this connection, it would be necessary to propose a resolution in respect of election of Chairman for voting by the Shareholders. In order to save the time taken in voting on the resolution in respect of the election of Chairman, the Board proposes to amend the existing Article 72 to allow the Directors present to choose one of their number to act as Chairman if at any general meeting neither of the Chairman of the Board or the Deputy Chairman is present or both such persons decline to take the chair of such meeting.

Please also refer to the published version of this announcement in The Standard.