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SHELL ELECTRIC MFG. (HOLDINGS) COMPANY LIMITED
蜆壳電器工業（集團）有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 00081)

DISCLOSEABLE TRANSACTION

**ACQUISITION OF THE REMAINING 54.10% INTERESTS
IN THE REGISTERED CAPITAL OF**

**北京中順超科房地產開發有限公司 (BEIJING ZHONG SHUN CHAO KE
PROPERTY DEVELOPMENT COMPANY LIMITED*)**

The Board announces that on 9 November 2007, 北京光大房地產開發有限公司 (Beijing EverBright Real Estate Development Company Limited*), as the Purchaser and a 70%-owned subsidiary of the Company, entered into the Agreements to acquire all the remaining 54.10% interests in the registered capital of 北京中順超科房地產開發有限公司 (Beijing Zhong Shun Chao Ke Property Development Company Limited*) and to dispose of its 51% holding of the registered capital of 北京金華星置業有限公司 (Beijing Jin Hua Xing Properties Company Limited*). As the relevant share transfers in the registered capital of Zhong Shun were completed on 14 November 2007, 北京光大房地產開發有限公司 (Beijing EverBright Real Estate Development Company Limited*) has now become the holder of 100% of the registered capital of 北京中順超科房地產開發有限公司 (Beijing Zhong Shun Chao Ke Property Development Company Limited*). The aggregate consideration paid and payable by the Group under the Agreements is approximately RMB337.62 million (approximately HK\$348.76 million).

The transactions contemplated under the Agreements constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. A circular containing, among other things, details of the Acquisition will be despatched to the Shareholders as soon as practicable.

1. INTRODUCTION

The Board announces that on 9 November 2007, the Purchaser entered into (i) the Share Transfer Agreement and (ii) the Supplemental Agreement. Pursuant to the Agreements, the Purchaser will acquire all the remaining 54.10% interests in the registered capital of Zhong Shun and dispose of its 51% holding of the registered capital of Jin Hua Xing to Jin Hai Cheng. As the relevant share transfers in the registered capital of Zhong Shun were completed on 14 November 2007, the Purchaser has now become the holder of 100% of the registered capital of Zhong Shun. The aggregate consideration paid and payable by the Purchaser under the Agreements is approximately RMB337.62 million (approximately HK\$348.76 million).

2. THE AGREEMENTS

2.1 The Share Transfer Agreement

Summarised below are the principal terms of the Share Transfer Agreement.

2.1.1 Date

9 November 2007

2.1.2 Parties

The Purchaser

北京光大房地產開發有限公司 (Beijing EverBright Real Estate Development Company Limited*), a 70%-owned subsidiary of the Company which held 10.2% of the registered capital of Zhong Shun and also held 51% of the registered capital of Jin Hua Xing which held 70% of Zhong Shun as at the date of the Share Transfer Agreement.

Bai Cheng

Bai Cheng is an Independent Third Party and had 49% interests in the registered capital of Jin Hua Xing which in turn held 70% of the registered capital of Zhong Shun as at the date of the Share Transfer Agreement.

Qian Qiu

Qian Qiu, an Independent Third Party, is an 80%-owned subsidiary of Bai Cheng and held 9.8% of the registered capital of Zhong Shun as at the date of the Share Transfer Agreement.

Zhong Shun

Zhong Shun is a company incorporated in the PRC with limited liability. As at the date of the Share Transfer Agreement, the Purchaser, Jin Hua Xing (which is a jointly-controlled entity of the Company and the registered capital of which is held by the Purchaser and Bai Cheng as to 51% and 49%, respectively), Madam Qu and Qian Qiu were interested in 10.2%, 70%, 10% and 9.8%, respectively, of the registered capital of Zhong Shun.

China EverBright Real Estate Development Company Limited

China EverBright Real Estate Development Company Limited is a 70%-owned subsidiary of the Company and an immediate holding company of the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Bai Cheng and Qian Qiu and their ultimate beneficial owners are Independent Third Parties.

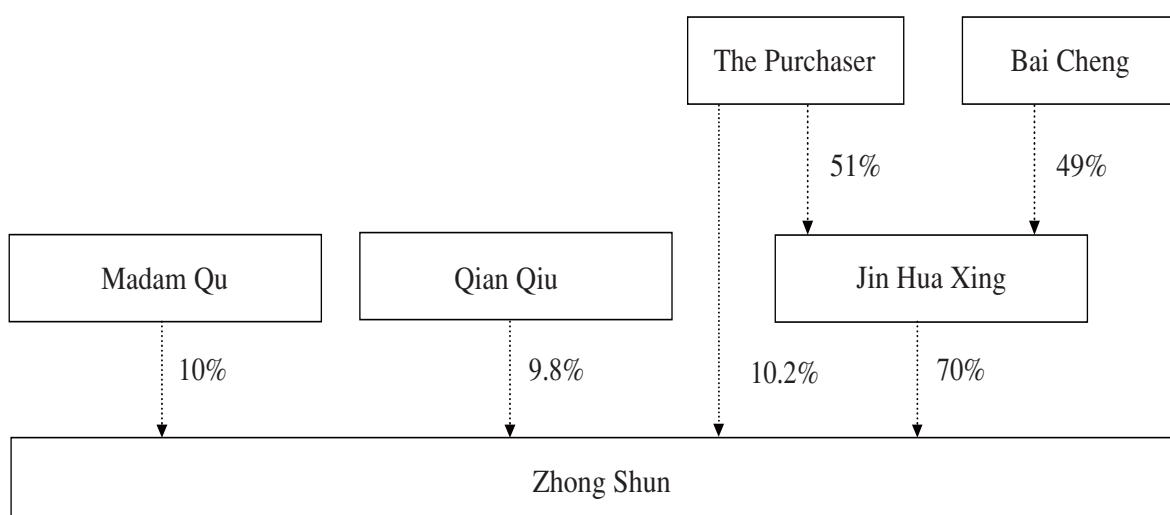
2.1.3 Subject of the Share Transfer Agreement

Pursuant to the Share Transfer Agreement, the Purchaser will acquire (i) 70% of the registered capital of Zhong Shun from Jin Hua Xing and (ii) 9.8% of the registered capital of Zhong Shun from Qian Qiu at an aggregate consideration of approximately RMB237.62 million (approximately HK\$245.46 million). Zhong Shun was incorporated in the PRC with limited liability on 14 November 2000 with a registered capital of RMB10 million. It is principally engaged in property development.

According to the audited financial statements (which are prepared in accordance with the generally accepted accounting principles in the PRC) of Zhong Shun for each of the two years ended 31 December 2006, it recorded a net loss (before and after taxation) of approximately RMB1,130,000 (approximately HK\$1,167,000) and RMB1,249,000 (approximately HK\$1,290,000), respectively. As at 31 December 2005 and 2006, the audited net assets of Zhong Shun were approximately RMB8,870,000 (approximately HK\$9,163,000) and RMB7,621,000 (approximately HK\$7,872,000), respectively.

The sole asset of Zhong Shun is the Project which represents a plot of land with a site area of approximately 14,150 square metres located in Haidian district in Beijing, the PRC which is planned to develop into a residential/office/commercial comprehensive development with a proposed gross floor area of approximately 115,000 square metres. The residential area and commercial area of the Project is currently expected to be approximately 39,590 square metres and 75,410 square metres, respectively. The construction of the Project commenced at the end of 2006 with scheduled completion in mid-2008.

Set out below was the shareholding structure of Zhong Shun as at the date of the Agreements:



2.1.4 Consideration

The aggregate consideration of approximately RMB237.62 million (approximately HK\$245.46 million) under the Share Transfer Agreement was arrived at after arm's length negotiations among the parties having taking into account the carrying cost of the Project at approximately RMB431 million as at 30 September 2007 and the property valuation of the Project at approximately RMB712 million as at 30 June 2007 by an independent valuer.

Pursuant to the Share Transfer Agreement, the aggregate consideration of approximately RMB237.62 million (approximately HK\$245.46 million) will be settled in the following manner:

- (i) the Purchaser already paid RMB150 million (approximately HK\$154.95 million) to Bai Cheng and Qian Qiu upon the completion of the relevant share transfers in the registered capital of Zhong Shun on 14 November 2007;
- (ii) before 15 December 2007, Zhong Shun will pay Bai Cheng and Qian Qiu approximately RMB43.81 million (approximately HK\$45.26 million); and
- (iii) before 31 March 2008, Zhong Shun will pay Bai Cheng and Qian Qiu the remaining balance of the consideration of approximately RMB43.81 million (approximately HK\$45.26 million).

Pursuant to the Share Transfer Agreement, China EverBright Real Estate Development Company Limited, being an immediate holding company of the Purchaser, will guarantee within a two-year period the due performance of the Purchaser and Zhong Shun in accordance with the terms of the Share Transfer Agreement.

2.2 The Supplemental Agreement

Summarised below are the principal terms of the Supplemental Agreement.

2.2.1 Date

9 November 2007

2.2.2 Parties

The Purchaser

As set out in 2.1.2 above.

Bai Cheng

As set out in 2.1.2 above.

Jin Hai Cheng

Jin Hai Cheng, an Independent Third Party, is the acquirer of Jin Hua Xing under the terms of the Supplemental Agreement.

Jin Hua Xing

As at the date of the Agreements, Jin Hua Xing was a jointly-controlled entity of the Company and its registered capital was held by the Purchaser and Bai Cheng as to 51% and 49%, respectively.

Zhong Shun

As set out in 2.1.2 above.

Madam Qu

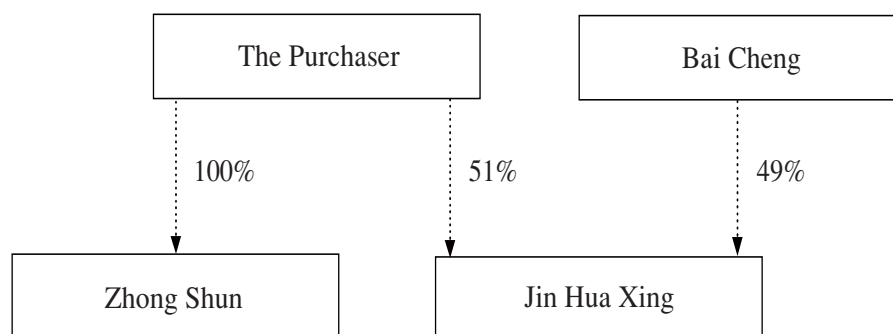
Madam Qu, an Independent Third Party, was the holder of 10% of the registered capital of Zhong Shun as at the date of the Supplemental Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Bai Cheng, Jin Hai Cheng and their ultimate beneficial owners and Madam Qu are Independent Third Parties.

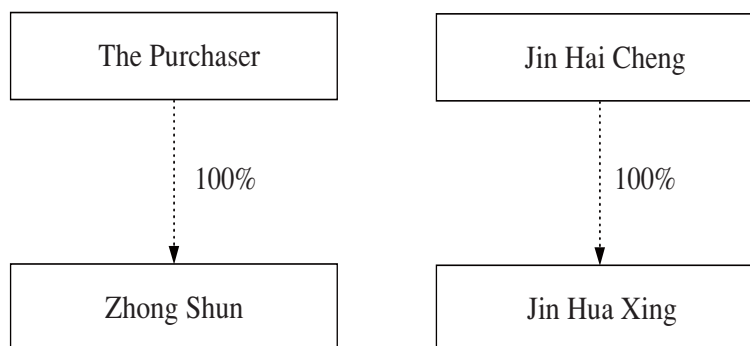
2.2.3 Subject of the Supplemental Agreement

Pursuant to the Supplemental Agreement, (i) the Purchaser, through its nominated party, will acquire from Madam Qu her holding of 10% of the registered capital of Zhong Shun at a cash consideration of RMB100 million (approximately HK\$103.3 million) and (ii) the Purchaser and Bai Cheng will dispose of their respective holding of the registered capital of Jin Hua Xing to Jin Hai Cheng at nil consideration. As the relevant share transfers in the registered capital of Zhong Shun were completed on 14 November 2007, the Purchaser has now become the holder of 100% of the registered capital of Zhong Shun. Upon completion of the relevant share transfers in the registered capital of Jin Hua Xing, the Purchaser will not have any interest in Jin Hua Xing.

Set out below are the existing shareholding structure of Zhong Shun and Jin Hua Xing:



Set out below are the shareholding structure of Zhong Shun and Jin Hua Xing immediately after the completion of the relevant share transfers in the registered capital of Jin Hua Xing:



2.2.4 Consideration

The purchase consideration of 10 % interests in Zhong Shun from Madam Qu amounts to RMB100 million (approximately HK\$103.3 million) and was already paid by the Purchaser upon the completion of the relevant share transfers in the registered capital of Zhong Shun and was arrived at after arm's length negotiations between the parties having taking into account the carrying cost of the Project and the property valuation of the Project as at 30 June 2007 by an independent valuer.

3. REASONS FOR AND BENEFITS OF THE AGREEMENTS

The Group is principally engaged in (i) the manufacturing and marketing of electric fans, vacuum cleaners, electric cables and other electrical household appliances, (ii) EMS (Electronic Manufacturing Services) business and (iii) property development and investment in the PRC.

The Directors are optimistic about the growth potential for the property market in the PRC. The Agreements have enabled the Group to eliminate the minority interests in Zhong Shun so as to enhance its interest in the Project, which the Directors consider to be in the interests of the Company and Shareholders as a whole. Since Jin Hua Xing would not have any material assets upon completion of the acquisition of all the remaining interests in Zhong Shun by the Purchaser, the Group considers it appropriate to dispose of its 51% holding in Jin Hua Xing to Jin Hai Cheng at nil consideration under the Supplemental Agreement. The disposal of the 51% interests in the registered capital of Jin Hua Xing by the Purchaser is not expected to have any material impact on the financial position of the Group.

As the aggregate consideration of approximately RMB337.62 million (approximately HK\$348.76 million) under the Agreements was principally arrived at after arm's length negotiations among the parties having taking into account the carrying costs and the property valuation of the Project as at 30 June 2007 by an independent valuer, the Directors consider that the terms of the Agreements including the consideration are fair and reasonable.

4. GENERAL

The transactions contemplated under the Agreements constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. A circular containing, among other things, details of the Acquisition and the Agreements will be despatched to the Shareholders as soon as practicable.

5. DEFINITIONS

Unless the context otherwise require, the following expressions have the following meanings in this announcement:

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| “Agreements” | the Share Transfer Agreement and the Supplemental Agreement |
| “associate(s)” | has the meaning as ascribed in the Listing Rules |
| “Bai Cheng” | 北京百城置業有限公司 (Beijing Bai Cheng Properties Company Limited*), a company incorporated in the PRC with limited liability. It is principally engaged in property development, office rental, real estate consultancy |
| “Board” | the 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(s)” | has the meaning as ascribed in the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | person(s), or in the case of companies, the company and their ultimate beneficial owner(s), who are independent of and not connected with the Company and its subsidiaries and its connected persons or in the case of a corporation (the ultimate beneficial owner) their respective associates (“connected persons” and “associates” as defined in the Listing Rules) |
| “Jin Hai Cheng” | 北京金海誠投資顧問有限公司 (Beijing Jin Hai Cheng Investment Consultant Company Limited*), a company incorporated in the PRC with limited liability. It is principally engaged in investment consultancy, corporate image planning, and convention organiser |

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| “Jin Hua Xing” | 北京金華星置業有限公司 (Beijing Jin Hua Xing Properties Company Limited*), a company incorporated in the PRC with limited liability. It is principally engaged in property development and sale of properties |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Madam Qu” | Madam Qu Yung Luan, the holder of the 10% registered capital in Zhong Shun |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “Project” | the property development project is located at Nos. 11–15 Xueyuan South Road, Haidian District, Beijing, the PRC |
| “Purchaser” | 北京光大房地產開發有限公司 (Beijing EverBright Real Estate Development Company Limited*), a company incorporated in the PRC with limited liability. |
| “Qian Qiu” | 北京千秋恆基偉業商貿有限公司 (Beijing Qian Qiu Heng Ji Commercial Company Limited*), a company incorporated in the PRC with limited liability and is an 80%-owned subsidiary of Bai Cheng. It is principally engaged in the sale of construction materials |
| “Shares(s)” | ordinary share(s), currently with par value of HK\$0.50 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of Share(s) |
| “Share Transfer Agreement” | the share transfer agreement dated 9 November 2007 entered into by the Purchaser, Bai Cheng, Qian Qiu, Zhong Shun and China EverBright Real Estate Development Limited in respect of the transfers of 70% and 9.8% of the registered capital of Zhong Shun from Jin Hua Xing and Qian Qiu, respectively, to the Purchaser |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supplemental Agreement” | the supplemental agreement dated 9 November 2007 entered into by the Purchaser, Bai Cheng, Jin Hai Cheng, Jin Hua Xing, Zhong Shun and Madam Qu in respect of (i) the acquisition of 10% of the registered capital of Zhong Shun by the Purchaser from Madam Qu and (ii) the disposal of 51% and 49% of the registered capital of Jin Hua Xing by the Purchaser and Bai Cheng, respectively, to Jin Hai Cheng |

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| “Zhong Shun” | 北京中順超科房地產開發有限公司 (Beijing Zhong Shun Chao Ke Property Development Company Limited*), a company incorporated in the PRC with limited liability |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | per cent. |

Amounts denominated in RMB in this announcement have been translated into HK\$ at a rate of RMB1.00=HK\$1.033 for illustration purposes.

By Order of the Board
Billy K Yung
Group Chairman and Chief Executive

Hong Kong, 21 November 2007

As at the date of this announcement, the Board comprises nine Directors, of which four are executive Directors, namely Mr. Billy K YUNG, Madam YUNG HO Wun Ching, Mr. LEUNG Chun Wah and Mr. Eddie HURIP, one non-executive Director being Mr. Simon YUNG Kwok Choi and four independent non-executive Directors, namely Dr. Leo Tung-Hai LEE, Mr. Shiu-Kit NGAI, Mr. Peter WONG Chung On and Mr. Peter LAM.

* For identification purpose only