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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
Disposal of Macro Cables factory property

An agreement has been signed on 19th April, 2004 between Kirton, as vendor, and Shunde YaYu, as purchaser, which provides for the disposal of the Property currently occupied by Macro Cables for a consideration of Rmb¥58,826,205 (approximately HK\$55,426,000), payable in cash. The net proceeds of the disposal of the Property (after deducting all related fees, dues, expenses and property taxes to be borne by Kirton) are expected to amount to approximately Rmb¥30,253,000 (approximately HK\$28,504,000) and will be used by the Group as additional working capital.

Completion of the transaction is subject to official approval of the change of permitted use of the Property to that of residential and commercial.

The disposal of the Property constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing further details of the transaction together with other information as required under the Listing Rules will be sent to shareholders of the Company as soon as practicable.

1. SALE AND PURCHASE AGREEMENT DATED 19TH APRIL, 2004

Parties

- (i) Kirton, *as vendor*; and
- (ii) Shunde YaYu, *as purchaser*.

The Directors of the Company confirm that, to the best of their knowledge, information and belief having made all reasonable enquiry, Shunde YaYu and its ultimate beneficial owner are independent third parties not connected with any of the Company, its subsidiaries, their respective directors, chief executives and substantial shareholders and the associates of any of them.

Asset to be disposed of

The Property situated at 中國廣東省佛山市順德區大良鎮紅崗居委會紅崗村尾杏良公路羅賓路段 (Luo Bin Road Section, Hong Gang Ju Wei Hui, Da Liang Town, Shunde District, Foshan City, Guangdong Province, the PRC) comprising a four-storey industrial building with a gross building area of approximately 35,859.5 sq.m. constructed on a site with an area of approximately 38,448.5 sq.m.

The land use right of the Property currently extends to 16th June, 2047.

Consideration payable by Shunde YaYu

Rmb¥58,826,205 (equivalent to approximately HK\$55,426,000) which is payable, in cash, as follows:

- (i) as to the first tranche of 30%, or Rmb¥17,647,861.5 (approximately HK\$16,627,815), within three business days of the signing of the agreement (which amount has been received);
- (ii) as to the second tranche of 30%, or Rmb¥17,647,861.5 (approximately HK\$16,627,815), within three business days of the physical handover of the Property by Kirton to Shunde YaYu; and

(iii) the remaining third tranche of 40%, or Rmb¥23,530,482 (approximately HK\$22,170,370), within three business days of the completion of the transfer of the registration of the Property by Kirton to Shunde YaYu.

The consideration, which represents Rmb¥1,530 per sq.m. of site area, has been determined by arms length negotiations between Kirton and Shunde YaYu taking into account the re-development potential of the Property.

Obligations of Kirton

Within 15 business days of the receipt of the first tranche of the consideration, Kirton is required to make an official application to the relevant governmental authorities to change the permitted use of the land use right of the Property from that of industrial to residential and commercial and the extension of the period of the land use right from the current approximately 43 years to 70 years. Pursuant to the agreement, Kirton will be responsible for all related fees and expenses (including land premium payable) involved in the application for the change of permitted use (currently estimated at Rmb¥19,224,000 (approximately HK\$18,113,000)). Kirton will also be responsible for 50% of the transfer expenses together with other fees, dues, expenses and property taxes (currently estimated to amount, in aggregate, to Rmb¥9,350,000 (approximately HK\$8,810,000)) for this transaction.

Completion

The physical handover of the Property is scheduled to take place after the official approval of the above change of permitted use has been received. Under the agreement, the last date for obtaining such approval of change of permitted use is 30th November, 2004 and the last date for physical handover of the Property is 31st December, 2004.

The last date for completion of the transaction is 31st January, 2005.

In the event that the above-mentioned official approval of change of permitted use is unable to be obtained, Shunde YaYu will be entitled to rescind the agreement by notice to Kirton and upon such rescission, Kirton will refund all monies received from Shunde YaYu together with interest thereon calculated at prevailing PRC bank lending rates.

2. INFORMATION ON THE PROPERTY

The Property is currently occupied by Macro Cables, a joint venture in the PRC in which the Company has a 98% equity interest.

The Property comprises a four-storey industrial building with a gross building area of approximately 35,859.5 sq.m. constructed on a site area of approximately 38,448.5 sq.m.

Particulars of the site are as follows:–

site registration number	:	126089-001
site plan number	:	126-89
current permitted use	:	industrial
expiry date of land use right	:	16th June, 2047
area	:	38,448.5 sq.m.

Approval in principle to change the permitted use of the land use right of the Property from that of industrial to residential and commercial, has been received from the relevant government authorities. However, on such change, it is expected that the net site area will be reduced to approximately 31,717 sq.m. (within red demarcation lines).

The net losses before and after taxation and extraordinary items attributable to the Property for the two financial years ended 31st December, 2003 were HK\$320,000 and HK\$320,000, and HK\$324,000 and HK\$324,000, respectively.

3. REASON FOR THE DISPOSAL

The principal activities of the Group are the manufacturing and marketing of electrical household appliances and investments in property and high technology businesses.

The Directors of the Company consider that the agreement provides the Group with an opportunity to dispose of the Property which is surplus to the Group's requirements. The Directors are of the opinion that the terms of the agreement are fair and reasonable and in the interests of the Group, notwithstanding the relatively high level of related fees,

dues, expenses and property taxes borne by Kirton under the agreement.

Following the disposal of the Property, it is intended to relocate the electric cables and wires manufacturing operations of Macro Cables to a vacant site owned by the Group at 中國廣東省佛山市順德區大良鎮紅崗村委會飛鵝崗168號 (No. 168 Flying Goose Hillock, Hong Gang Cun Wei Hui, Da Liang Town, Shunde District, Foshan City, Guangdong Province, the PRC) at an estimated relocation cost of approximately HK\$3,000,000.

The net proceeds of the disposal of the Property (after deducting all related fees, dues, expenses and property taxes to be borne by Kirton as set out in the paragraph headed “Obligations of Kirton” above) are expected to amount to approximately Rmb¥30,253,000 (approximately HK\$28,504,000) and will be used by the Group as additional working capital.

The carrying value of the Property in the Group’s books of accounts as at 31st March, 2004 amounted to HK\$43,830,000. Accordingly, the consideration for disposal of the Property (after deducting all related fees, dues, expenses and property taxes to be borne by Kirton) represents a deficit over such book value of approximately HK\$15,326,000.

4. LISTING RULES IMPLICATIONS

The disposal of the Property constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing further details of the transaction together with other information as required under the Listing Rules will be sent to shareholders of the Company as soon as practicable.

5. BOARD OF DIRECTORS

As at today’s date, the Board of Directors of the Company comprises the following nine Directors:–

Executive Directors:

Mr. Billy Yung Kwok Kee (*Group Chairman & Managing Director*)

Dr. Yung Yau (*Honorary Chairman*)

Madam Yung Ho Wun Ching

Mr. Leung Chun Wah

Mr. Plato Poon Chak Sang

Non-Executive Director:

Mr. Simon Yung Kwok Choi

Independent Non-Executive Directors:

Cav Gr Cr, Dr. Leo Tung-Hai Lee, GBS, OBE, Chev Leg d'Hon, Comm Leopold II, LLD, JP

Mr. Shiu-Kit Ngai, SBS, OBE, JP

Mr. Peter Wong Chung On

6. DEFINITIONS

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

“Company”	Shell Electric Mfg. (Holdings) Company Limited
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kirton”	Kirton Corporation, a wholly owned subsidiary of the Company incorporated in Samoa
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macro Cables”	廣東萬家樂電纜有限公司 (Guangdong Macro Cables Company Limited), a joint venture in the PRC in which the Company has a 98% equity interest (the remaining 2% equity interest is owned by 廣東萬家樂集團公司 (Guangdong Macro Group Corporation), a PRC company), and the principal activities of which are the manufacturing and trading of electric cables and wires

“PRC”	the People’s Republic of China
“Property”	the property ownership right and the land use right (pertaining to the site on which the property is built) as detailed in 粵房地證字第C0421931號《房地產權證》(Guangdong real estate certificate No. C0421931《Property ownership certificate》)
“Shunde YaYu”	佛山市順德區雅宇房產開發有限公司 (Foshan City Shunde District YaYu Property Development Company Limited), a PRC company engaged in real estate development principally in the Shunde district
“sq.m.”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Rmb¥”	Renminbi, the lawful currency of the PRC

(In this announcement, Renminbi amounts are converted into Hong Kong dollar amounts at the approximate current prevailing market rate of Rmb¥1 = HK\$0.9422)

By Order of the Board
Peter Lee Yip Wah
Secretary

Hong Kong, 20th April, 2004.

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