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)

2009 FINAL RESULTS

LOSS FOR THE YEAR

The Group's audited consolidated loss attributable to the owners of the Company for the year ended 31st December, 2009 amounted to HK$279,713,000. Basic loss per share was HK$0.534.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2009

	NOTES	**2009** **HK$'000**	2008 *HK$'000*
Revenue	*(4)*	**2,707,924**	2,502,632
Cost of sales and services provided		**(2,198,201)**	(1,662,292)
Gross profit		**509,723**	840,340
Other income		**60,192**	44,231
Distribution and selling expenses		**(76,008)**	(73,194)
Administrative expenses		**(435,175)**	(300,415)
Other operating expenses		**(115,646)**	(107,239)
Other gains/(losses)			
Fair value gain on reclassification of inventories of properties to investment properties		**426,803**	–
Fair value loss on investment properties		**(131,681)**	(64,337)
Fair value gain /(loss) on investments held for trading		**21,993**	(62,286)
Impairment loss on goodwill arising on acquisition of a subsidiary		**–**	(2,283)
Impairment loss on an owner-occupied property		**(527)**	(3,423)
Impairment losses on other assets		**(244,322)**	(5,116)
Reversal of impairment of financial assets		**–**	7,684
Reversal of unutilised provision		**–**	67,309
Gain on disposal of a subsidiary		**17,286**	56,115
Others		**3,351**	4,755
Operating profit	*(6)*	**35,989**	402,141
Finance costs		**(35,796)**	(73,109)
Share of results of associates		**36,157**	46,354
Share of results of jointly controlled entities		**2,721**	7,366
Gain on disposal of a jointly controlled entity		**–**	176,533
Impairment loss on interest in a jointly controlled entity		**–**	(28,361)
Profit before income tax		**39,071**	530,924
Income tax expense	*(7.1)*	**(421,221)**	(456,518)
(Loss)/Profit for the year		**(382,150)**	74,406
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(279,713)**	23,563
Non-controlling interests		**(102,437)**	50,843
		(382,150)	74,406
		HK Cents	*HK Cents*
(Loss)/Earnings per share	*(9)*		
– Basic		**(53.40)**	4.48
– Diluted		**N/A**	3.81

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2009

	2009	2008
	HK$'000	*HK$'000*
(Loss)/Profit for the year	**(382,150)**	74,406
Other comprehensive income		
Exchange difference arising from translation of overseas operations		
– subsidiaries	**2,791**	119,401
– associates and jointly controlled entities	**8,040**	14,739
	10,831	134,140
Reclassification from assets revaluation reserve to profit or loss upon sales of inventories of properties	**(71,534)**	(36,243)
Income tax	**23,859**	15,671
	(47,675)	(20,572)
Other comprehensive income for the year, net of tax	**(36,844)**	113,568
Total comprehensive income for the year	**(418,994)**	187,974
Total comprehensive income attributable to:		
Owners of the Company	**(303,411)**	137,412
Non-controlling interests	**(115,583)**	50,562
	(418,994)	187,974

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December, 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment properties		**1,244,869**	747,220
Property, plant and equipment		**212,284**	209,592
Prepaid lease rental on land		**20,305**	21,239
Goodwill		**84,991**	84,934
Other intangible assets		**236,570**	240,591
Interests in associates		**459,795**	418,860
Interests in jointly controlled entities		**223,219**	222,800
Available-for-sale financial assets		**3,300**	2,920
Loans receivable		**106,597**	130,138
Deferred tax assets		**2,098**	1,908
		2,594,028	2,080,202
Current assets			
Inventories of properties		**6,416,537**	6,099,493
Other inventories		**100,851**	124,228
Trade and other receivables, prepayments and deposits	(10)	**715,487**	1,036,644
Prepaid lease rental on land		**527**	524
Loans receivable		**4,013**	15,345
Amount due from an associate		**2,340**	–
Amounts due from jointly controlled entities		**119,077**	77,295
Amount due from an investee		**8,411**	20,831
Amounts due from minority shareholders		**4,202**	33,856
Investments held for trading		**28,499**	20,643
Tax prepaid		**8,631**	8,704
Restricted cash and deposits		**137,837**	52,582
Cash and cash equivalents		**853,072**	873,326
		8,399,484	8,363,471
Current liabilities			
Trade and other payables	(10)	**2,688,665**	2,378,746
Sales deposits received		**1,347,027**	772,395
Amount due to an associate		**96**	118
Amount due to a jointly controlled entity		**227**	226
Amount due to a minority shareholder		**82,385**	186,612
Amount due to a related party		**291**	291
Consideration payable on acquisition of a subsidiary		**74,082**	210,097
Taxation liabilities	(7.2)	**745,109**	607,398
Bank borrowings		**760,502**	929,179
		5,698,384	5,085,062
Net current assets		**2,701,100**	3,278,409
Total assets less current liabilities		**5,295,128**	5,358,611

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 31st December, 2009

	2009	2008
	HK$'000	*HK$'000*
Non-current liabilities		
Bank borrowings	**1,483,718**	1,282,184
Loan from a minority shareholder	**3,599**	3,386
Other liabilities	**12,015**	6,155
Deferred tax liabilities	**464,601**	436,319
	1,963,933	1,728,044
Net assets	**3,331,195**	3,630,567
Capital and reserves		
Share capital	**261,742**	262,742
Reserves	**2,609,901**	2,841,271
Equity attributable to owners of the Company	**2,871,643**	3,104,013
Non-controlling interests	**459,552**	526,554
Total equity	**3,331,195**	3,630,567

NOTES TO THE FINANCIAL STATEMENTS

1. **Basis of Presentation**

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (including all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the Hong Kong Companies Ordinance and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. **Principal Accounting Policies**

These consolidated financial statements have been prepared under the historical cost convention except for investment properties and financial instruments classified as at fair value through profit or loss which are measured at fair values. Disposal groups and non-current assets held for sale (other than investment properties) are stated at the lower of their carrying amounts and fair values less costs to sell.

The accounting policies used in preparing these consolidated financial statements are consistent with those followed in the Group's annual financial statements for the year ended 31st December, 2008 with the addition of certain standards and interpretations of HKFRSs issued and became effective in the current year.

3. **Adoption of New and Revised HKFRSs**

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1st January, 2009:

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or an associate

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

3. Adoption of New and Revised HKFRSs *(Continued)*

HKFRS 2 (Amendments)	Share based payment – vesting conditions and cancellation
HKFRS 7 (Amendments)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK (IFRIC) – Int 15	Agreements for the construction of real estate
Various – Annual improvements to HKFRSs 2008	

Other than as further explained below regarding the impact of HKAS 1 (Revised 2007) and HKFRS 8, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example exchange difference arising on the translation of overseas operations. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of Comprehensive Income". Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting polices on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position as at 1st January, 2008 and accordingly the third statement of financial position as at 1st January, 2008 is not presented.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

4. Revenue

Breakdown of revenue, which also represents the Group's turnover, is as follows:

	2009 ***HK$'000***	2008 *HK$'000*
Sales of properties	**1,480,016**	1,200,246
Sales of goods	**981,479**	1,100,008
Property management fee income	**65,929**	56,948
Property rental income	**124,223**	106,726
Taxi licence fee income	**56,277**	38,704
Total revenue	**2,707,924**	2,502,632

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

5. Segment Information

The operating segments are reported in a manner consistent with the way in which information is reported internally to the Group's most senior management for the purposes of resource allocation and assessment of segment performance.

The Group has identified the following reportable segments for its operating segments:

Electrical household appliances	–	This segment manufactures electrical appliances including electric fans, vacuum cleaners, lighting products, fuser and laser scanner. The Group's manufacturing facilities are located primarily in the People's Republic of China (the "PRC") and products are mainly sold to customers in the PRC and overseas such as North America and European countries
Property leasing	–	This segment leases industrial properties and commercial units located in Hong Kong, the PRC and the United States to generate rental income and gain from appreciation in the properties' values in long term. Part of the business is carried out through certain associates.
Property investment and development	–	This segment constructs commercial and residential properties in the PRC for external customers.
Securities trading	–	This segment mainly carries out trading of securities to generate gain from appreciation in securities.
Car rental	–	This segment carries out taxi rental operation in the PRC and generates licence fee income.
All other segments	–	Operating segments which are not reportable comprise manufacturing and trading of electric cables and trading of computer hardware and software which generate revenue from sales of goods, as well as direct investments which derive gain from holding investments in enterprises engaging in high-tech business.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment profit/loss includes the Group's share of profit/loss arising from the activities of the Group's associates and jointly controlled entities. Reportable segment profit/loss excludes corporate income and expenses from the Group's profit/loss before income tax. Corporate income and expenses are income and expenses incurred by corporate headquarter which are not allocated to the operating segments. Each of the operating segments is managed separately as the resources requirement of each of them is different.

Segment assets include all assets with the exception of corporate assets, including available-for-sale financial asset, bank balances and cash and other assets which are not directly attributable to the business activities of operating segments as these assets are managed on a group basis.

Segment liabilities include trade and other payables, accrued liabilities, amounts due to related parties and other liabilities directly attributable to the business activities of operating segments and exclude corporate liabilities and liabilities such as bank borrowings that are managed on a group basis.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

5. Segment Information *(Continued)*

Segment results, segment assets and segment liabilities

Information regarding the Group's reportable segments including the reconciliations to revenue, profit/loss before income tax, total assets and total liabilities are as follows:

	Electrical household appliances *HK$'000*	Property leasing *HK$'000*	Property investment and development *HK$'000*	Securities trading *HK$'000*	Car rental *HK$'000*	All other segments *HK$'000*	Consolidated *HK$'000*
Year ended 31st December, 2009							
Reportable segment revenue*	950,281	124,223	1,545,945	–	56,277	31,198	2,707,924
Reportable segment profit/(loss)	(17,492)	444,709	(364,260)	26,007	34,324	(7,436)	115,852
Corporate income							53,628
Corporate expenses							(101,237)
Elimination^							(29,172)
Profit before income tax							39,071
As at 31st December, 2009							
Reportable segment assets	**482,590**	**1,973,615**	**7,613,574**	**57,899**	**247,815**	**156,623**	**10,532,116**
Corporate assets							**461,396**
Total assets							**10,993,512**
As at 31st December, 2009							
Reportable segment liabilities	**190,701**	**45,134**	**3,738,360**	**30**	**33,898**	**13,026**	**4,021,149**
Corporate liabilities							**3,641,168**
Total liabilities							**7,662,317**
Year ended 31st December, 2008							
Reportable segment revenue*	1,057,136	106,726	1,257,194	–	38,704	42,872	2,502,632
Reportable segment profit/(loss)	56,202	98,218	493,104	(64,062)	25,137	(4,783)	603,816
Corporate income							75,886
Corporate expenses							(90,729)
Elimination^							(58,049)
Profit before income tax							530,924
As at 31st December, 2008							
Reportable segment assets	537,373	1,386,390	7,690,044	28,724	243,230	121,883	10,007,644
Corporate assets							436,029
Total assets							10,443,673
As at 31st December, 2008							
Reportable segment liabilities	248,738	41,580	2,874,821	105	44,425	7,777	3,217,446
Corporate liabilities							3,595,660
Total liabilities							6,813,106

* This represents sales from external customer and there were no inter-segment sales between different business segments for the years ended 31st December, 2009 and 2008.

^ Inter-company interest elimination.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

5. Segment Information *(Continued)*

Geographical information

The Group's operations are located in Hong Kong, other regions in the PRC, Asia other than the PRC, North America (comprising Canada and the United States) and Europe (mainly in the United Kingdom).

An analysis of the Group's revenue by geographical locations, determined based on locations to which the goods are delivered or the services are provided and locations of assets which give rise to the rental income and the licence fee income, is as follows:

	2009	2008
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**17,281**	18,624
Other regions of the PRC	**2,196,817**	2,018,853
Asia, other than the PRC	**45,074**	46,266
North America	**248,303**	265,291
Europe	**84,730**	56,427
Others	**115,719**	97,171
	2,707,924	2,502,632

6. Operating Profit

	2009	2008
	HK$'000	*HK$'000*
Operating profit is arrived at after charging/(crediting):		
Amortisation	**4,988**	5,056
Depreciation of property, plant and equipment	**28,754**	21,844
Reversal of unutilised provision	**–**	(67,309)
Equity-settled share-based payments	**144,911**	52,527
Donations	**12,962**	17,634

7. Income Tax

7.1 Income tax expense

	2009	2008
	HK$'000	*HK$'000*
Income tax expenses comprise:		
Current tax for the year:		
Hong Kong profits tax	**2,629**	1,123
Other regions of the PRC		
– Enterprise income tax ("EIT")	**171,529**	276,580
– Land appreciation tax ("LAT")	**206,879**	272,226
Others	**1,291**	1,022
	382,328	550,951
Under/(Over) provision in prior years:		
Hong Kong profits tax	**(367)**	(117)
Other regions of the PRC		
– EIT	**8,295**	18,671
– LAT	**3,485**	(4,291)
Others	**–**	28
	11,413	14,291
Deferred tax		
– Income tax	**839**	(104,717)
– LAT	**26,641**	(4,007)
	27,480	(108,724)
	421,221	456,518

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

7. Income Tax *(Continued)*

7.1 Income tax expense (Continued)

Hong Kong profits tax for the year ended 31st December, 2009 is calculated at 16.5% on the estimated assessable profits for the year (2008: 16.5%).

EIT arising from other regions of the PRC for the years ended 31st December, 2009 is calculated at 10% to 25% of the estimated assessable profits (2008: 10% to 25%).

PRC LAT is levied at progressive rates from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including cost of land use rights and development and construction expenditure.

7.2 Taxation liabilities

Taxation liabilities as at 31st December, 2009 comprise Hong Kong profits tax liabilities of approximately HK$27,883,000 (2008: HK$23,000,000), EIT liabilities of approximately HK$243,953,000 (2008: HK$ 277,100,000) and LAT liabilities of approximately HK$473,273,000 (2008: HK$307,200,000). EIT liabilities as at 31st December, 2009 include income tax liabilities arising from the disposal of a subsidiary during the year amounting to approximately HK$3,687,000.

8. Dividends

	2009	2008
	HK$'000	*HK$'000*
Interim dividend declared and paid during the year of HK$0.02 (2008: HK$0.03) per ordinary share	**10,470**	15,765
Final dividend proposed after the end of the reporting period of nil (2008: HK$0.03) per ordinary share	**–**	15,705
	10,470	31,470

In respect of last financial year, final dividend of HK$0.03 per ordinary share had been proposed by the directors and was subject to the approval by the shareholders of the Company in the annual general meeting.

Dividend recognised as distributions during the year ended 31st December, 2009 amounted to HK$26,175,000 (2008: HK$78,823,000) or HK$0.05 (2008: HK$0.15) per ordinary share.

9. (Loss)/Earnings Per Share

The calculation of the basic (loss)/earnings per share is based on the loss attributable to the owners of the Company of HK$279,713,000 (2008: profit of HK$23,563,000) and the weighted average number of ordinary shares in issue during the year of 523,775,000 (2008: 525,485,000).

No diluted loss per share has been presented for this year because the impacts of the exercise of the Group's outstanding share options was anti-dilutive. The calculation of diluted earnings per share for last financial year is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
Earnings		
Earnings used in calculating basic earnings per share	**N/A**	23,563
Adjustment to the share of profit of a subsidiary based on dilution of its earnings per share *(note)*	**N/A**	(3,549)
Earnings for the purpose of calculating diluted earnings per share	**N/A**	20,014

Note: The calculation of diluted earnings per share does not assume conversion or exercise of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

9. (Loss)/Earnings Per Share *(Continued)*

The denominators for the calculation of diluted earnings per share are the same as those used for the basic earnings per share.

10. Trade and Other Receivables, Prepayments and Deposits/Trade and Other Payables

Based on invoice date, the ageing analysis of trade receivables net of impairment allowance and trade payables as at the end of the reporting period are as follows:

	Trade Receivables		Trade Payables	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
30 days or below	**87,779**	108,982	**1,631,386**	670,690
31 – 60 days	**77,146**	66,713	**29,567**	27,639
61 – 90 days	**34,099**	45,710	**13,011**	15,521
91 – 180 days	**4,352**	38,071	**23,537**	10,424
181 – 360 days	**2,065**	916	**295,484**	166,389
Over 360 days	**504**	1,297	**217,648**	571,589
	205,945	261,689	**2,210,633**	1,462,252

The Group maintains a defined credit policy. For sales of goods, the Group normally allows a credit period of 45 days or 60 days to its trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. The credit terms in connection with sales of properties granted to the buyers are set out in the sale and purchase agreements and vary from different agreements.

11. Events After The End of The Reporting Period

Significant events occurred after the end of the reporting period as of 31st December, 2009 comprise the followings:

(a) Following the approval by the shareholders of the Company in an extraordinary general meeting on 31st December, 2009, the making of order confirming the Capital Reorganisation (as defined below) by the Court of First Instance of the High Court of the Hong Kong Special Administrative Region on 1st February, 2010, and the completion of subscription agreement dated 9th September, 2009 entered into between the Company, Mr. Billy K Yung, a director of the Company, and an independent third party on 10th February, 2010, the following transactions (the "Transactions") have been completed on 10th February, 2010:

(i) To facilitate the distribution in specie as mentioned in (ii) below, the share capital of the Company has been reduced by an amount of HK$256,507,000 from 523,485,000 shares of HK$0.5 each, totaling HK$261,742,000 to 523,485,000 shares of HK$0.01 each, totaling HK$5,235,000, and the amount standing to the credit of the share premium account of the Company has been cancelled (the "Capital Reorganisation").

(ii) A wholly-owned subsidiary of the Company, Shell Electric Holdings Limited (the "Privateco"), acquired certain subsidiaries and certain assets and liabilities of the Company by issuing shares to the Company. All the shares of the Privateco then held by the Company have been distributed in specie to the shareholders of the Company (the "Group Restructuring"), with all the corresponding revenue, profit and net assets pertaining to the non China EB Business going to the Privateco.

(iii) The Company continues to be a publicly listed company with its subsidiaries concentrating on the business of property investment and development in the PRC (the "China EB Business").

(iv) The Company issued 157,045,368 new shares at HK$2.90 each to Star Amuse Limited, as per the subscription agreement (the "Subscription"), representing approximately 23.08% of the issued share capital of the Company as enlarged by the Subscription. Pursuant to the Subscription agreement, Mr. Billy K Yung has undertaken to procure his associates to accept the offer to be made by China Overseas Land & Investment Limited ("COLI") subsequent to the completion of the Transactions to acquire shares of the Company to the extent that COLI will own no less than 50.1% of the issued share capital of the Company.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

11. Events After The End of The Reporting Period *(Continued)*

(b) As a result of the Group Restructuring as mentioned in (a) above, the directors have reached agreement with the two principal bankers of the Company on revising the facilities previously granted by the bankers to the Company which were available for use by the Company and certain of its subsidiaries. Under the revised facilities, the Privateco has become one of the group entities entitled to utilise the banking facilities and at the same time, it would become a guarantor of the facilities. The Company is no longer entitled to utilise the revised banking facilities. Upon satisfying certain conditions as set forth in the revised banking facilities, the Company has been released from providing guarantee subsequent after the year end.

(c) On 9th February, 2010, the Company entered into an acquisition agreement to acquire effectively the remaining 30% minority interests in Pan China Land (Holdings) Corporation ("Pan China") which has 100% interest in the China EB Business. The consideration of the acquisition will be satisfied by way of the issue of up to a maximum of 246,785,579 new shares of the Company to the minority shareholder. The acquisition is subject to approval by the shareholders of the Company and up to the date of approval of these financial statements, the acquisition is still in progress.

(d) On 9th February, 2010, the Company and certain management personnel of the Group (the "EB Management") entered into a compensation agreement in relation to, among other things, the compensation proposal in favour of the EB Management for the handover of the China EB Business pursuant to the completion of the Transactions. Among others, EB Management will be compensated by the followings:

(i) certain rights and/or obligations of a number of construction projects/assets of the Group in Beijing; and

(ii) RMB20 million in cash as full compensation to certain existing employees for termination of their employment.

(e) On 9th February, 2010, 10th February, 2010 and 5th March, 2010, the Group has reached agreements on the settlement of the 116,000 options, granted by Terborley Limited in relation to the acquisition of certain shares of Pan China and have become vested upon completion of the Transactions, as follows:

(i) 56,000 options be cancelled and the consideration for such cancellations will be satisfied by way of issuing 22,213,333 new shares of the Company to the respective grantees at a subscription price of approximately HK$1.51 per share.

(ii) 60,000 options be cancelled and the consideration for such cancellations will be satisfied by way of issuing 23,800,000 new shares of the Company to the respective grantees at nil cash consideration.

The cancellation of the 116,000 options is subject to approval by the shareholders and is not yet completed as at the date of this report.

(f) Upon the completion of the Subscription Agreement on 10th February, 2010, COLI made a voluntary unconditional cash offer to the Shareholders of the Company to acquire all the shares other than those already held or agreed to be acquired by COLI and parties acting in concert with it (the "COLI Offer"). At the closing date of COLI Offer 29th March, 2010, COLI has received the valid acceptance in respect of 213,412,876 Shares under the COLI Offer. Immediately after the COLI Offer, COLI held 370,458,244 shares of the Company (representing approximately 54.44% of the entire issued shares of the Company). The details of the Subscription Agreement and COLI Offer were set out in the circular and announcement of the Company dated 29th September, 2009, 8th December, 2009 and 29th March, 2010. Unless otherwise defined, the capitalised terms used in this report shall have the same meanings as those defined in the Circular of the Company.

Due to the change in control of the Company, there was a change in the composition of the Board. Mr. Hao Jian Min was appointed as the Chairman of the Board and a non-executive Director of the Company with effect from 27th February, 2010, and each of Mr. Chen Bin, Mr. Yu Shangyou, Mr. Xiang Hong and Mr. Zhu Bing Kun was appointed as an executive Director of the Company with effect from 27th February, 2010. Mr. Billy K. Yung has resigned as the Group Chairman and Chief Executive of the Company with effect from 10th February, 2010 and he has been re-designated from Chairman of the Board and executive Director to Vice-Chairman of the Board and non-executive Director of the Company with effect from 27th February, 2010. In addition, each of Madam Yung Ho Wun Ching, Mr. Leung Chun Wah and Mr. Eddie Hurip has resigned as an executive Director of the Company with effect from 29th March, 2010 and Mr. Simon Yung Kwok Choi has been removed as a non-executive Director of the Company with effect from 30th March,2010. The details of the appointment, resignation, re-designation and removal of directors were set out in the announcements of the Company dated 12th February, 2010, 26th February, 2010, 29th March, 2010 and 30th March, 2010.

FINAL DIVIDEND

The board of directors did not recommend the payment of a final dividend for the year ended 31st December, 2009 (2008: HK$0.03 per ordinary share).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 17th May, 2010 to Tuesday, 18th May, 2010 both days inclusive, during which period no transfer of the Company's shares will be effected. In order to determine the identity of the Shareholders who are entitled to attend and vote at the annual general meeting, all share certificates with the duly completed transfer forms must be lodged with the Company's Registrars, Tricor Standard Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 14th May, 2010.

BUSINESS REVIEW

Ceiling Fans

Sales pertaining to the Ceiling Fans business of the Group recorded a decrease in 2009 compared to 2008. The impact on sales was more severe in the North America market. Sales in the Middle East, Asia and Africa markets were stable; and sales in the Europe and Australia markets increased. An increase in gross margin was recorded resulting from effective expenditure and cost control measures.

Contract Manufacturing – Optics and Imaging

An increase in gross margin of the Group's Optics and Imaging Contract Manufacturing business was recorded under effective expenditure and cost control measures. Nevertheless, sales volume of fuser products recorded a decrease compared with the prior year due to dual sourcing for a high volume model by a customer and continuous pressure from the global economic situation. For laser scanner products, a drop in sales volume was recorded due to the economic slow down. "Paper handling options" progressed with satisfactory results and the sales target was achieved for the year of 2009 where contribution in the forth quarter was the highest.

Contract Manufacturing – Electric and Electronics

Due to the continuing recession during the year, sales volume of the Electric and Electronics Contract Manufacturing business slowed down and the target was not achieved. However, an increase in gross margin was recorded under effective expenditure and cost control measures.

Taxi Operation

The taxi company continued to implement the rental operating model. Under the rental operating model, the turnover and profit in 2009 recorded double digit growth compared with 2008.

BUSINESS REVIEW *(Continued)*

Real Estate Investment & Development

Rental income from the retail properties of CITIC Plaza in Guangzhou in 2009 recorded a slight decrease compared to 2008 due to the reduction of rental price. The office properties rental income for 2009 was also lower than that of 2008 as a result of reduction in the average rental prices and increase in vacancy.

The hi-tech manufacturing facility in Shenzhen continues to provide stable rental contribution to the Group. During the year, the tenant company in the facility was acquired by an international electronics contract manufacturer group. The Group has then negotiated a multi-year extension lease term with the tenant that begins in 2011 and further, an idle land area in the facility compound occupied by the tenant and equivalent to 11,078 sq.m. or approximately one third of the total land area shall be released back to the Group.

During the year under review, both occupancy rate and rental income of the Group's office complex in Livermore, California declined as anticipated. The slight economic rebound in the US did not benefit the commercial real estate sector in 2009.

The Group holds 70% interest in China Ever Bright Real Estate Development Limited (hereinafter described as "EBRE"). During the year, the property demands in China have started to recover, accordingly sale conditions have improved. A summary of the business activities of EBRE's major projects during the year is as follows:

At year end, the Ever Bright World Center Tower 1 in Beijing has approximately 40,923 sq. m. of saleable/ leaseable area (net of area sold; with additional 400 basement parking spaces). During the year, about 5,056 sq. m. were sold with an accumulative area of about 18,787 sq. m. leased out. EBRE owns 100% of the project.

The commercial and residential development project located in Haidian district, Beijing was completed during the year, with progressive handover to the owners. Out of the accumulative area sold of 38,400 sq. m., an aggregate of 37,700 sq. m. has been recognized as revenue of RMB712.89 million. EBRE owns 100% of the project.

The low density residential development project located in the northern suburb of Beijing is going through a major re-design and up-keeping, as the original design is out of date. It is estimated that building construction work will be resumed at the end of 2010. EBRE owns 90% of the project.

On 8th April, 2009, EBRE has disposed of its 67% interest in a primary development project in the southern suburb of Beijing to the original shareholder at a small premium, as the total return of the project fell below the expected value.

EBRE owned 70% interest in a residential development project in Qingdao. As the relevant government permits have not been obtained for a prolonged period of time, EBRE and the original owners of the project had entered into a Deed of Release on 24th June, 2009, such that upon receiving back its shareholder loan (including accrued interest and penalty), EBRE will convey the 70% interest back to the original owners (during the year, EBRE had received a total of RMB20.8 million, with a remaining shareholder loan of RMB144.51 million, accrued interest and penalty in default in accordance with the terms of the Deed of Release).

BUSINESS REVIEW *(Continued)*

Real Estate Investment & Development *(Continued)*

Guangzhou Ever Bright Garden has recognized total sales of about 36,600 sq. m. in respect of Phase K southern region during the year, while about 78,000 sq. m. have been contracted for in respect of the Phase K northern region. Cumulative sales deposits received amounted to RMB906.56 million. EBRE owns 100% of the project.

Construction work for the residential and retail shopping mall development project located in Haizhu district, Guangzhou has commenced, with target opening of the mall in the first half of 2011. Leasing has begun and we anticipate the handover of the site for anchor tenant remodeling in the second half of 2010. Pre-sale of the residential portion is expected to start after the mall is officially delivered. EBRE owns 100% of this project.

The franchised primary development project in Hohhot, Inner Mongolia has obtained government permission to proceed on its 1,300 mu of land. EBRE owns 80% interest of the primary development project company.

The property development project company in Hohhot, Inner Mongolia has successfully pre-sold 300 units on the first day of launching on 28th June, being a new record for the first-day-sale for any new residential development in Hohhot. During the year, the project has sold a cumulative area of 81,400 sq. m., with total sales deposits received amounting to RMB262.6 million. EBRE owns 100% equity interest of this secondary property development project company.

The scientific research office building in the Zhang Jiang High-tech Zone in Shanghai is 67% let. EBRE owns 65% interest in this project.

The Guilin project is undergoing the final planning stage with construction targeted for 2010. EBRE owns 65.8% interest of this project.

In July 2009, a subsidiary company of EBRE together with a third party had jointly won the bid for a parcel of land in Huizhou for an area of about 197,000 sq. m. for the purpose of residential development.

The Group is prudently optimistic in respect of the China property market in 2010, and judges that the market fundamentals will revert to a more normal and stable situation. On one hand, the steady macroscopic economic policies, a strong recovery in the economy, together with buoyant housing requirements are all-in-all supporting the Group's growth in the China mainland's property development businesses. On the other hand, the global economy remains vulnerable, coupled with the uncertainty in respect of the macro control polices for the property market in China mainland, would invariably induce certain degree of external market risk and operating risk to the Group.

Accordingly, in 2010, the Group would closely follow the trend of the external economy and policy decisions, operate prudently in practical terms, safeguard its interest against risks, actively pursue the perfecting of the development and sales of the existing projects, and speed up cash inflows. On these bases, the Group would also look for possible investment opportunities. The Group would collaborate with its holding company in project developments, operation models, sharing of market intelligence and resources so as to achieve a synergy effect. It will spare no efforts to enhance the returns to development projects and control costs effectively. These would create shareholders value continuously and put in place the sustainable and healthy development of the Group's property development businesses.

BUSINESS REVIEW *(Continued)*

Technology Investment Projects

Enterprise Software Solutions

Appeon operated a profitable business of providing IT outsourcing services and Web development software — Appeon@ for PowerBuilder@. Despite a tumultuous economic climate that has resulted in reduced IT spending and projects, the company's turnover from IT outsourcing increased while overall turnover decreased marginally in 2009 compared to the same period of 2008. Appeon has continued to attract more distribution partners (including resellers and OEM partners) for its Web development software.

Computing and Data Storage System

The company has started exports of its data storage products to Taiwanese and US regional distributors. Although sales increased for the export market, many customers in China suspended their procurement plan causing a decrease in overall sales in the period compared to the same period of 2008. The company has developed a software solution to replace the hardware controller in its data storage system to reduce material cost. The company has reduced its operational cost and is actively exploring market and channel customers.

Financial Investment

For the year ended 31st December, 2009, the Group's financial investment activities recorded profit of approximately HK$26,007,000 and the market value of the Group's financial investment holdings amounted to about HK$28,499,000.

FINANCIAL REVIEW

Revenue and Operating Results

Revenue from the Group's continuing operations for the year ended 31st December, 2009 totalled HK$2,708 million, representing an increase of HK$205 million or 8.2% compared to HK$2,503 million for the corresponding period last year. The increase in revenue is mainly attributable to completion of sales of certain units in the Haidian district in Beijing.

Profit attributable to the owners of the company for the year ended 31st December, 2009 dipped from HK$23.6 million to a loss of HK$279.7 million representing a decrease of HK$303.3 million or 1,285% over the corresponding period last year. The plunge in profit was mainly attributable to (i) a loss provision for two property projects in Huizhou and Songjiang totalling HK$171 million (net of non controlling interest) this year; (ii) a loss provision for the termination of a property development project in Qingdao of HK$114 million (net of non controlling interest) this year; (iii) an impairment loss provision for a Guangzhou property project of HK$91 million (net of non controlling interest) this year; (iv) a provision of HK$44 million (net of non controlling interest) for termination benefits to certain PRC staff this year; and (v) a share option expense (net of non controlling interest) of HK$101 million compared to a HK$37 million expense for the corresponding period last year, partly offset by a fair value gain (net of deferred taxation and non controlling interest) of HK$95 million on certain investment properties within the Group coupled with a fair value loss (net of deferred taxation and minority interest) of HK$74 million for the corresponding period last year. Both of the fair value adjustment and the share option expense involved no cash movement.

Financial Resources and Liquidity

The Group was able to maintain a satisfactory financial position with its financial resources and liquidity position consistently monitored and put in place in a healthy state throughout the period under review. Given the current economic situation, the Group would constantly re-evaluate its operational and investment status with a view to improving its cash flow and minimising its financial risks.

The U.S. and the PRC long term loans of US$12 million and RMB1,335 million respectively were secured by certain assets of the group located in the United States and Mainland China respectively. The Group has two three-year long-term loans totalling HK$476 million. Apart from the above, all banking facilities of the Group have been arranged on short-term basis.

FINANCIAL REVIEW *(Continued)*

Financial Resources and Liquidity *(Continued)*

The banking facilities of the Group were subject to a mix of fixed interest rates and floating interest rates. Interest cover of the Group as at 31st December, 2009, calculated as operating profit divided by total interest expenses net of those capitalized and interest income, stood at 2 times.

Foreign Exchange Exposure

The Group's borrowings were mainly denominated in Hong Kong dollars, US dollars and Renminbi. The Group continued to conduct its sales mainly in US dollars and Renminbi and make payments either in US dollars, Hong Kong dollars or Renminbi. As the Group conducted its sales, receivables and payables, bank borrowings and expenditures in Renminbi for its PRC property development business, the directors considered that a natural hedge mechanism existed. The Group would, however, closely monitor the volatility of the Renminbi exchange rate. All in all, the directors considered that the Group's risk exposure to foreign exchange rate fluctuations remained minimal.

Gearing Ratio

The Group continued to follow its policy of maintaining a prudent gearing ratio. As at 31st December, 2009, the Group recorded a gearing ratio, expressed as a percentage of total bank borrowings net of cash and pledged deposits to total equity of the Group of 41.8% (31st December, 2008: 36.9%).

Significant Disposals

During the period under review, the Group disposed of its interest in a property development project through the disposal of its entire equity interest in 北京寅豐房地產開發有限責任公司 to an independent third party at a cash consideration of RMB46.5 million. The transaction was completed in April 2009 and resulted in a gain of approximately HK$17.3 million.

On 24th June, 2009 the Group entered into a co-operation termination agreement and a settlement agreement in respect of the property development project conducted by青島頤景房地產開發有限公司 ("青島頤景"). Pursuant to the co-operation termination agreement, the Group agreed to terminate the Co-operation Agreement dated 2 August 2007. Pursuant to the settlement agreement, the substantial owner of 青島頤景 agreed to repay the outstanding shareholder's loan and pay certain amount of penalty and fund appropriation fees of approximately RMB197 million in aggregate to the Group. Upon the full repayment of the outstanding shareholder's loan, the Group will transfer its 70% registered capital of 青島頤景 to the substantial owner for a consideration of RMB7 million. As the substantial owner has failed to fulfill certain conditions as specified in the agreements up to the date of this report the disposal has not yet been completed. The changes in the current business environment and the local government policy which have an adverse impact on the commercial viability of the project have finally brought about the write-down of the carrying value of this project by approximately HK$164 million in the current year.

Other than the above, there is no significant acquisition and/or disposal during the period and up to the date of this report.

Group Restructuring, Capital Reduction, Distribution in Specie, Subscription, Management Options and Compensation

On 9th September, 2009, the Company entered into a conditional subscription agreement in relation to a possible group restructuring and capital restructuring of the Company which will involve a distribution of certain business of the Group to the shareholders of the Company. Further details about the transactions are set out in the circular of the Company issued on 8th December, 2009.

Several events occurred after the end of the reporting period as of 31st December, 2009 details of which are set out on pages 10 to 11 under the heading "Events After The End of The Reporting Period".

FINANCIAL REVIEW *(Continued)*

Capital Commitments and Guarantee

During the period under review, the Group had capital commitments totalling HK$2,562 million which related mainly to property development and construction works. In addition, the Group issued guarantees to banks amounting to HK$920 million mainly for facilitating end-user mortgages in connection with its PRC property sales.

Capital Expenditure and Charges on Assets

The Group had capital expenditures totalling HK$33 million during the period under review.

Based on certain real estate in Mainland China, the Group secured certain mortgage loans totalling RMB1,335 million from certain PRC banks during the period under review.

During the period under review, the Group had charges on assets totalling HK$3,235 million mainly for securing mortgage loans.

The Group also pledged its 100% interest of the issued share capital of its subsidiary, Full Revenue Inc, to a bank to secure for a long-term loan granted to the Group.

Employees

As at 31st December, 2009, the Group has approximately 3,450 employees. The pay levels of these employees are commensurate with their responsibilities, performance and market condition. In addition, share option schemes are put in place as a longer term incentive to align interests of employees to those of shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is firmly committed to statutory and regulatory corporate governance standards and adheres to the principles of corporate governance emphasizing transparency, independence, accountability, responsibility and fairness. Detailed disclosure of the Company's corporate governance report is available in the 2009 Annual Report.

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Listing Rules throughout the year ended 31st December, 2009 except for the following deviations:

Code Provision A.2.1

Prior to the Group restructuring, the Group deviated from the Code Provision A.2.1 which stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Prior to the Group restructuring, Mr. Billy K Yung was the Group Chairman and Chief Executive of the Company. The Board at that time believed that the structure is more suitable to the Company because it can promote the efficient formulation and implementation of the Company's strategies.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES *(Continued)*

Code Provision A.2.1 *(Continued)*

Subsequent to the restructuring of the Board, Mr. Billy K. Yung has resigned as the Group Chairman and Chief Executive of the Company with effect from 10th February, 2010 and he has been re-designated from Chairman of the Board and executive Director to Vice-Chairman of the Board and non-executive Director of the Company with effect from 27th February, 2010. Mr. Hao Jian Min was appointed as the Chairman of the Board and a non-executive Director of the Company with effective from 27th February, 2010, and Mr. Chen Bin was appointed as the Chief Executive Officer and general manager of the Company with effect from 10th February, 2010 and he was then appointed as an executive Director of the Company with effect from 27th February, 2010. The details of the appointment, resignation and re-designation of directors were set out in the announcements of the Company dated 12th February, 2010 and 26th February, 2010.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Mr. Simon Yung Kwok Choi, a non-executive Director of the Company, was not appointed for a specific term but was subject to retirement by rotation and re-election in accordance with the Company's Articles of Association. However, he has been removed as a non-executive Director with effect from 30th March, 2010 pursuant to article 101(A)(vi) of the Articles of Association of the Company on the ground that there is a divergence of view on the business objectives of the Company and its subsidiaries between Mr. Simon Yung Kwok Choi and the Board.

Mr. Billy K Yung is the brother of Mr. Simon Yung Kwok Choi. Both of them are the sons of Madam Yung Ho Wun Ching (Madam Yung has resigned as an executive Director of the Company with effect from 29th March, 2010). Save as disclosed above, during the year, none of the other directors has or maintained any financial, business, family or other material, relevant relationship with any of the other directors.

Code Provision D.1.1

Under the Code Provision D.1.1, management should report back and obtain prior approval from the board of the Company before making decisions or entering into any commitments on behalf of the Company whenever notifiable and/or connected transactions are involved.

On 8th April, 2009, an indirectly owned subsidiary of the Company entered into a disposal agreement with a substantial shareholder of 北京寅豐房地產開發有限責任公司 ("北京寅豐") for the disposal of its 67% registered capital in 北京寅豐 at a consideration of RMB46.5 million. The details of disposal were set out in the Circular to shareholders dated 21st May, 2009.

The above disposal constituted a connected transaction for the Company under Rule 14A.13(1) (a) of the Listing Rules. Delays in the gathering of the relevant information from parties concerned, the time lags in the communication between the Group's staff in the PRC and in Hong Kong due to the Easter holiday have caused the Company not to be in a position to make an informed announcements of the transactions contemplated under the relevant disposal agreement until such information are obtained. The Company's Board of Directors has ratified on 24th April, 2009 and announced on 30th April, 2009 the transaction contemplated under the disposal agreement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, the Company repurchased on The Stock Exchange of Hong Kong Limited a total of 2,000,000 ordinary shares of HK$0.5 each of the Company at an aggregrate price of HK$4,200,000 before expenses. All of these shares had been cancelled. Details of repurchases are as follows:

Month of Repurchase	Number of Ordinary Shares Repurchased	Price paid per Share Highest	Price paid per Share Lowest	Aggregate Price
		HK$	*HK$*	*HK$*
February, 2009	2,000,000	2.1	2.1	4,200,000

Save as disclose above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December, 2009.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct for dealings in securities of the Company by the Directors. Having made thorough enquiry of the Directors, the Company can reasonably confirm that the Directors have complied with the required standard set out in the Model Code throughout the year ended 31st December, 2009.

On 22nd September 2005, the Board has approved that the Model Code also applies to other specified relevant employees of the Group regarding their dealings in the securities of the Company.

AUDIT COMMITTEE

The Company has an audit committee in place in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's effectiveness of the financial reporting process and internal control systems. The Audit Committee, comprising three independent non-executive directors, has reviewed with the management and the auditors of the Company the accounting principles and practices adopted by the Group and discussed the audited financial statements for the year ended 31st December, 2009.

CHANGE OF COMPANY NAME

On 12th April, 2010, the Board announces that the name of the Company be proposed to be changed from "Shell Electric Mfg. (Holdings) Company Limited" to "China Overseas Grand Oceans Group Limited". The proposed change name of the Company is subject to the passing of a special resolution by the Shareholders at the Annual General Meeting and the approval of the Registrar of Companies in Hong Kong.

LITIGATION

A writ of summons dated 18th August, 2009 was served to the Company and certain subsidiaries of the Company as defendants by a minority shareholder of another subsidiary (the "PRC Entity") claiming the defendants for disposing of their interests in the PRC Entity without first allowing the minority shareholder to consider the interests, and for termination of the general manager and director of the PRC Entity without going through proper procedures as disclosed in the announcements made by the Company dated 20th August, 2009. A notice of discontinuance was filed by the minority shareholder of the PRC Entity to the High Court of Hong Kong on 20th October, 2009 to terminate such legal proceedings against the Company and the related subsidiaries of the Company with effect from 20th October, 2009.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Company (www.smc.com.hk) and the designated website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The 2009 annual report will be dispatched to shareholders of the Company and available on the above websites in due course.

By order of the Board of
Shell Electric Mfg. (Holdings) Company Limited
Billy K Yung
Vice-Chairman and non-executive Director

Hong Kong, 12th April, 2010

As at the date of this announcement, the Board comprises nine Directors, of which four are executive Directors, namely, Mr. CHEN Bin, Mr. YU Shangyou, Mr. XIANG Hong and Mr. ZHU Bing Kun; two non-executive Directors, namely Mr. HAO Jian Min and Mr. Billy K YUNG; and three independent non-executive Directors, namely Mr. Peter WONG Chung On, Mr. Peter LAM and Mr. Lawrence LEUNG Man Chiu.