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BEP INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 2326)

DISCLOSEABLE TRANSACTION ACQUISITION OF 100% EQUITY INTERESTS IN YAOSHENG ELECTRIC (H.K.) COMPANY LIMITED

Financial adviser



BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

ACQUISITION OF 100% EQUITY INTERESTS IN YAOSHENG ELECTRIC

On 14 November 2008, BEP Enterprises, a wholly-owned subsidiary of the Company, the Vendors and the Guarantor entered into the Agreement to acquire the Sale Shares (representing 100% equity interests in Yaosheng Electric) pursuant to the terms and conditions of the Agreement. The consideration for the Sale Shares amounted to HK\$40 million and shall be satisfied by the allotment and issue of a total of 500,000,000 new Shares at the issue price of HK\$0.08 per Share. Further, the Guarantor unconditionally and irrevocably guarantees to the Purchaser that the net profit of Yaosheng Electric shall not be less than HK\$1.33 million for each of the 6 months after the Completion.

As the applicable percentage ratios in respect of the Acquisition exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, among other things, further details of the Agreement and the transactions contemplated thereunder will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 20 October 2008 pending the release of an announcement which is price sensitive in nature and will remain suspended until further notice.

THE AGREEMENT

Date: 14 November 2008

Parties to the Agreement:

Vendors: Mr. Luo Zhi Jian (Vendor 1) and Mr. Zeng Feng (Vendor 2)

Purchaser: BEP Enterprises Limited, a wholly-owned subsidiary of the Company

Guarantor: Mr. Luo Zhi Jian

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendors and their respective ultimate beneficial owners are third parties independent of the Company and connected persons (as defined under the Listing Rules) of the Company. Through the introduction by an independent agent, the Company got acquainted with the Vendors and the Company confirmed that there was no prior business relationship with the Vendors.

Assets to be acquired:

The Purchaser agreed to acquire and the Vendors agreed to sell the Sale Shares (representing 100% equity interests in Yaosheng Electric) free from rights of mortgage, charge, pledge, pre-emption, option, lien, and any other third party right, equity or security interest or other encumbrances. Before the Acquisition, Yaosheng Electric was owned as to 80% by Vendor 1 and 20% by Vendor 2. Upon Completion, Vendor 1 and Vendor 2 will resign their directorship in Yaosheng Electric. The Company will appoint a representative to act as the director of Yaosheng Electric and oversee the daily operation of Yaosheng Electric after Completion.

Conditions precedent to the Agreement

Completion is subject to the satisfaction of the following conditions:

- (i) a due diligence review to be carried out on Yaosheng Electric to the reasonable satisfaction of the Purchaser;
- (ii) the resumption of trading in the Shares; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal, in the Consideration Shares.

If any of the above conditions is not satisfied on or before 31 December 2008 (or such other time or date as agreed by both parties), the Agreement shall lapse and no party to the Agreement shall have any claim against or liability to other parties.

Completion

Completion of the Agreement shall take place within 7 Business Days after fulfilment of all conditions precedent (or such later date as may be agreed in writing between the parties to the Agreement). The long stop date for the Agreement will be on 31 December 2008 (or such other date as may be agreed between the Company and the Vendors).

Profit Guarantee

The Guarantor unconditionally and irrevocably guarantees to the Purchaser that the net profit of Yaosheng Electric shall not be less than HK\$1.33 million for each of the 6 months after the Completion. The Profit Guarantee will be calculated on monthly basis according to the generally accepted accounting principle in Hong Kong. The Company will appoint an independent professional accountant to review the profit for the guarantee period. Subject to the Profit Guarantee being fully fulfilled as stipulated above, the Company will allot and issue the remaining 200 million new Shares to the Vendors or their nominees in full within 14 Business Days upon the Purchaser being satisfied with the Profit Guarantee.

In the event that the Profit Guarantee is not fulfilled, the Purchaser shall have the right to claim against the outstanding amount of Profit Guarantee on a dollar-for-dollar basis (i.e. the difference between the amount of Profit Guarantee and the actual profit/loss incurred by Yaosheng Electric during the guarantee period) from the Guarantor and the remaining 200 million new Shares will not issued to the Vendors or their nominees.

Consideration

The consideration for the Sale Shares amounts to HK\$40 million and to be satisfied in the following manner:

1. HK\$24 million is to be satisfied by the issue of 300 million new Shares to the Vendors or their nominees upon Completion.
2. The remaining HK\$16 million is to be satisfied by the issue of 200 million new Shares to the Vendors or their nominees within 14 Business Days upon the fulfilment of the above Profit Guarantee. The 200 million new Shares will not be issued on a pro-rata basis but will only be issued to the Vendors or their nominees in full if the Profit Guarantee is fully satisfied.

The Consideration is determined after arm's length negotiations between the Purchaser and the Vendors by taking into consideration of, among others, the business and financial performance of Yaosheng Electric, the overseas distribution network in the home electrical appliances and the Profit Guarantee. Details of the Profit Guarantee is set out in the paragraph headed "Profit Guarantee" above.

The Issue Price

The Consideration Shares will be issued at the issue price of HK\$0.08 per Consideration Share and is determined with reference to the closing price of the Shares as shown below. The Issue Price represents:

- (i) the same price as the closing price of HK\$0.08 per Share on the Last Trading Day;
- (ii) a discount of approximately 9.5% to the average closing price of HK\$0.0884 per Share for the last 5 trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 11.89% to the average closing price of HK\$0.0908 per Share for the last 10 trading days up to and including the Last Trading Day.

The Consideration Shares

The Consideration Shares represent:

- (i) approximately 10.31% of the existing issued share capital of the Company; and
- (ii) approximately 9.34% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration Shares, when allotted and issued, shall rank pari passu in all respects among themselves and with all the Shares in issue on the date of allotment and issue of the Consideration Shares. The Consideration Shares will be issued under the general mandate granted to the Directors to allot and deal with up to 970,400,000 Shares (the “General Mandate”), being 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the annual general meeting of the Company held on 27 August 2008. As at the date of this announcement, the General Mandate had not been utilized. There is no restriction for the subsequent sale of the Consideration Shares by the Vendors.

The Company has not conducted any equity-related fund raising exercise for the past 12 months immediately preceding the date of this announcement. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

CHANGE IN SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; (ii) upon Completion and the allotment and issue of 300 million new Shares; and (iii) upon the Profit Guarantee is fully satisfied and the allotment and issue of 200 million new Shares are set out below:

	As at the date of this announcement		Upon Completion and the allotment and issue of 300 million new Shares		Upon the Profit Guarantee is fully satisfied and the allotment and issue of 200 million new Shares	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Big Jump Investments Limited (<i>Note</i>)	3,453,000,000	71.17	3,453,000,000	67.02	3,453,000,000	64.52
<i>Public Shareholders</i>						
Vendor 1	–	–	240,000,000	4.66	400,000,000	7.47
Vendor 2	–	–	60,000,000	1.16	100,000,000	1.87
Other public shareholders	1,399,000,000	28.83	1,399,000,000	27.16	1,399,000,000	26.14
Total	4,852,000,000	100.00	5,152,000,000	100.00	5,352,000,000	100.00

Note: Big Jump Investments Limited is wholly and beneficially owned by Mr. Zhang Xi, the executive Director.

INFORMATION ON YAOSHENG ELECTRIC

Yaosheng Electric is a company incorporated in Hong Kong with limited liability and is beneficially owned as to 80% by Vendor 1 and 20% by Vendor 2. The principal business activity of Yaosheng Electric is the trading of home electrical appliances, including the OEM and ODM air conditioner fans, electric fans, electric heating clothes dryers, electric warmers, washing machines etc.. Yaosheng Electric exports household electrical appliances to overseas customers from various countries, including United States of America, United Kingdom, Middle East and other Southeast Asian countries, and has secured a reliable sourcing channel in China to supply the electrical appliances for its trading business.

Based on Yaosheng Electric's audited financial accounts prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, Yaosheng Electric recorded profits before and after taxation of approximately HK\$1,141,083 and HK\$967,918 respectively for the year ended 31 March 2008. The corresponding figures for the year ended 31 March 2007 were approximately HK\$59,507 and HK\$50,274 respectively. As at 31 March 2008, Yaosheng Electric's audited net assets value was HK\$1.02 million.

REASONS AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in design, manufacture and sale of home electrical appliances. Based on the Group's audited consolidated financial statements, the Group recorded a loss after taxation of HK\$35,956,000 for the year ended 31 March 2008 and a profit after taxation of HK\$13,483,000 for the year ended 31 March 2007.

As mentioned in the announcement of the Company dated 17 October 2008, in view of the recent financial turmoil and difficulties to obtain bank financing and other sources of financing, the Company decided to cease the manufacturing operation of home electrical appliances from October 2008. Subsequent to the cease of manufacturing operation of the Company, the Group is facing the diminishing profit and has been aiming to develop, focus and diversify its business operation to trading business, including but not limited to home electrical appliances. At the same time, the Group is also looking for any suitable investment opportunities in order to broaden its income source in this sector.

Upon Completion, Yaosheng Electric will be an indirect wholly-owned subsidiary of the Company and the Company can fully consolidate its results to better reflect its financial and assets position. The Directors consider that the Acquisition can strengthen the Group's earning base and enhance the existing customer base of the Group. The Directors are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Company also considers that the Purchaser shall have the right to claim against the full amount of Profit Guarantee from the Guarantor in the event that Yaosheng Electric does not generate any profit in the guarantee period. In other words, the Company will own the entire equity stake of Yaosheng Electric and HK\$7.98 million cash by only allotment and issue of 300 million new Shares to the Vendors upon Completion. On the other hand, if the Profit Guarantee is fully satisfied, the estimated price earnings multiple will be approximately 5 times based on the net profit of Yaosheng Electric of HK\$1.33 million for each of the six months after the Completion and assuming no extra profit is generated for the rest of the financial year. Taking into account (i) the reliable sourcing channel of Yaosheng Electric in China to supply the electrical appliances for its trading business; (ii) the well established overseas distribution network in the home electrical appliances industry of Yaosheng Electric and (iii) the Consideration is fully satisfied by way of issue of new Shares instead of cash, the Directors consider that the above estimated price earnings multiple is fair and reasonable.

In view of the fact that (i) there may be net liabilities in the Company's books in the coming financial period after cessation of its manufacturing operation of home electrical appliances; (ii) the audited net loss of the Company of approximately HK\$35.96 million for the year ended 31 March 2008; (iii) the Issue Price represents the same price as (without any discount to) the closing price as quoted on the Last Trading Day and (iv) the Profit Guarantee as described under the paragraph headed "Profit Guarantee" above, the Board considers that the terms and conditions of the Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

The Board is also of the view that the issuance of the Consideration Shares provides a financing alternative to the Group without affecting its cash position or introducing a cash flow pressure. The Company is able to retain cash and working capital for its daily operations. In this regard, the Directors consider that it is in the interests of the Company to settle the consideration for the Acquisition by way of issuance of the Consideration Shares despite the dilution effects on the shareholding of the Shareholders.

After cessation of its manufacturing operation of home electrical appliances and the closure of production factory in China, the Company is trying best endeavour to identify acquisition opportunities in order to increase its source of income. Through the introduction by an independent agent, the Company got acquainted with the Vendors and the Company confirmed that there was no prior business relationship with the Vendors.

TRADING LIMITS

The Company notes the requirements under Rule 13.64 of the Listing Rules that the Stock Exchange reserves its right to require the Company to either change its trading method or to proceed with a consolidation of its Shares where the market price of the Shares approached the extremities of HK\$0.01. The Directors will closely monitor the trading price of the Shares after the resumption of the Shares. If the trading price of the Shares approaches the extremity of HK\$0.01 in the future, the Company will consider a consolidation of the Shares.

LISTING RULES IMPLICATION

As the applicable percentage ratios in respect of the Acquisition exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. A circular containing, among other things, further details of the Agreement and the transactions contemplated thereunder will be despatched to the Shareholders as soon as practicable and in accordance with the Listing Rules.

GENERAL

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 20 October 2008 pending the release of an announcement which is price sensitive in nature and will remain suspended until further notice.

DEFINITIONS

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

“Acquisition”	the acquisition of the 100% equity interests in Yaosheng Electric by BEP Enterprises
“Agreement”	the sale and purchase agreement dated 14 November 2008 entered into between the Vendors, BEP Enterprises and the Guarantor in respect of the Acquisition
“BEP Enterprises” or “Purchaser”	BEP Enterprises Limited, a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Company”	BEP International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Completion”	the completion of the Agreement
“Consideration”	the consideration for the Sale Shares pursuant to the Agreement
“Consideration Shares”	500 million new Shares to be allotted and issued to the Vendors or their nominees at the Issue Price pursuant to the Agreement
“Group”	The Company and its subsidiaries
“Guarantor”	Mr. Luo Zhi Jian (being one of the Vendors to the Agreement)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issue Price”	HK\$0.08 per Share, being the issue price of the Consideration Shares pursuant to the Agreement
“Last Trading Day”	17 October 2008, being the last trading day of the Shares immediately before the suspension of trading in the Shares with effect from 9:30 a.m. on 20 October 2008

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“ODM”	original design manufacturing under which the manufacturer owns the design of the products which are sold under the customer’s brand name
“OEM”	original equipment manufacturing under which the products are manufactured in whole or in part in accordance with a customer’s specifications and are marketed under the customer’s own brand name
“Profit Guarantee”	the unconditionally and irrevocably guarantee by the Guarantor to the Purchaser that the net profit of Yaosheng Electric shall not be less than HK\$1.33 million for each of the 6 months after the Completion pursuant to the Agreement
“Sale Shares”	all the issued shares of Yaosheng Electric, representing 100% equity interests in Yaosheng Electric as at the date of the Agreement
“Share(s)”	ordinary share(s) of HK\$0.0005 each in the issued share capital of the Company
“Shareholder(s)”	the holder of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor 1”	Mr. Luo Zhi Jian
“Vendor 2”	Mr. Zeng Feng
“Vendors”	Vendor 1 and Vendor 2
“Yaosheng Electric”	Yaosheng Electric (H.K.) Co., Limited
“%”	per cent.

By order of the board
BEP INTERNATIONAL HOLDINGS LIMITED
Zhang Xi
Chairman

Hong Kong, 24 November 2008

At the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhang Xi, Mr. Chen Yang, Mr. Cai Duanhong and Ms. Zhang Yu and three independent non-executive Directors, namely Mr. Hong Po Kui, Martin, Mr. Yam Tak Fai, Ronald and Mr. Wong Man Hin, Raymond.