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## **BEP INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 2326)**

### **ANNOUNCEMENT**

Reference is made to the announcement issued by BEP International Holdings Limited (the “**Company**”) dated 28 September 2008.

In light of the recent financial turmoil, it is difficult for the Company to obtain bank financing and other sources of financing, which in turn has an adverse impact to the operating environment to the Company and its subsidiaries (together the “**Group**”).

The Company’s operating subsidiary in the People’s Republic of China (“**PRC**”), 百靈達實業(深圳)有限公司(Bailingda Industrial (Shenzhen) Co., Limited\*) (the “**PRC Subsidiary**”), has continued to incur operating loss for the last few months. In addition, the lease in respect of the premises of the PRC Subsidiary is about to expire on October 31, 2008. After due and careful consideration, the board of directors of the Company (the “**Board**”) considers that it will be in the interest of the Company to cease operation of the PRC Subsidiary from October 20, 2008. The Group expects the closure of the PRC Subsidiary would possibly result in intervention by the PRC local authorities, with the worst case scenario being that the PRC Subsidiary may be subject to possible liquidation if the proceeds from the sale of assets of the PRC Subsidiary are not sufficient to pay off all debts and liabilities of the PRC Subsidiary.

The PRC Subsidiary is a limited liability company under the laws of PRC. Save for the guarantee of rental payment in respect of the premises of the PRC Subsidiary by the Company, neither the Company nor the controlling shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) has provided any other guarantees to the PRC Subsidiary. The Board considers that in the event the liquidation of the PRC Subsidiary is commenced, there will not be a material adverse impact to the current financial and liquidity position of the Group.

In view of the above, the Board considers that it will be in the interest of the Company to focus its business operation to trading business including but not limited to trading of home electrical appliances. The Group will also develop trading of certain electronic components such as sensors and valve components. The Company will through, Smart Luck Trading Limited, a wholly-owned subsidiary incorporated in Hong Kong to commence trading business from October 2008.

This announcement is made by the order of the Company the board of directors of which individually and jointly accepts responsibility for its accuracy.

By Order of the Board  
**BEP INTERNATIONAL HOLDINGS LIMITED**  
**Zhang Xi**  
*Chairman*

Hong Kong, 17 October 2008

*As at the date of this announcement, the Board comprises four executive Directors namely Mr. Zhang Xi, Mr. Cai Duanhong, Mr. Chen Yang, 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.*

\* *For identification only*