

8 October 2007

To the Independent Shareholders and Optionholder

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS
BY BARON CAPITAL LIMITED
ON BEHALF OF BIG JUMP INVESTMENTS LIMITED
TO ACQUIRE ALL ISSUED SHARES IN
BEP INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED
TO BE ACQUIRED BY BIG JUMP INVESTMENTS LIMITED
OR PARTIES ACTING IN CONCERT WITH IT) AND
FOR THE CANCELLATION OF ALL OUTSTANDING SHARE OPTIONS**

INTRODUCTION

On 17 September 2007, the Offeror and the Company jointly announced the Offers to be made by Baron Capital on behalf of the Offeror to acquire all the issued share capital of the Company not already owned or agreed to be acquired by the Offeror or parties acting in concert with it and for the cancellation of all Outstanding Share Options.

This letter, Appendix I to this Composite Offer Document and the Forms of Acceptance together set out the terms and conditions of the Offers and certain related information.

THE ACQUISITION

In the Announcement, the Offeror and the Company announced that the Offeror and the Vendors entered into the Sale and Purchase Agreement for the acquisition of the Sale Shares, comprising 172,650,000 Shares, representing approximately 71.46% of the issued share capital of the Company as at the Latest Practicable Date, at the consideration of HK\$128 million (equivalent to approximately HK\$0.7414 per Sale Share). Completion took place on 17 September 2007, whereupon the Offeror became the owner of the Sale Shares.

CHANGES IN SHAREHOLDING OF THE COMPANY

As a result of the Acquisition and immediately following Completion, the shareholding in the Company is as follows:

Name of Shareholders	Shareholding prior to Completion <i>Number of Shares (approximate percentage)</i>	Shareholding immediately following Completion <i>Number of Shares (approximate percentage)</i>
BPEL	86,360,000 (35.74%)	–
TWEL	<u>86,290,000 (35.72%)</u>	<u>–</u>
BPEL and TWEL (and parties acting in concert with either of them)	172,650,000 (71.46%)	–
Offeror and parties acting in concert with it	–	172,650,000 (71.46%)
Public	<u>68,950,000 (28.54%)</u>	<u>68,950,000 (28.54%)</u>
Total	<u>241,600,000 (100%)</u>	<u>241,600,000 (100%)</u>

THE OFFERS

Immediately following Completion, the Offeror and parties acting in concert with it owned 172,650,000 Shares, representing approximately 71.46% of the issued share capital of the Company as at the Latest Practicable Date. Under Rules 26 and 13 of the Takeovers Code, the Offeror is now obliged to make the Offers comprising the Share Offer and the Option Offer. The Offers are unconditional and are solely in cash.

THE SHARE OFFER

Baron Capital, on behalf of the Offeror, makes the Share Offer on the following basis:

For each Offer Share HK\$0.7414 in cash

The Offer Price represents:

- (a) a discount of approximately 89.70% to the closing price of HK\$7.20 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 89.32% to the average closing price of approximately HK\$6.942 per Share for the last 5 consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;

- (c) a discount of approximately 89.17% to the average closing price of approximately HK\$6.846 per Share for the last 10 consecutive trading days immediately prior to the date of the Sale and Purchase Agreement;
- (d) a discount of approximately 84.71% to the closing price of HK\$4.850 per Share as quoted on the Stock Exchange on the last trading day prior to the Commencement Date and the Shares were suspended from trading on the Commencement Date;
- (e) a discount of approximately 75.77% to the average closing price of approximately HK\$3.06 per Share for the last 5 consecutive trading days immediately prior to the Commencement Date;
- (f) a discount of approximately 86.64% to the closing price of HK\$5.55 as quoted on the Stock Exchange on the Latest Practicable Date; and
- (g) a premium of approximately 253.05% over the audited consolidated net asset value per Share of approximately HK\$0.21 per Share (based on the then issued share capital of 240,000,000 Shares) as at 31 March 2007.

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$7.20 per Share on 11 September 2007, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.123 per Share on 21 February 2007.

Acceptances of the Share Offer should be received as soon as possible and in any event by no later than 4:00 p.m. on Monday, 29 October 2007.

THE OPTION OFFER

Baron Capital, on behalf of the Offeror, makes the Option Offer on the following basis:

For cancellation of Outstanding Share Option
 with a right to subscribe for 1 Share HK\$0.0514 in cash

The offer price of the Option Offer represents the difference between the exercise price of the Outstanding Share Options and the Offer Price because the exercise price under the Share Options is lower than the Offer Price.

As at the Latest Practicable Date, there were Outstanding Share Options entitling the holder of the Share Options (being Mr. Chan Tat, an executive Director) to subscribe for 1,000,000 Shares at an exercise price of HK\$0.69 per Share. Save as disclosed above, the Company did not have any outstanding warrants or share options or derivatives or other securities carrying rights of conversion into or exchange or subscription for Shares as at the Latest Practicable Date.

Acceptances of the Option Offer should be received as soon as possible and in any event by no later than 4:00 p.m. on Monday, 29 October 2007.

TOTAL CONSIDERATION

As at the Latest Practicable Date, there are 241,600,000 Shares in issue. At the Offer Price, the Company is valued at HK\$179,122,240. Based on the 68,950,000 Offer Shares in issue as at the date of the Latest Practicable Date and the Outstanding Share Options entitling the holders of the Share Options to subscribe for 1,000,000 Shares, the Share Offer is valued at HK\$51,119,530 and the Option Offer is valued at HK\$51,400.

FINANCIAL RESOURCES FOR THE OFFERS

The Offers are unconditional and financed by a facility for not exceeding HK\$51.9 million from Sanfull Securities which is a third party independent of the Group and its connected persons. By virtue of such financing arrangement, Sanfull Securities is presumed to be acting in concert with the Offeror pursuant to class 9 of the definition of "acting in concert" under the Takovers Code. The facility is subject to a personal guarantee from Mr. Zhang and secured by a charge in respect of the Sale Shares and any Shares that will be purchased by the Offeror pursuant to the Offers. The Offeror does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) will depend to any significant extent on the business of the Group. We are satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offers. Save as disclosed above, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Shares which might be material to the Offers.

INFORMATION ON THE GROUP

The Group is principally engaged in the business of designing, manufacturing and selling of home electrical appliances.

Based on the Group's audited consolidated financial statements, the Group recorded loss before taxation and loss after taxation both of HK\$18,323,000 for the year ended 31 March 2006, and profit before taxation of HK\$13,847,000 and profit after taxation of HK\$13,483,000 for the year ended 31 March 2007. As at 31 March 2007, the Group's audited consolidated net asset value was HK\$50,696,000.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Zhang. Save for entering into the Sale and Purchase Agreement, the Offeror has not conducted any business since its incorporation and has no material assets and liabilities other than the amounts required to finance the Acquisition and the Offers. Mr. Zhang is the sole director of the Offeror.

Prior to entering into the Sale and Purchase Agreement, neither the Offeror nor persons acting in concert with it owned any Shares. Save for entering into the Sale and Purchase Agreement and completion of the transactions contemplated thereunder, none of the Offeror,

its beneficial owner and parties acting in concert with any of them had dealt in any Shares during the period that commenced on the date falling six months prior to the Commencement Date and ending on the Latest Practicable Date.

THE OFFEROR'S INTENTION IN RELATION TO THE GROUP

The Offeror acquired the controlling interest in the Company and intends to continue the existing businesses of the Group. The Offeror further intends to review and strengthen the financial position of the Group after the expiry of the Offer Period. Should any suitable investment or business opportunities arise, the Offeror may consider diversifying the business of the Group in order to broaden its income base. However, no such investment or business opportunities have been identified at this stage. Up to and as at the Latest Practicable Date, the Offeror had no intention to dispose of any material assets and/or businesses of the Company.

Save for the resignation of the existing Directors and the proposed appointment of new directors as referred to in the section headed "Proposed change of board composition" below, the Offeror had, up to and as at the Latest Practicable Date, no intention to make any material changes to the existing management, re-deploy the employees or dispose or re-deploy the assets of the Group other than in its ordinary course of business, and has at this stage no intention to inject any assets or businesses into the Group.

PROPOSED CHANGE OF BOARD COMPOSITION

Pursuant to the Sale and Purchase Agreement and in compliance with Rule 7 of the Takeovers Code, all existing Directors (including the independent non-executive Directors) will resign with effect from the Closing Date. The Offeror intends to nominate new Directors to the Board with effect from the earliest time permitted under the Takeovers Code.

Mr. Zhang, Mr. Chen Yang and Mr. Cai Duanhong will be appointed as executive Directors and Mr. Hong Po Kui, Martin, Mr. Yam Tak Fai, Ronald and Mr. Wong Man Hin, Raymond will be appointed as independent non-executive Directors on the business date after the despatch of this Composite Offer Document.

Set out below are the biographical details of the proposed Directors to be nominated by the Offeror:

Executive Directors

Mr. Zhang, aged 38, has extensive experience in private equity investments in the PRC. Mr. Zhang is currently the controlling shareholder and an executive director of Fulbond Holdings Limited, the shares of which are listed on the main board of the Stock Exchange. Mr. Zhang obtained a bachelor degree in economics from the University of Xiamen, the PRC in 1990. By virtue of his being the sole shareholder of the Offeror, Mr. Zhang is interested in 172,650,000 Shares (representing approximately 71.46% of the issued share capital of the Company as at the Last Practicable Date) within the meaning of Part XV of the SFO.

Mr. Cai Duanhong ("Mr. Cai"), aged 40, has extensive experience in property development and investment in the PRC. Mr. Cai is an executive director of Fulbond Holdings Limited, a company listed on the main board of the Stock Exchange. Mr. Cai is the brother-in-law of Mr. Zhang.

Mr. Chen Yang ("Mr. Chen"), aged 27, has extensive experience in economic research, investment planning and related public relations. He has since May 2007 been a corporate investment manager of Fulbond Holdings Limited, a company listed on the main board of the Stock Exchange. He previously worked at The World Bank in Washington D.C., U.S. to analyze the tax reforms in developing countries with a special focus on the PRC's situation. Before he studied abroad, Mr. Chen served as the assistant to executive president of Peking University Founder Group Corporation where his responsibilities include coordinating investment activities and public relations for the executive president. Mr. Chen obtained a bachelor of arts degree from Nanjing University in July 2002, a postgraduate diploma in economics from Southwest China Normal University in July 2004, and a master degree in public administration from Columbia University, United States of America in October 2006.

The appointment of the proposed executive Directors is for a term of 3 years, and each of them will enter into a service contract with the Company and be entitled to a proposed directors' fee of HK\$600,000 per annum. The relevant service contracts have not been signed as at the Latest Practicable Date.

Independent non-executive Directors

Mr. Hong Po Kui, Martin ("Mr. Hong"), aged 58, is a practicing solicitor and a notary public in Hong Kong. He has been practicing as a solicitor of the High Court of Hong Kong for 30 years and is the senior partner of Messrs. Lau, Chan & Ko, Solicitors. He also holds a bachelor degree in science from University of New South Wales in Australia. Mr. Hong is an independent non-executive director of Simsen International Corporation Limited and Fulbond Holdings Limited (both companies listed on the main board of the Stock Exchange) and Sau San Tong Holdings Limited (a company listed on the growth enterprise market of the Stock Exchange). Mr. Hong was an independent non-executive director of Tse Sui Luen Jewellery (International) Limited, a company listed on the main board of the Stock Exchange during the period from July 1991 to January 2005 and re-designated as a non-executive director for the period from January to August 2005. He is the Commissioner of Hong Kong Road Safety Patrol.

Mr. Yam Tak Fai, Ronald ("Mr. Yam"), aged 50, is a partner in RSM Nelson Wheeler, Certified Public Accountants in Hong Kong. Mr. Yam is a member of the Institute of Chartered Accountants of England and Wales, a fellow member of the Association of Chartered Certified Accountants, Hong Kong Institute of Certified Public Accountants and The Taxation Institute of Hong Kong. Mr. Yam has 30 years' experience in accounting and auditing, and is currently a holder of a Practising Certificate issued by Hong Kong Institute of Certified Public Accountants. He commenced accounting practice in 1977 and became a partner of RSM Nelson Wheeler in January 1999. Mr. Yam is an independent non-executive director of Fulbond

Holdings Limited, a company listed on the main board of the Stock Exchange. He was an independent non-executive director of Sungreen International Holdings Limited, a company listed on the growth enterprise market of the Stock Exchange, during the period from February 2005 to September 2005.

Mr. Wong Man Hin, Raymond ("Mr. Wong"), aged 41, is a member of American Institute of Certified Public Accountants, a Certified Management Accountant (CMA) and holds a certificate in financial management (CFM). Mr. Wong holds a bachelor degree in chemical engineering and a master degree in economics. Mr. Wong is an executive director and deputy chairman of Raymond Industrial Limited, a company listed on the main board of the Stock Exchange. He is also the independent non-executive director of Fulbond Holdings Limited and Era Information & Entertainment Limited, companies listed on the main board and the growth enterprise market of the Stock Exchange respectively.

The appointment of the proposed independent non-executive Directors is for a term of 3 years, and each of them will enter into an appointment letter with the Company and be entitled to a proposed directors' fee of HK\$100,000 per annum. The relevant appointment letters have not been signed as at the Latest Practicable Date.

Save as disclosed above, none of the proposed executive Directors and independent non-executive Directors had any directorship in listed companies in the last three years, and nor are they related to any director, senior management or substantial or controlling shareholder of the Company, or interested in any shares of the Company within the meaning of Part XV of the SFO. Each has confirmed there is no other information relating to his appointment which is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules or matter which needs to be brought to the attention of the Shareholders.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the main board of the Stock Exchange after the expiry of the Offer Period. The Company has undertaken, and the new Directors to be nominated by the Offeror will undertake, to the Stock Exchange to take appropriate steps as soon as possible following the expiry of the Offer Period to ensure that not less than 25% of the Shares will be held by the public.

The Stock Exchange has indicated that if, upon the expiry of the Offer Period, less than 25% of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

So long as the Company remains a listed company, the Stock Exchange will also closely monitor all future acquisitions or disposals of assets of the Company. Any acquisitions or disposals of assets by the Group will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has the discretion to

require the Company to issue an announcement and a circular to the Shareholders irrespective of the size of any proposed transactions, particularly when such proposed transactions represent a departure from the principal activities of the Company.

The Stock Exchange also has the power to aggregate a series of acquisitions or disposals of the Company and any such transactions may result in the Company being treated as if it were a new listing applicant and subject to the requirements for new listing applicants as set out in the Listing Rules.

PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

Procedures for acceptance of the Share Offer

To accept the Share Offer, you must complete and sign the accompanying WHITE Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Share Offer.

The completed WHITE Form of Acceptance should then be forwarded, together with the relevant Share(s) certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Share Offer, by post or by hand to the Registrar marked "BEP Share Offer" on the envelope, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as practicable **and in any event, so as to reach the Registrar by no later than 4:00 p.m. on Monday, 29 October 2007** (or such later time and date as the Offeror may determine and announce in accordance with the Takeovers Code). No acknowledgement of receipt of any WHITE Form(s) of Acceptance, Share(s) certificate(s), transfer receipt(s) or other document(s) of title (and/or any indemnity or indemnities required in respect thereof) will be given.

Your attention is also drawn to the section headed "Terms of the Offers" as set out in Appendix I to this Composite Offer Document and the WHITE Form of Acceptance.

Procedures for acceptance of the Option Offer

To accept the Option Offer, you must complete and sign the accompanying PINK Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Option Offer. The PINK Form of Acceptance has been separately despatched to each Optionholders and is also available at the Company at Units 909-912, 9th Floor, Fo Tan Industrial Centre, 26-28 Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong.

The completed PINK Form of Acceptance should then be forwarded, together with the relevant Share Option(s) certificate(s) (if any) for not less than the number of Share Options in respect of which you intend to accept the Option Offer, by post or by hand to the Registrar marked "BEP Option Offer" on the envelope, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as practicable **and in any event, so as to reach the Registrar by no later than 4:00 p.m. on Monday, 29 October 2007** (or such

later time and date as the Offeror may determine and announce in accordance with the Takeovers Code). No acknowledgement of receipt of any PINK Form(s) of Acceptance, Share Option(s) certificate(s) will be given.

Your attention is also drawn to the section headed "Terms of the Offers" as set out in Appendix I to this Composite Offer Document and the PINK Form of Acceptance.

Settlement of the Offers

Provided that a valid Form of Acceptance and the relevant documents required to render the relevant acceptance under the Offers are complete and in good order in all respects and have been received by the Registrar by no later than 4:00 p.m. on Monday, 29 October 2007, the latest time and date for acceptance of the Offers, a cheque for the amount due to the relevant accepting Shareholder, less seller's ad valorem stamp duty (if any) payable by the relevant accepting Shareholder or Optionholder (as the case may be) will be despatched to the relevant accepting Shareholder or Optionholder (as the case may be) by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days after the date on which such documents are received by the Registrar. The Offeror will then pay stamp duty to the Hong Kong Stamp Office.

In order for the beneficial owners of Shares whose investments are registered in nominee names to accept the Share Offer, it is essential that they provide instructions to their nominee agents of their intentions with regards to the Share Offer. To ensure equality of treatment of all Shareholders, those registered Shareholders who hold Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately.

The attention of Shareholders and Optionholder with registered addresses outside Hong Kong is drawn to the section headed "General" of Appendix I to this Composite Offer Document.

FURTHER TERMS OF THE OFFERS

Further terms and conditions of the Offers (including further procedures for acceptance, the acceptance period, revisions of the Offers and the stamp duty payable by Independent Shareholders who accept the Share Offer) are set out in Appendix I to this Composite Offer Document and the Forms of Acceptance.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee and the letter from Veda Capital, which are contained in this Composite Offer Document, in relation to their recommendation regarding the Offers.

Yours faithfully,
For and on behalf of
Baron Capital Limited



Monica Lin
Director