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EATON HOLDING II S.A.R.L. SENYUAN INTERNATIONAL HOLDINGS LIMITED
森源國際控股有限公司

(Incorporated in Luxembourg with limited liability)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

JOINT ANNOUNCEMENT
VOLUNTARY CONDITIONAL CASH OFFER
BY DBS ASIA CAPITAL LIMITED, ON BEHALF OF
EATON HOLDING II S.A.R.L.,
A WHOLLY-OWNED INDIRECT SUBSIDIARY OF
EATON CORPORATION,
FOR ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF
SENYUAN INTERNATIONAL HOLDINGS LIMITED

Financial Adviser to
Eaton Holding II S.a.r.l.



DBS Asia Capital Limited

Financial Adviser to
Senyuan International Holdings Limited



Quam Capital Limited

The Offeror and SIH jointly announce that the Offeror will make, through DBS Asia Capital, a voluntary conditional cash offer to acquire all the issued shares in the share capital of SIH.

The Offer will be made on the following basis:

Basic Offer Price for each SIH Share HK\$1.49 in cash
OR

Enhanced Offer Price (payable only if the 90% Threshold Condition
is satisfied) for each SIH Share HK\$1.62 in cash

DBS Asia Capital is satisfied that sufficient financial resources are available to the Offeror to meet full acceptances of the Offer.

There are 305 million SIH Shares in issue as at the date of this announcement. SIH has no options, warrants or other securities in issue that carry a right to subscribe for or which are convertible into SIH Shares.

The Offeror has received Irrevocable Undertakings from Mr. Tsang and Mr. Zhou (the indirect controlling shareholders of SIH) that they will accept or procure the acceptance of the Offer in respect of the Committed Shares, which represent 75% of the SIH Shares currently in issue. The Offer will become unconditional as to acceptances upon the receipt of acceptances of the Committed Shares.

If the Offeror receives valid acceptances of the Offer for not less than 90% of the SIH Shares (other than those already held by the Offeror and its Concert Parties), the Offeror intends to apply the provisions of the Companies Law to compulsorily acquire any remaining SIH Shares and to apply for a de-listing of SIH Shares from the Stock Exchange.

The Offeror and SIH intend to combine the Offer Document with the Response Document for despatch to SIH Shareholders. The Composite Document, which will contain details of the Offer, is expected to be despatched to SIH Shareholders within 21 days from the date of this announcement. The Composite Document will include the expected timetable in relation to the Offer.

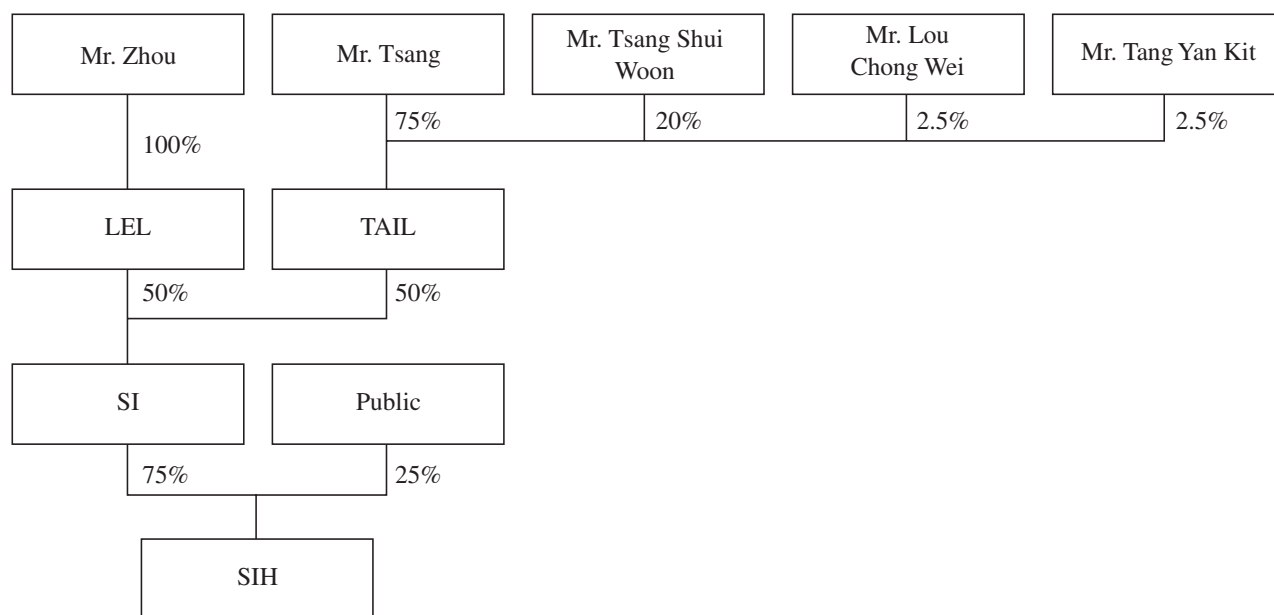
At the request of SIH, trading in the SIH Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 21 August 2006 pending the release of this announcement. Application has been made by SIH to the Stock Exchange for resumption of trading in the SIH Shares with effect from 9:30 a.m. on 23 August 2006.

I. INTRODUCTION

The Offeror and SIH jointly announce that the Offeror will make, through DBS Asia Capital, a voluntary conditional cash offer to acquire all the issued shares in the share capital of SIH.

There are 305 million SIH Shares in issue as at the date of this announcement. SIH has no options, warrants or other securities in issue that carry a right to subscribe for or which are convertible into SIH Shares.

The simplified shareholding structure of SIH is as follows:



Notes:

1. Mr. Tsang Shui Woon is a brother of Mr. Tsang.
2. Mr. Lou Chong Wei is an executive SIH Director and a brother-in-law of Mr. Tsang.

II. THE OFFER

The Offer will be made on the following basis:

Basic Offer Price for each SIH Share HK\$1.49 in cash

OR

Enhanced Offer Price (payable only if the 90% Threshold Condition is satisfied)
for each SIH Share HK\$1.62 in cash

COMPARISONS OF VALUE

The Basic Offer Price and Enhanced Offer Price represent:

1. a premium of approximately 4.20% and 13.29%, respectively, over the closing price of HK\$1.43 per SIH Share as quoted on the Stock Exchange on the Last Trading Date;
2. a premium of approximately 4.93% and 14.08%, respectively, over the average closing price of approximately HK\$1.42 per SIH Share as quoted on the Stock Exchange for the last 10 trading days immediately prior to and including the Last Trading Date;
3. a premium of approximately 10.37% and 20%, respectively, over the average closing price of approximately HK\$1.35 per SIH Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the Last Trading Date;

4. a premium of approximately 13.74% and 23.66%, respectively, over the average closing price of approximately HK\$1.31 per SIH Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Date;
5. a premium of approximately 26.27% and 37.29%, respectively, over the issue price of SIH at its initial public offering on 11 July 2005 of HK\$1.18 per SIH Share; and
6. a premium of approximately 132.81% and 153.13%, respectively, over the audited net asset value per SIH Share of approximately HK\$0.64 as at 31 December 2005 (based on the net asset value of approximately RMB202 million (equivalent to approximately HK\$196.12 million) and 305 million SIH Shares currently in issue according to the audited accounts of SIH).

HIGHEST AND LOWEST PRICES

The highest and lowest prices at which SIH Shares were traded on the Stock Exchange in the six-month period immediately prior to the Last Trading Date were HK\$1.50 on 4 August 2006, 7 August 2006 and 8 August 2006 and HK\$1.07 on 25 May 2006, respectively.

TOTAL CONSIDERATION

If the 90% Threshold Condition is satisfied and the Enhanced Offer Price of HK\$1.62 per SIH Share becomes payable, the aggregate maximum amount payable by the Offeror, assuming 305 million SIH Shares in issue, would be approximately HK\$494.1 million.

CONFIRMATION OF FINANCIAL RESOURCES

DBS Asia Capital has been appointed as the financial adviser to the Offeror in respect of the Offer.

DBS Asia Capital is satisfied that sufficient financial resources are available to the Offeror to meet full acceptance of the Offer. The Offer will be financed by the Offeror's internal resources.

FURTHER TERMS OF THE OFFER

The SIH Shares will be acquired with all rights attached thereto as at the date of this announcement or which subsequently become attached thereto, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date of this announcement, and free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights.

IRREVOCABLE UNDERTAKINGS TO ACCEPT THE OFFER

The Offeror has received Irrevocable Undertakings from Mr. Tsang and Mr. Zhou (the indirect controlling shareholders of SIH) that they will accept, or procure the acceptance by their Affiliates of, the Offer in respect of the Committed Shares, which represent 75% of the entire issued share capital of SIH as at the date of this announcement. The Offer will become unconditional as to acceptances upon the receipt of acceptances of the Committed Shares. The Irrevocable Undertakings will be binding even if a higher offer is made for the SIH Shares and will lapse only if (i) the Offeror is not obliged to make or proceed with the Offer if after the release of this announcement, (a) the Executive consents to the Offeror not making the Offer; (b) an event occurs as a result of which the Offeror is no longer required by the Takeovers Code to proceed with the Offer; or (c) the Offeror becomes aware that any Condition of the Offer as set out in this announcement has or can reasonably be expected to become incapable of being fulfilled; or (ii) the Offer lapses or is withdrawn. The Irrevocable Undertakings will also apply to any new offer made by or on behalf of the Offeror to acquire shares in SIH following an announcement of a general offer by a third party for SIH provided that (a) such new offer is made within 18 months of the lapsing or withdrawal of the Offer; (b) the Offeror did not request the Executive to allow it to withdraw the Offer, and (c) the terms of such new offer by Offeror are no less favourable to acceptors than the terms set out in this announcement.

The Irrevocable Undertakings require that Mr. Tsang and Mr. Zhou will accept, or procure that their Affiliates will accept, the Offer in respect of the Committed Shares not later than 7 days after the Composite Document is posted to SIH Shareholders.

PAYMENT

Payment in respect of acceptances of the Offer will be made as soon as possible but in any event within 10 days of the date of receipt of a complete and valid acceptance or of the Unconditional Date, whichever is the later. If the 90% Threshold Condition is satisfied on a date which falls after such payment has been made, the additional consideration payable, being the difference between the Enhanced Offer Price and the Basic Offer Price, will be paid within 10 days of the date on which the 90% Threshold Condition is satisfied. Relevant documents of title must be received by the Offeror to render each acceptance of the Offer complete and valid.

STAMP DUTY

Sellers' ad valorem stamp duty arising in connection with acceptance of the Offer will be payable by each SIH Shareholder at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable by the Offeror for such person's SIH Shares and will be deducted from the cash amount due to such accepting SIH Shareholder. The Offeror will pay the buyer's ad valorem stamp duty on its own behalf and the seller's ad valorem stamp duty on behalf of the accepting SIH Shareholders.

III. CONDITIONS OF THE OFFER

The Offer will be conditional on:

- (a) valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the date which is 21 days after the making of the Offer (or such later time(s) and/or date(s) as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of the SIH Shares which constitute not less than 75% of the SIH Shares to which the Offer relates;
- (b) each and every member of the SIH Group remaining solvent and not subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, provisional liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any part of the assets or undertakings of any member of the SIH Group from the date of this announcement up to the date when all the other Conditions are satisfied or waived;
- (c) no event having occurred which would make the Offer or the acquisition of any of the SIH Shares by the Offeror void, unenforceable, illegal or which would prohibit its implementation of the Offer or impose any additional material conditions or obligations with respect to the Offer or any part thereof or on the acquisition of any of the SIH Shares;
- (d) any necessary consent or approval (including approval in principle) of any governmental or regulatory body in relation to the Offer having been obtained pursuant to the provisions of any laws or regulations in Hong Kong, the People's Republic of China and overseas;
- (e) no government, governmental, quasi-governmental, supranational, statutory or regulatory bodies or courts in any jurisdiction having instituted any action, proceeding, suit, investigation or enquiry, or enacted or made, and there not continuing to be outstanding, any statute, regulation or order that would make the Offer void, unenforceable or illegal or prohibit the implementation of, the Offer; and
- (f) any necessary third party consents in relation to the Offer required pursuant to any agreement (including any financing agreement) to which any member of the SIH Group is a party (where any failure to obtain a consent would have a material adverse effect on the business of the SIH Group taken as a whole) having been obtained or waived by the relevant party(ies).

The Offeror reserves the right to waive all or any of the Conditions to the Offer set out above, in whole or in part. The Offer will become unconditional as to acceptance upon the receipt of acceptances in respect of the Committed Shares.

In addition to the Conditions set out above, the Offer is also made on the basis that acceptance of the Offer by any person will constitute a warranty by such person to the Offeror that the SIH Shares acquired under the Offer are sold free from all third party rights, liens, charges, equities and encumbrances and together with all rights attaching thereto as at the date of this announcement or subsequently becoming attached to them, including the right to receive all dividends and other distributions, if any, declared, made or paid on or after the date of this announcement.

IV. INFORMATION ON THE SIH GROUP

The SIH Group is a well-established manufacturer of vacuum circuit breakers and other components of switchgears in the PRC.

The SIH Shares were listed on the Stock Exchange on 11 July 2005 by way of public offer and placing.

The audited consolidated profit before and after taxation of the SIH Group was approximately RMB55.8 million (equivalent to approximately HK\$54.2 million) and RMB49.5 million (equivalent to approximately HK\$48.1 million) respectively for the year ended 31 December 2005. For the year ended 31 December 2004, the audited consolidated profit before and after taxation of the SIH Group was approximately RMB47.5 million (equivalent to approximately HK\$46.1 million) and RMB42.3 million (equivalent to approximately HK\$41.1 million) respectively.

The audited net asset value of the SIH Group was approximately RMB202 million (equivalent to approximately HK\$196.1 million) as at 31 December 2005 and was approximately RMB76.5 million (equivalent to approximately HK\$74.3 million) as at 31 December 2004.

V. INFORMATION ON THE OFFEROR

The Offeror is a wholly-owned indirect subsidiary of Eaton Corporation, a company incorporated in the State of Ohio, USA. Eaton Corporation is listed on the New York Stock Exchange and is a constituent of the S&P 500 index. Eaton Corporation is a diversified industrial manufacturer which operates through four business segments, namely, electrical, fluid power, truck and automotive. Eaton's Electrical Group designs, manufactures, markets and services electrical systems and components for power quality, distribution and control and its products include low and medium-voltage power distribution and control products, and a range of circuit breakers. Eaton's Fluid Power Group designs, manufactures, markets and services fluid power systems and services for industrial, mobile and aircraft equipment. Eaton's Truck Group offers products including heavy, medium and light duty agricultural mechanical transmissions and Eaton's Automotive Group's products include automotive engine air management systems, powertrain solutions and specialty controls for performance, fuel economy and safety.

The Offeror is a company incorporated in Luxembourg on 13 May 2004 with limited liability. The directors of the Offeror are Mr. Carlo Schlessler, Mr. Robert Parmenter and Mr. David Otto. The Offeror is a holding company, the subsidiaries of which are principally engaged in all four of Eaton's business segments.

The audited consolidated net profit before and after taxation of Eaton Corporation was approximately US\$996 million (equivalent to approximately HK\$7,769 million) and US\$805 million (equivalent to approximately HK\$6,279 million), respectively for the financial year ended 31 December 2005.

VI. REASONS AND BENEFITS FOR THE OFFER

The Offeror is of the view that the making of the Offer provides an excellent opportunity for Eaton to enlarge its electrical equipment and controls businesses in the PRC and to capitalise on SIH Group's distribution network in the PRC. The acquisition of SIH would diversify Eaton's existing businesses and enhance growth prospects.

VII. THE OFFEROR'S INTENTIONS IN RELATION TO SIH INTENTIONS REGARDING THE SIH GROUP

Following completion of the Offer, Eaton Corporation and the Offeror intend that the SIH Group will carry on its current business of manufacturing and selling of electrical distribution and control equipment in the PRC.

BENEFITS OF THE OFFER FOR THE SIH SHAREHOLDERS

The Offer gives SIH Shareholders an opportunity to realize their investment in the SIH Group at a price which is above the market price of SIH Shares on the Last Trading Date and which is also at a significant premium to the issue price of HK\$1.18 per SIH Share at its initial public offering. The average daily trading volume of SIH Shares was approximately 664,000 SIH Shares per day for the last 30 trading days and approximately 201,000 SIH Shares per day for the last 180 trading days respectively prior to and including the Last Trading Date (representing approximately 0.22% and 0.07% of the issued share capital of SIH respectively). Given the thin trading volume, the Offer provides an opportunity to the SIH Shareholders to realize in full their investment in SIH.

COMPULSORY ACQUISITION, SUSPENSION OF DEALINGS AND DE-LISTING

If the 90% Threshold Condition is satisfied, the Offeror intends to apply the provisions of the Companies Law to compulsorily acquire any outstanding SIH Shares and to apply for a de-listing of SIH Shares from the Stock Exchange.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise SIH by means of the Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Company Law, acceptance of the Offer and purchases made by the Offeror and its Concert Parties during the period of four months after posting of the Composite Document total 90% of the SIH Shares other than those held by the Offeror and its Concert Parties.

As neither Mr. Tsang nor Mr. Zhou or their Affiliates are acting in concert with the Offeror, acceptances of the Offer for the Committed Shares will be taken into account when calculating the 90% Threshold Condition.

MAINTAINING THE LISTING STATUS OF SIH

If the Offer were to become unconditional but compulsory acquisition rights were not available to the Offeror, the Offeror will use reasonable endeavours to maintain the listing of SIH on the Stock Exchange and will ensure that not less than 25% of the SIH Shares will be held by the public as soon as possible following the closing of the Offer in compliance with the Listing Rules.

The Stock Exchange has stated that if, at the close of the Offer, less than 25% of the SIH Shares are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the SIH Shares, or
 - there are insufficient SIH Shares in public hands to maintain an orderly market,
- then it will consider exercising its discretion to suspend dealings in the SIH Shares.

ARRANGEMENT WITH MR. TSANG AND MR. ZHOU

Mr. Tsang and Mr. Zhou (the indirect controlling shareholders of SIH) have each entered into a Consulting Services Agreement with Eaton Suzhou (a wholly-owned indirect subsidiary of Eaton Corporation) under which, subject to the Offer becoming unconditional, Mr. Tsang and Mr. Zhou will serve as independent contractors to provide consulting services to Eaton Suzhou and its affiliates including SIH for a period of 18 months. Under each Consulting Services Agreement, Mr. Tsang and Mr. Zhou have agreed with Eaton Suzhou, that, subject to certain exceptions, they will not compete with the business of assembly, manufacture, distribution or sale of cable plugs, controls and switchgears, and components for controls and switchgears for high, medium and low voltage electrical applications (i) anywhere in the world during the term of the Consulting Services Agreement, and (ii) in Greater China for a period of 36 months from the signing of the Consulting Services Agreement.

Under the Consulting Services Agreements, the annual consulting fee payable by Eaton Suzhou to each of Mr. Tsang and Mr. Zhou is RMB0.98 million (equivalent to approximately HK\$951,456). Eaton Suzhou will also make a non-compete payment of RMB0.5 million (equivalent to approximately HK\$485,437) to each of Mr. Tsang and Mr. Zhou payable in 18 monthly instalments during the term of the Consulting Services Agreements.

Each of Mr. Tsang and Mr. Zhou has an existing service agreement dated 30 May 2005 with SIH. The annual salary payable by SIH to Mr. Tsang and Mr. Zhou under these service agreements is HK\$1,440,000 and HK\$1,440,000 respectively. It is the intention of the Offeror to terminate these service agreements after completion of the Offer.

It is the intention of the Offeror that SIH's existing senior management team will continue to manage SIH after completion of the Offer along with existing management of Eaton's Electrical Group, and Mr. Tsang and Mr. Zhou will continue to participate in the running of SIH through their Consulting Services Agreements.

VIII. GENERAL MATTERS

REPRESENTATIONS AND WARRANTIES

Each of Mr. Tsang, Mr. Zhou and SI (a company Controlled by them and the registered owner of the Committed Shares) has given certain representations and warranties in respect of the SIH Group and its business to the Offeror, as set out in the Deed of Warranties dated 20 August 2006. Pursuant to the Deed of Warranties, Mr. Tsang, Mr. Zhou and SI have further agreed that 15% of the consideration payable for the Committed Shares shall be paid into an escrow account and shall be available to satisfy claims made by the Offeror under the Deed of Warranties. Any amount remaining in the escrow account will be released on the date which is 18 months after the date on which legal title to the Committed Shares is transferred to the Offeror.

BREAK FEE

Mr. Tsang and Mr. Zhou (the indirect controlling shareholders of SIH) have each agreed to pay to the Offeror a break fee of 2.5% of the value of the Committed Shares (being the price per SIH Share under the Offer multiplied by the number of Committed Shares) (i) if they violate the undertakings contained in the Irrevocable Undertakings to, amongst other things, accept the Offer; (ii) the executive directors of SIH fail to pass a resolution supporting the Offer or revoke such resolution supporting the Offer other than in certain circumstances; or (iii) if there is a higher competing offer, Mr. Tsang or Mr. Zhou votes in his capacity as a SIH Director to support such higher competing offer.

The Offeror has agreed with Mr. Tsang and Mr. Zhou to pay to SIH an aggregate break fee of 5% of the value of the Committed Shares if, after all of the Conditions of the Offer have been met, the Offeror applies to, and receives consent from, the SFC to withdraw the Offer.

COMPOSITE DOCUMENT

The Offeror and SIH intend to combine the Offer Document with the Response Document for despatch to SIH Shareholders. The Composite Document, which will contain details of, among other things, the Offer, a letter from the independent board committee of SIH in relation to the Offer and a letter from an independent financial adviser in respect of the Offer, is expected to be despatched to SIH Shareholders within 21 days from the date of this announcement. The Offeror will include the expected timetable in relation to the Offer in the Composite Document.

INTEREST OF THE OFFEROR IN SIH

Neither the Offeror nor any of its Concert Parties owns, controls or directs any SIH Shares or any convertible securities, warrants or options in respect of SIH Shares, and none of such persons have had any holdings in SIH Shares or have dealt in SIH Shares in the 6 months prior to the commencement of the Offer Period.

AVAILABILITY OF THE OFFER

The availability of the Offer to persons not resident in Hong Kong may be affected by the laws of overseas jurisdictions. Persons who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions.

DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than \$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that cooperation.”

GENERAL

Under Rule 2.1 of the Takeovers Code, a board which receives an offer must establish an independent committee of the board to make a recommendation (i) as to whether the offer is, or is not, fair and reasonable and (ii) as to acceptance or voting. Messrs. Keung Ping Yin, Raymond, Wong Yiu Sun, Peter and Lu Yan Sun, all of whom are independent non-executive SIH Directors, have been appointed as members of the independent board committee of SIH in respect of the Offer. CIMB-GK Securities (HK) Ltd. has been approved by the independent board committee of SIH to act as the independent financial adviser to advise the independent board committee of SIH in respect of the Offer.

At the request of SIH, trading in the SIH Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 21 August 2006 pending the release of this announcement. Application has been made by SIH to the Stock Exchange for resumption of trading in the SIH Shares with effect from 9:30 a.m. on 23 August 2006.

SIH Shareholders and potential investors should note that the Offer is subject to Conditions and may lapse if the Offer does not become unconditional. Accordingly, SIH Shareholders and potential investors are reminded to exercise caution when trading in the SIH Shares.

IX. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“acting in concert”	has the meaning ascribed to it in the Takeovers Code;
“Affiliates”	means any Controlled company and any subsidiary Controlled by such company, in each case from time to time, and includes SI;
“associates”	has the meaning ascribed to it in the Listing Rules;
“Basic Offer Price”	means the amount of HK\$1.49 payable by the Offeror to holders of SIH Shares for each SIH Share accepted under the Offer;
“Committed Shares”	means the 228,750,000 SIH Shares which are subject to the Irrevocable Undertakings, registered in the name of SI, a company beneficially owned as to 50% by Mr. Zhou and as to 37.5% by Mr. Tsang;
“Companies Law”	means the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;

“Composite Document”	means the Offer Document and the Response Document to be issued jointly by the Offeror and SIH in connection with the Offer;
“Concert Parties”	means parties acting in concert with the Offeror within the meaning of the Takeovers Code;
“Conditions”	means the conditions of the Offer, as set out under the paragraph headed “Conditions of the Offer” of this announcement;
“Consulting Services Agreements”	means the agreements, dated 20 August 2006, entered into between Eaton Suzhou and Mr. Tsang, and between Eaton Suzhou and Mr. Zhou respectively, and “Consulting Services Agreement” means either of these agreements;
“Controlled”	means holding or having the right to exercise 30% or more of the voting rights of a company, or otherwise being able to direct the management and operations of such company;
“DBS Asia Capital”	means DBS Asia Capital Limited, a licensed corporation under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Offeror in relation to the Offer;
“Deed of Warranties”	means the deed dated 20 August 2006 entered into by Mr. Tsang, Mr. Zhou and SI;
“Eaton Suzhou”	Eaton Electrical (Suzhou) Co., Ltd.;
“Enhanced Offer Price”	means the amount of HK\$1.62 (inclusive of the Basic Offer Price) payable to holders of SIH Shares for each SIH Share accepted under the Offer, if the 90% Threshold Condition is satisfied;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Greater China”	means the People’s Republic of China including the Hong Kong Special Administrative Region, Taiwan and the Macao Special Administrative Region;
“HK\$”	means Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Irrevocable Undertakings”	means the irrevocable undertakings, dated 20 August 2006, given by each of Mr. Tsang and Mr. Zhou respectively in favour of the Offeror and DBS Asia Capital in respect of the Committed Shares;
“Last Trading Date”	means 18 August 2006, being the last trading day prior to the suspension of trading in SIH Shares pending the publication of this announcement;
“LEL”	means Lanling Electrical Limited, a company incorporated in the British Virgin Islands with limited liability, the total issued shares in which are held beneficially by Mr. Zhou;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Mr. Tsang”	means Mr. Tsang Shui Ching, Patrick, an executive SIH Director;
“Mr. Zhou”	means Mr. Zhou Anmin, an executive SIH Director;
“Offer”	means the voluntary conditional cash offer at the Basic Offer Price or at the Enhanced Offer Price (as the case may be) for all the issued SIH Shares;
“Offer Document”	means the document required to be issued by, or on behalf of, the Offeror to all SIH Shareholders in accordance with the Takeovers Code containing, inter alia, details of the Offer and the terms and conditions of the Offer and forming part of the Composite Document;
“Offer Period”	has the meaning ascribed to it in the Takeovers Code;

“Offeror”	means Eaton Holding II S.a.r.l., a company incorporated in Luxembourg with limited liability and a wholly-owned indirect subsidiary of Eaton Corporation;
“Offeror Board”	means the board of directors of the Offeror;
“Offeror Directors”	means the directors of the Offeror for the time being;
“PRC”	means the People’s Republic of China excluding the Hong Kong Special Administrative Region, Taiwan and the Macao Special Administrative Region;
“Response Document”	means the document required to be issued by SIH to all SIH Shareholders in accordance with the Takeovers Code containing, inter alia, the board circular of SIH and forming part of the Composite Document;
“RMB”	means Renminbi, the lawful currency of the PRC and the exchange rate for RMB into HK\$ for the purpose of this announcement is RMB1.03 = HK\$1.00;
“SFC”	means the Securities and Futures Commission of Hong Kong;
“Securities and Futures Ordinance” or “SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SI”	means Senyuan International Limited, a company incorporated in the British Virgin Islands with limited liability and Controlled by Mr. Zhou and Mr. Tsang;
“SIH”	means Senyuan International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange;
“SIH Board”	means the board of directors of SIH;
“SIH Director(s)”	means the director(s) of SIH;
“SIH Group”	means SIH and its subsidiaries;
“SIH Shareholders”	means registered holders for the time being of SIH Shares;
“SIH Shares”	means ordinary shares of HK\$0.10 each in the issued share capital of SIH;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to it in Section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“TAIL”	means Tai Ah International Limited, a company incorporated in the British Virgin Islands with limited liability, the total issued shares of which are held beneficially by Mr. Tsang, Mr. Tsang Shui Woon, Mr. Lou Chong Wei and Mr. Tang Yan Kit;
“Takeovers Code”	means The Hong Kong Code on Takeovers and Mergers;
“Unconditional Date”	means the date on which the Offer becomes or is declared unconditional in all respects;
“US\$”	means United States dollar(s), the lawful currency of the USA and the exchange rate for US\$ into HK\$ for the purpose of this announcement is US\$1.00 = HK\$7.80;
“USA”	means the United States of America;
“90% Threshold Condition”	means the receipt of valid acceptances of the Offer in respect of the SIH Shares which constitute not less than 90% of the SIH Shares to which the Offer relates; and
“%”	means per cent.

By order of the Board of
Eaton Holding II S.a.r.l.
Carlo Schlessner
Director

By order of the Board of
Senyuan International Holdings Limited
Tsang Shui Ching, Patrick
Chairman

Hong Kong, 22 August 2006

The Offeror Directors, the Chairman and Chief Executive Officer of Eaton Corporation and the Executive Vice President and Chief Financial and Planning Officer of Eaton Corporation jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the SIH Group) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to the SIH Group) have been arrived at after due and careful consideration and there are no other facts (other than those relating to the SIH Group) not contained in this announcement, the omission of which would make any statements in this announcement misleading.

The SIH Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement in respect of the SIH Group and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement in respect of the SIH Group have been arrived at after due and careful consideration and there are no other facts not contained in this announcement in respect of the SIH Group, the omission of which would make any statements in this announcement in respect of the SIH Group misleading.

As at the date of this announcement, the board of directors of the Offeror comprises Mr. Carlo Schlessler, Mr. Robert Parmenter and Mr. David Otto.

As at the date of this announcement, the Chairman and Chief Executive Officer of Eaton Corporation is Mr. Alexander Cutler and the Executive Vice President and Chief Financial and Planning Officer of Eaton Corporation is Mr. Richard Fearon.

As at the date of this announcement, the SIH Board comprises Mr. Tsang, Mr. Zhou, Mr. Lou Chong Wei, Mr. Shu Yi Jin, Mr. Keung Ping Yin, Raymond, Mr. Wong Yiu Sun, Peter, and Mr. Lu Yan Sun.

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