

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in **Benefun International Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



BENEFUN INTERNATIONAL HOLDINGS LIMITED

奮發國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1130)

**PROPOSALS INVOLVING GENERAL MANDATE TO ISSUE SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening an annual general meeting of Benefun International Holdings Limited (the "Company") to be held at Room M5, 4th Floor, Opulent Building, 402-406 Hennessy Road, Wanchai, Hong Kong on Friday, 16 December 2005 at 3:15 p.m. is set out on pages 7 to 9 of this circular. Shareholders are advised to read the notice and to complete and return the accompanying form of proxy for use at the annual general meeting in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude the shareholders from attending and voting at the meeting if they so wish.

Hong Kong, 26 October 2005

* For identification purpose only

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Room M5, 4th Floor, Opulent Building, 402-406 Hennessy Road, Wanchai, Hong Kong on Friday, 16 December 2005 at 3:15 p.m., notice of which is set out on pages 7 to 9 of this circular
“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time
“Company”	Benefun International Holdings Limited, a company incorporated in the Cayman Islands with its Shares listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Latest Practicable Date”	20 October 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	registered holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent



BENEFUN INTERNATIONAL HOLDINGS LIMITED

奮發國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1130)

Executive Directors:

Mr. Tan Sim Chew (*Chairman*)

Ms. Chen Miao Zhu

Mr. Fu Zi Cong

Mr. Lo King Fat, Lawrence

Independent Non-Executive Directors:

Mr. Wong Kwai Sang, Kays

Mr. Tsang Chun Pong

Mr. Li Chun Ming, Raymond

Registered Office:

Ugland House

South Church Street

Post Office Box 309

George Town, Grand Cayman

Cayman Islands

British West Indies

Principal place of business:

1-18 Xinde Industrial Park, Dainqian

Huli, Xiamen

China

Hong Kong office:

23rd Floor

Sing Ho Finance Building

166-168 Gloucester Road

Wanchai, Hong Kong

Hong Kong, 26 October 2005

To the Shareholders,

Dear Sir or Madam,

**PROPOSALS INVOLVING GENERAL MANDATE TO ISSUE SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

GENERAL MANDATE TO ISSUE SHARE

At the annual general meeting of the Company held on 17 December 2004, a general mandate was given by the Company to the Directors to exercise the powers of the Company to issue Shares. Such general mandate will lapse at the Annual General Meeting.

* *For identification purpose only*

LETTER FROM THE CHAIRMAN

The Directors propose to seek your approval of an ordinary resolution to be proposed at the Annual General Meeting for granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company at the date of the resolution.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,331,929,000 Shares. Subject to the passing of the ordinary resolution approving the general mandate to issue Shares and on the basis that no further Shares are issued prior to the Annual General Meeting, the Company would be allowed under the general mandate to issue 266,385,800 Shares, representing 20% of the issued share capital as at the Latest Practicable Date. The Directors wish to state that they have no immediate plan to issue any new Shares pursuant to the general mandate. The Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Directors to issue Shares at such time as the Directors thinks fit without the need to convene a general meeting to approve issue of Shares.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Your attention is drawn to the Special Resolution to approve amendments to Articles 99 and 116 of the Articles of Association.

The Stock Exchange has recently amended the Listing Rules for the purpose of implementing the Code on Corporate Governance Practices (“the Code”). The Code replaces the Code of Best Practice in Appendix 14 of the Listing Rules. Pursuant to paragraph A.4.2 of the Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In view of the paragraph 4.2 of the Code, the Directors propose the Special Resolution to amend Articles 99 and 116 of the Articles of Association to provide that a director appointed to fill a casual vacancy shall be subject to election at the following general meeting and every Director of the Company shall be subject to retirement by rotation at least once every three years.

RE-ELECTION OF RETIRING DIRECTORS

The Board of Directors currently consists of seven Directors, namely Mr. Tan Sim Chew, Ms. Chen Miao Zhu, Mr. Fu Zi Cong, Mr. Lo King Fat, Lawrence, Mr. Wong Kwai Sang, Kays and Mr. Tsang Chun Pong and Mr. Li Chun Ming, Raymond.

Pursuant to Article 116 of the existing Articles of Association, Mr. Wong Kwai Sang, Kays and Mr. Tsang Chun Pong shall retire from office at the Annual General Meeting and shall be eligible for re-election. Details of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix to this circular.

ANNUAL GENERAL MEETING

At the Annual General Meeting, resolutions will be proposed to the Shareholders in respect of ordinary businesses to be considered at the Annual General Meeting, including the re-election of the retiring Directors, and special businesses, being the ordinary resolution to approve the general mandate to issue Shares and the special resolution to approve the amendments to the Articles of Association. The notice of Annual General Meeting is set out on pages 7 to 9 of this circular.

LETTER FROM THE CHAIRMAN

ACTION TO BE TAKEN

A form of proxy for use at the Annual General Meeting is enclosed with this circular. If you do not propose to attend the Annual General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the head office and principal place of business of the Company at 23rd Floor, Sing Ho Finance Building, 166-168 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the Annual General Meeting or any adjourned meeting if they so desire.

RIGHT TO DEMAND A POLL

Pursuant to existing Article 80 of the Articles of Association, a resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is taken as may from time to time be required the Listing Rules or any other applicable laws, rules or regulations or unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (a) the chairman of such meeting; or
- (b) at least five Shareholders present in person or by proxy and entitled to vote; or
- (c) any Shareholder or Shareholders present in person or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all Shareholders having the right to attend and vote at the meeting; or
- (d) any Shareholder or Shareholders present in person or by proxy and holding Shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

RECOMMENDATION

The Directors consider that the proposed general mandate to issue Shares, the proposed amendments to the Articles of Association and the proposed re-election of the retiring Directors are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the Annual General Meeting to give effect to them.

Yours faithfully,
TAN Sim Chew
Chairman

1. **Mr. WONG Kwai Sang, Kays**, aged 53, was appointed an independent non-executive director in 2002. He is also a member of the audit committee and remuneration committee of the Company.

Mr. WONG is a property consultant. He holds a Bachelor of Social Sciences degree from the University of Hong Kong. He is a fellow member of the Hong Kong Institute of Real Estate Administration and of the Australian Institute of Building respectively.

Mr. WONG does not hold any directorship in other listed public companies in the last three years and save as disclosed above, he does not hold any other position with the Company and other members of the Company's group.

Mr. WONG is appointed as an independent non-executive director for a term until 3 July 2008 and subject to the retirement and re-election requirements at annual general meeting pursuant to the Bye-laws of the Company.

Mr. WONG is appointed for a term of 3 years commencing on 3 July 2005 pursuant to an agreement with the Company and is entitled to a director's fee of HK\$60,000 per annum which was determined with reference to his duties and responsibilities with the Company.

Mr. WONG is and was not connected with any directors, senior management or substantial or controlling members of the group of the Company.

As at the Latest Practicable Date, Mr. WONG does not have any interest in Shares within the meaning of Part XV of the Securities and Futures Ordinance.

2. **Mr. TSANG Chun Pong**, aged 49, was appointed an independent non-executive director in 2002. He is also a member of the audit committee and remuneration committee of the Company.

Mr. TSANG is a lecturer of a post-secondary education institution. He holds a Master of Business Administration degree from the University of Ottawa, Canada and a Master of Arts degree from the Chinese University of Hong Kong respectively.

Mr. TSANG does not hold any directorship in other listed public companies in the last three years and save as disclosed above, he does not hold any other position with the Company and other members of the Company's group.

Mr. TSANG is appointed as an independent non-executive Director for a term until 20 July 2008 and subject to the retirement and re-election requirements at annual general meeting pursuant to the Bye-laws of the Company.

Mr. TSANG is appointed for a term of 3 years commencing on 20 July 2005 pursuant to an agreement with the Company and is entitled to a director's fee of HK\$60,000 per annum which was determined with reference to his duties and responsibilities with the Company.

Mr. TSANG is and was not connected with any Directors, senior management or substantial or controlling members of the group of the Company.

As at the Latest Practicable Date, Mr. TSANG does not have any interest in Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Other than as aforesaid, there is no other matters that needs to be brought to the attention of the Shareholders in relation to the re-election of the retiring Directors.



BENEFUN INTERNATIONAL HOLDINGS LIMITED

奮發國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1130)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of the Company will be held at Room M5, 4th Floor, Opulent Building, 402-406 Hennessy Road, Wanchai, Hong Kong on Friday, 16 December 2005 at 3:15 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 30 June 2005.
2. To re-elect directors and to fix the remuneration of directors.
3. To appoint auditors and to authorise the directors to fix their remuneration.
4. As special business to consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT

- (a) subject to paragraph (c) hereof, the exercise by the directors of the Company during the Relevant Period (as defined below) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which will or may require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval mentioned in paragraph (a) hereof shall authorise the directors of the Company during the Relevant Period (as defined below) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which will or may require the exercise of such power after the end of the Relevant Period;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval mentioned in paragraph (a) hereof, otherwise than pursuant to shares of the Company issued as a result of (i) a Rights Issue (as defined below) or (ii) any scrip dividend or similar arrangement providing for allotment of shares of the Company in lieu of the whole or part of the dividend on shares in accordance with the Company's Articles of Association or (iii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares of the Company open for a period fixed by the directors of the Company to holders of shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

5. As special business to consider and, if thought fit, to pass the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** the Articles of Association of the Company be and are hereby amended in the following manner:

- (a) by deleting the second sentence of Article 99 and substituting therefor the following new sentence:

“Any Director so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at the meeting.”

- (b) by deleting Article 116 and substituting therefor the following new Article 116:

116 Notwithstanding any other provisions in these Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term and those holding the office of Chairman or Managing Director) shall be subject to retirement by rotation at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last re-election or appointment but as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree between themselves) be determined by lot. A retiring Director shall retain office until the close of the meeting at which he retires, and shall be eligible for re-election thereat.”

By Order of the Board
LO King Fat, Lawrence
Secretary

Hong Kong, 26 October 2005

Notes:

1. Any member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. To be valid, the proxy form together with any power of attorney or other authority (if any) under which it is signed or notarially certified copy of such power or authority must be deposited at the head office and principal place of business of the Company at 23rd Floor, Sing Ho Finance Building, 166-168 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.