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BENEFUN INTERNATIONAL HOLDINGS LIMITED
(奮發國際控股有限公司)*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1130)

**DISCLOSEABLE TRANSACTION IN RELATION TO
DISPOSAL OF TRADEMARK**

Financial Adviser



Karl Thomson Financial Advisory Limited

THE DISPOSAL

On 16 May 2008, the Vendor, a wholly owned subsidiary of the Company entered into the Disposal Agreement with the Purchaser, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase the Trademark at the consideration of RMB20,000,000 (approximately HK\$22,300,000).

The Disposal constitutes a discloseable transaction to the Company under the Listing Rules.

GENERAL

The Directors consider that the terms of the Disposal Agreement were negotiated on an arm's length basis and agreed on normal commercial terms between the parties and are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

THE DISPOSAL AGREEMENT

Date : 16 May 2008

Parties : Purchaser, Xiamen Fanpai Garment Limited# (廈門帆派服飾有限公司)
Vendor, Fun (Xiamen) Enterprise Corporation Limited (廈門奮發(FUN)企業有限公司), a wholly owned subsidiary of the Company

* *For identification purpose only*

The trademark to be disposed

The trademark to be disposed pursuant to the Disposal Agreement is with the logo “FUN“ as registered with the Trademark Office in the PRC. A certificate numbered 1058722 was issued by the Trademark Office in the name of the Vendor. According to the certificate, the logo was registered specifically for use in fashion, shoes, hats, socks, gloves, ties, aprons and belts and had a validation period from 21 July 1997 to 20 July 2007. The certificate was then renewed for a validation period from 21 July 2007 to 20 July 2017 on 5 July 2007.

Consideration

The Disposal Consideration is RMB 20,000,000 (approximately HK\$22,300,000) in cash, which will be payable to the Vendor within 20 days from the date of the Disposal Agreement.

The Directors confirm that the Disposal Consideration was determined between the Vendor and the Purchaser after arm’s length negotiations based on the Directors’ estimation on the value of the Trademark with reference to a number of factors which includes: (i) the historical business volume of the retail fashion stores using the Trademark’s name; (ii) the length of history of the Trademark; and (iii) the existing number of retail fashion stores using the Trademark’s name.

Terms of the Disposal Agreement

The terms of the Disposal Agreement include:

1. the Purchaser agrees to purchase and the Vendor agrees to sell the Trademark;
2. the Disposal Consideration will be paid by the Purchaser within 20 days from the date of the Disposal Agreement;
3. the Vendor warrants that the legal ownership of the Trademark is owned by the Vendor, and no transferral of the Trademark to any other parties by the Vendor before the date of the Disposal Agreement;
4. the Vendor agrees to terminate usage of the Trademark from the date of the Disposal Agreement and will not license out the usage of the Trademark to any other parties other than the Purchaser by any means;
5. during the period from the date of the Disposal Agreement to the successful transferal of the Trademark to the purchaser and approval by the authorities, the Vendor agrees that the Purchaser shall own the actual usage right of the Trademark during this period and will deliver all necessary legal documents to the Purchaser as necessary;
6. the Vendor shall co-operate with the Purchaser to facilitate and complete transferal of the Trademark as necessary;

7. each party shall bear its own obligations of completing the transferal of the Trademark;
8. both parties shall submit all the necessary documents to the Trademark Office for the transferal of the Trademark; and
9. should either party fail to fulfill its obligation under the Disposal Agreement, a penalty equivalent to 20% of the Disposal Consideration should be paid to the other party.

To the best of the knowledge of the Directors, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties and not connected persons of Company.

INFORMATION ON THE PURCHASER

The Purchaser, Xiamen Fanpai Garment Limited#, is a company incorporated in the PRC with limited liability. The principal business of the Purchaser is manufacturing and exporting sports garments and other related accessories.

REASONS FOR THE DISPOSAL

The principal business of the Company is investment holding. The principal activities of its subsidiaries are manufacturing, retailing, distribution of apparel, property development for sale and property investment.

According to the interim report and annual report of the Company for six months ended 31 December 2007 (the “Interim Report”) and 12 months ended 30 June 2007 (the “Annual Report”) respectively, as the management of the Company foresees the increasing competitiveness and volatility in the fashion retail market, the Group will continue to terminate the leases of loss-making shops immediately or allow them to lapse upon expiry.

The Group capitalizes the value of the Trademark by the Disposal. Furthermore, the Group will receive the sales proceeds for funding the Group’s working capital.

Immediately after the Disposal, the Group will remain retailing and trading business under its brand of Kaimara and will refrain from using the Trademark. Upon completion of the Disposal, the Company will cease to license out and cease to derive any income from the Trademark.

The Board believes that the terms of the Disposal Agreement are fair and reasonable and in the interest of the Shareholders and the Company as a whole.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

The net losses before tax of the Company for the two financial years ended 30 June 2007 and 2006 were respectively approximately HK\$38.7 million and approximately HK\$5.1 million. The Trademark is merely a signage for the Company's retail fashion stores and no financial information is available to disclose except its nil book value as the Trademark does not generate any revenue and / or profit itself.

After the Disposal, the existing "FUN" brand stores will continue to operate and conduct business by changing their names and signage. The Directors expect the operation and business of its retail fashion stores will remain unchanged as the number of retail fashion stores will not be changed as a result of the Disposal. Thus, the Disposal will not have any financial impact on the Group's turnover and profit or loss except for the one-off gain from the Disposal Consideration to be booked as an extraordinary gain.

The Trademark carried nil book value as at 31 December 2007, thus the Disposal carried nil cost of good sold. Since the Vendor is a wholly owned subsidiary of the Company, the net gain on the Disposal attributable to the Group on a consolidated basis is equal to the Disposal Consideration net of administrative expenses. A one-off gain of approximately HK\$22,300,000 is expected to be booked in the Groups accounts during current financial year.

The Directors intend to utilize the proceeds of RMB20,000,000 (approximately HK\$22,300,000) from the Disposal as general working capital for the Group.

OPERATIONAL IMPACT OF THE DISPOSAL

As it was disclosed in the Annual Report and the Interim report, the Group operated 192 and 72 "FUN" brand stores in the PRC respectively. As at the date of this announcement, the Directors reveal that the number of "FUN" brand store has been decreasing, which is in line with the Group's strategy to continue to terminate the leases of loss-making shops immediately or allow them to lapse upon expiry. Nevertheless, the Group will maintain a smaller retail operation with good effort, and will boost its other brand such that the Group's business can turn around. The Group will rename its present stores and continue to operate its fashion stores under the brand name of Kaimara. As the Group is trying to turn around its business, the Directors are constantly reviewing their business strategy and operation and will make appropriate announcement as required by the Listing Rules.

GENERAL

The principal activities of the Company is investment holding. The principal activities of its subsidiaries are manufacturing, retailing, distribution of apparel, property development for sale and property investment.

The Disposal constitutes a discloseable transaction to the Company under the Listing Rules.

A circular containing, among others, further details on the Disposal will be dispatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“Board”	the board of Directors
“Company”	Benefun International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Disposal”	the disposal of the Trademark by the Vendor pursuant to the Disposal Agreement
“Disposal Agreement”	the agreement entered into between the Vendor and the Purchaser on 16 May 2008 in relation to the Disposal
“Disposal Consideration”	consideration for the Disposal, being in total of RMB20,000,000
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best knowledge, information and belief of the Directors and having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Purchaser”	Xiamen Fanpai Garment Limited# (廈門帆派服飾有限公司), a company incorporated in the PRC with limited liability, being the purchaser of the Disposal
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
Trademark	the trademark to be disposed pursuant to the Disposal Agreement

“Trademark Office”	namely the Trademark Office State Administration for Industry and Commerce People’s Republic of China, being the authority in the PRC for the purpose of regulating trademark registrations
“Vendor”	Fun (Xiamen) Enterprise Corporation Limited (廈門奮發 (FUN) 企業有限公司), a wholly owned subsidiary of the Company, being the Vendor of the Disposal
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

For the purpose of this announcement, an exchange rate of RMB0.8969 to HK\$1 has been adopted for illustrative purpose only.

#: an unofficial English transliteration on translation for identification purpose only.

An electronic copy of this announcement will be published on the official website of Hong Kong Economic Times at the following address: <http://benefun.etnet.com.hk>.

By order of the Board of
Benefun International Holdings Limited
Tan Sim Chew
Chairman

Hong Kong, 16 May 2008

As at the date of this announcement, the executive Directors are Mr. Tan Sim Chew, Mr. Zhang Ma Ming, Mr. Fu Zi Cong and Mr. Lo King Fat, Lawrence; and the independent non-executive Directors are Mr. Wong Kwai Sang, Kays, Mr. Tsang Chun Pong and Mr. Li Chun Ming, Raymond.

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