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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)

DISCLOSEABLE TRANSACTION

The Directors announce that PRC Company, a wholly owned subsidiary of the Company, entered into an Agreement with Sing Yuan Company on 27 June 2005 for the disposition of the Property in the Consideration and Sing Yuan Company shall pay the first instalment in a sum of RMB2,000,000 being the deposit within 5 working days upon the execution of the Agreement. Sing Yuan Company shall pay the second instalment in a sum of RMB9,000,000 being the balance of the Consideration three days after PRC Company has caused to deliver a valid new certificate of ownership of the Premises in favour of Sing Yuan Company. The Disposition constitutes a discloseable transaction under the Listing Rules which requires disclosure by way of a press notice and a circular will be sent to the Shareholders.

AGREEMENT DATED 27 JUNE 2005

Parties

Purchaser: Sing Yuan Company

Vendor: PRC Company

Sing Yuan Company is an independent third party who is not a connected person of the Company as defined in the Listing Rules.

The Agreement

The Agreement was signed on between Sing Yuan Company as one party, and PRC Company as another party. The latter is a wholly owned subsidiary of the Company. Pursuant to the Agreement, PRC Company has agreed to dispose and transfer its ownership of the Property in the Consideration and Sing Yuan Company shall pay the first instalment in a sum of RMB2,000,000 being the deposit within 5 working days upon the execution of the Agreement. Sing Yuan Company shall pay the second instalment in a sum of RMB9,000,000 being the balance of the Consideration three days after PRC Company has caused to deliver a valid new certificate of ownership of the Premises in favour of Sing Yuan Company.

Consideration

A sum of RMB11,000,000.00 (equivalent to HK\$10,377,358.49) to be payable by Sing Yuan Company for the transfer of the ownership of the Property. The Consideration was determined after taken into consideration the net book value of the Property which is equivalent to RMB7,894,000 (equivalent to HK\$7,447,169.81) based on management account of PRC Company prepared according to accounting principles generally accepted in Hong Kong as at 31 May 2005. No valuation report of the Property has been obtained by PRC Company. The gain arising out of the disposition of the Property is estimated in the sum of RMB3,106,000 (equivalent to HK\$2,930,188.68) (RMB11,000,000 deducts RMB7,894,000). The Company will apply the intended sale proceeds as a working capital for the Group, without subjecting to any particular project and/or investment plan.

Payment Terms

Pursuant to the Agreement, Sing Yuan Company shall pay the Consideration to PRC Company by way of two instalments. Sing Yuan Company shall pay the first instalment in a sum of RMB2,000,000 being the deposit within 5 working days upon execution of the Agreement. Sing Yuan Company shall pay the second instalment in a sum of RMB9,000,000 being the balance of the Consideration three days after PRC Company has caused to deliver a valid new certificate of ownership of the Premises in favour of Sing Yuan Company. No approval from any relevant authority is required for the purpose of transferring the ownership of the Property.

Other Terms

According to the Agreement, PRC Company is required to give warranty that there are no ongoing proceedings taken by any parties for whatsoever claims against PRC Company, which will directly or indirectly affect the transfer of the ownership of the Property from PRC Company to Sing Yuan Company. PRC Company shall (i) deliver possession of the Premises to Sing Yuan Company within 30 days upon the receipt of the Consideration in full from Sing Yuan Company and (ii) make sure that the electricity and water supplies are both available for use upon delivery of the Premises to Sing Yuan Company (except two power generators and a boiler). Any party who breaches the Agreement has to compensate for the loss and damages incurred by the other party in a sum not less than RMB3,000,000. None of the above terms shall be waived by either party according to the Agreement.

Reasons for Disposition

The business of the Company through its subsidiary, PRC Company consists of garment manufacturing. The Property is used by PRC Company for self use only to carry out manufacturing activities to produce garments. Upon execution of the Agreement, the Company will move and relocate the manufacturing activities of PRC Company to its principal place of business at 1-18 Xinhe Industrial Park, Dianqian, Huli, Xiamen, China and the said relocation plan will not cause any substantial operational impact to the Company as a whole. The Directors consider that (i) the relocation of the manufacturing activities will reduce the logistics costs incurred by PRC Company and improve the efficiency of manufacturing of PRC Company; and (ii) the Consideration given for the transfer of ownership of the Property from PRC Company to Sing Yuan Company is a fair and reasonable value. All the directors (including the independent non-executive directors) of the Company were duly informed regarding the Consideration and disposition of the Property and whereby they have duly given their consent without further views.

GENERAL

The Company is an investment holding company and PRC Company, being a wholly owned subsidiary of the Company, is a limited liability company duly incorporated in compliance with the laws in the PRC on 5 April 2000 and has the right to operate the business of garment manufacturing. Sing Yuan Company is a limited liability company duly incorporated with the laws in the PRC on 25 August 2004 and has the right to operate business of estate and property development.

The Agreement constitutes a discloseable transaction under Rule 14.34 of the Listing Rules and should be disclosed by way of press notice and sending a circular to the Shareholders. The Company shall send circulars to Shareholders in accordance with the Listing Rules as soon as practicable.

TERMS USED IN THIS ANNOUNCEMENT

“Agreement”	the agreement dated 27 June 2005 entered into between PRC Company on the one part as vendor and Sing Yuan Company on the other part as purchaser relating to the disposition of the Property in the Consideration
“Board”	the board of Directors of the Company
“Company”	Benefun International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange
“Consideration”	a sum of RMB11,000,000 being the consideration for the transfer of ownership of the Property.
“Directors”	directors of the Company
“Disposition”	disposition of ownership of the Property
“Group”	The Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“PRC Company”	安溪星興服飾有限公司 (Anxi Sing Garments Company Limited*)
“Premises”	Four blocks of factory together with one block of dormitory located at 鳳城同美工業區 (Feng Cheng Tong Mei Industrial District*)
“Property”	The Premises together with part of the simple equipment in the Premises
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	the shareholder(s) of the Company
“Sing Yuan Company”	安溪星源房地產開發有限公司 (Anxi Sing Yuan Property Development Limited*)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 27 June 2005

As at the date of this announcement, the directors of the Company are:

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

* *for identification only*

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