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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

The Directors announce that PRC Company, a wholly owned subsidiary of the Company, entered into an Agreement with Land Bureau on 13 May 2004 for the acquisition of the right to use the Land in the Consideration at a public auction and PRC Company has not paid the Consideration. The Acquisition 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.

Trading in shares of the Company has been suspended with effect from 9:30 a.m. on 14 May 2004 at the request of the Company. Application has been made by the Company for the resumption of trading in shares of the Company at 9:30 a.m. on 18 May 2004.

AGREEMENT DATED 13 MAY 2004

Parties

Purchaser: PRC Company

Vendors: Land Bureau

Land Bureau 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 Land Bureau 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 acquire the right to use the Land of 3,536m² located at Zhangzhou City, Fujian Province, the PRC (宗地編號為2004挂 – 08號) (Lot No.: 2004 Gua – 08*) in the Consideration and PRC Company has not paid the Consideration. The right to use the Land was offered for sale at an initial price of RMB 4,510,000 (equivalent to HK\$4,254,716.98) in a public auction conducted at 漳州市區土地收購儲備中心地產交易大廈 (Lands Acquisition and Reserve Centre of Zhangzhou City at Property Exchange Building*) on 13 May 2004. The amount of RMB4,510,000 is the market value of the right to use the Land assessed by the Land Bureau. After several bids, PRC company successfully bid for the right to use the Land at a price of RMB5,070,000 (equivalent to HK\$4,783,018.87) which is about 12.42% higher than the initial offer price.

Consideration

A sum of RMB5,070,000 (equivalent to HK\$4,783,018.87) payable by PRC Company for the acquisition of the right to use the Land was arrived at a public auction conducted at 漳州市區土地收購儲備中心地產交易大廈 (Lands Acquisition and Reserve Centre of Zhangzhou City at Property Exchange Building*) on 13 May 2004. As the right to use the Land was offered for sale in a public auction, the consideration for the right to use the Land was determined by the person who made the

highest bid. PRC Company decided to bid for the right to use the Land in the Consideration on the basis that (i) PRC Company has acquired the Previous Land in Zhangzhou City in 2003, PRC Company can obtain more land reserves and increase its market share in the property market of Zhangzhou City if PRC Company can bid for the right to use the Land; (ii) as the location of the Land is better than the Previous Land, the Company considers that it is fair and reasonable to acquire the right to use the Land in the Consideration because the unit price for the right to use the Land per square metre is about RMB1,434 which is only about RMB144 higher than the right to use the Previous Land per square metre (about RMB1,290); and (iii) the Consideration is only about 12.42% higher than the initial offer price (RMB4,510,000). The Company initially decides that 60% of the Consideration will be funded by bank loans and the remaining 40% of the Consideration will be funded by internal resources of the Group.

Payment Terms

Pursuant to the Agreement, PRC Company shall pay the Consideration to Land Bureau by way of three instalments, PRC Company shall pay the first instalment in a sum of 50% of the Consideration to Land Bureau on or before 13 July 2004. PRC Company shall pay the second instalment in a sum of 20% of the Consideration to Land Bureau on or before 13 September 2004 and PRC Company shall pay the third instalment in a sum of 30% of the Consideration to Land Bureau on or before 10 November 2004. Completion of the Acquisition will take place on 13 July 2004.

Other Terms

According to the Agreement, PRC Company is not required to give any guarantee and/or security for the Acquisition and there is no pre-condition for the completion of Acquisition except (i) payment of the Consideration pursuant to the Agreement; and (ii) PRC Company has to execute a 國有土地使用權出讓合同 (Agreement for assigning the right to use Government Land*) with Land Bureau. Any party who breaches the Agreement has to compensate all the damages incurred by the other party.

Reasons for Acquisition

The business of the Company through its subsidiaries consists of garment manufacturing and retailing. The Company is actively looking for further opportunities to diversify its operation and income source. Since the Land can be used for property development for residential and commercial purposes, the Directors believe that the Agreement represents an opportunity to acquire land development right, explore other business and the terms of the Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole. The Company intends to develop the Land for both residential and commercial purposes but the Company has not decided the development schedule of the Land at this stage. The Company also does not have any investment and/or funding commitment at this stage. The Company considers that it is fair and reasonable to bid for the right to use the Land in the Consideration because (i) PRC Company has acquired the Previous Land in Zhangzhou City in 2003, PRC Company can obtain more land reserves and increase its market share in the property market of Zhangzhou City if PRC Company can bid for the right to use the Land; (ii) as the location of the Land is better than the Previous Land, the Company considers that it is reasonable and fair to acquire the right to use the Land at the Consideration because the unit price for the right to use the Land per square metre is about RMB1,434 which is only about RMB144 higher than the right to use the Previous Land per square metre (RMB1,290); and (iii) the Consideration is only about 12.42% higher than the initial offer price (RMB4,510,000). As indicated in the interim report of the Company in March 2003, the Group has initiated a small-scale property development project in Zhangzhou of Fujian Province, the Directors believe that the Company can allocate appropriate management expertise for the business development of the Land.

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 28 July 1999 and has the right to operate the business of property development, operation and management. Zhangzhou City is one of the main cities in Fujian Province, the PRC and Land Bureau is a government department in Zhangzhou City. The main duties of Land Bureau are to plan, regulate, manage, protect and utilize the land resources, mine resources and other natural resources in Zhangzhou City according to the laws of the PRC. Land Bureau is duly authorized by the local government of Zhangzhou City to enter into the Agreement with PRC Company.

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.

Trading in shares of the Company has been suspended with effect from 9:30 a.m. on 14 May 2004 at the request of the Company. Application has been made by the Company for the resumption of trading in shares of the Company at 9:30 a.m. on 18 May 2004.

TERMS USED IN THIS ANNOUNCEMENT

“Agreement”	the agreement dated 13 May 2004 entered into between PRC Company on the one part as purchaser and Land Bureau on the other part as vendor relating to the acquisition of the right to use the Land in the Consideration
“Acquisition”	the acquisition of the right to use the Land by PRC Company
“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 RMB5,070,000 being the consideration for the acquisition of the right to use the Land
“Directors”	directors of the Company
“Group”	The Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	A piece of land with an area of 3,536m ² located at Zhangzhou City, Fujian Province, the PRC (宗地編號為2004挂 – 08號) (Lot No.: 2004 Gua – 08*)
“Land Bureau”	漳州市國土資源局 (Land and Resources Bureau of Zhangzhou City*)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“PRC Company”	漳州市高暉房地產開發有限公司 (Zhangzhou City Gao Hui Property Development Company Limited*)
“Previous Land”	A piece land with an area of 26,427.83m ² located at Zhangzhou City, Fujian Province, the PRC (宗地編號為2003挂 – 01號) (Lot No.: 2003 Gua – 01*)

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 17 May 2004

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

* *for identification only*

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