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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: 01130)

SUBSCRIPTION OF NEW SHARES AND RESUMPTION OF TRADING

Financial adviser to Benefun International Holdings Limited



KINGSTON CORPORATE FINANCE LIMITED

Share Subscription

On 4 January 2008, the Company entered into the Share Subscription Agreement with the Share Subscribers pursuant to which the Share Subscribers agreed to subscribe for and the Company agreed to allot and issue in aggregate 320,000,000 Subscription Shares for cash consideration at a subscription price of HK\$0.072 each.

The 320,000,000 Subscription Shares represent (i) approximately 19.57% of the existing issued share capital of the Company divided into 1,635,029,000 Shares; (ii) approximately 16.37% of the issued share capital of the Company divided into 1,955,029,000 Shares as enlarged by the issue of the Subscription Shares.

The Subscription Price of HK\$0.072 per Subscription Share represents (i) a discount of approximately 15.29% to the closing price of HK\$0.085 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 16.86% to the average closing price per Share of about HK\$0.0866 as quoted on the Stock Exchange for the last five trading days prior to the Share Subscription Agreement; and (iii) a discount of approximately 19.10% to the average closing price per Share of HK\$0.089 as quoted on the Stock Exchange for the last ten trading days prior to the Share Subscription Agreement.

The Share Subscription is conditional upon, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Subscription Shares.

The net proceeds in aggregate of HK\$22.84 million from the Share Subscription are intended to be used as to approximately HK\$9.14 million for general working capital and as to approximately HK\$13.70 million for expansion of property development business of the Group.

Resumption of trading

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 4 January 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 7 January 2008.

SHARE SUBSCRIPTION AGREEMENT

Date: 4 January 2008

Issuer: the Company

Share Subscriber: (1) Mr. Neo Hock Soon;
(2) Ms. Neo Guek Peng; and
(3) Mr. Fan Po Lo

As at the date of this announcement, Mr. Neo and Ms. Neo, who are sibling, own 70,000,000 Shares and 15,013,000 Shares, representing approximately 4.28% and approximately 0.92% of the existing issued share capital of the Company, respectively. As at the date of this announcement, Mr. Fan has no shareholding interest in the Company. To the best knowledge of the Directors, Mr. Neo, Ms. Neo and Mr. Fan are independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

Subscription Shares

The 320,000,000 Subscription Shares represent (i) approximately 19.57% of the existing issued share capital of the Company divided into 1,635,029,000 Shares; and ii) approximately 16.37% of the issued share capital of the Company divided into 1,955,029,000 Shares as enlarged by the issue of the Subscription Shares.

The Subscription Shares when issued will rank pari passu with all other Shares then in issue.

Subscription Price

The Subscription Price of HK\$0.072 per Subscription Share represents (i) a discount of about 15.29% to the closing price of HK\$0.085 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 16.86% to the average closing price per Share of about HK\$0.0866 as quoted on the Stock Exchange for the last five trading days prior to the Share Subscription Agreement; and (iii) a discount of approximately 19.10% to the average closing price per Share of HK\$0.089 as quoted on the Stock Exchange for the last ten trading days prior to the Share Subscription Agreement.

The Subscription Price was determined with reference to the prevailing market price and trading volume of the Share and was negotiated on an arm's length basis between the Company and the Share Subscribers. The Directors consider that the terms of the Share Subscription are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Conditions

Completion of the Share Subscription is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; and
- (b) no event having occurred or occurring which would terminate the Share Subscription Agreement.

The conditions set out above cannot be waived by the Company or the Share Subscriber.

In the event that the above conditions are not fulfilled on or before the date falling 60 days from the date of the Share Subscription Agreement (or such other later date as may be agreed between the Share Subscriber and the Company), the Share Subscription Agreement shall lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

Application will be made to the Stock Exchange to grant the listing of, and permission to deal in the Subscription Shares.

Completion

The Share Subscription is to be completed on or before the fourth business day after satisfaction of the above-mentioned conditions (or such later date as may be agreed amongst the parties hereto).

EFFECTS ON SHAREHOLDING STRUCTURE

	Immediately before the Share Subscription		Immediately after the Share Subscription	
	No. of Shares	% (approx.)	No. of Shares	% (approx.)
Mr. Tan Sim Chew <i>(Note 1)</i>	275,265,226	16.84%	275,265,226	14.07%
Leader Symbol Holdings Limited <i>(Note 2)</i>	178,242,477	10.90%	178,242,477	9.12%
Other Directors <i>(Note 3)</i>	7,174,000	0.44%	7,174,000	0.37%
Public:				
Mr. Neo <i>(Note 4)</i>	70,000,000	4.28%	181,000,000	9.26%
Ms. Neo <i>(Note 4)</i>	15,013,000	0.92%	32,013,000	1.64%
Mr. Fan <i>(Note 4)</i>	–	–	192,000,000	9.82%
Other public Shareholders	1,089,334,297	66.62%	1,089,334,297	55.72%
Sub-total:	1,174,347,297	71.82%	1,494,347,297	76.44%
Total	1,635,029,000	100.00%	1,955,029,000	100.00%

Note:

- 1) Mr. Tan Sim Chew is the executive Director of the Company.
- 2) Leader Symbol Holdings Limited is wholly-owned by Ms. Ng Guek Keow.
- 3) Fu Zi Cong (being the executive Director of the Company) owns 3,874,000 Shares and Lo King Fat Lawrence (being the executive Director of the Company) owns 3,300,000 Shares as at the date of this announcement.
- 4) As at the date of this announcement, Mr. Neo and Ms. Neo, who are sibling, own 70,000,000 Shares and 15,013,000 Shares, representing approximately 4.28% and approximately 0.92% of the existing issued share capital of the Company, respectively. As at the date of this announcement, Mr. Fan has no shareholding interest in the Company. To the best knowledge of the Directors, Mr. Neo, Ms. Neo and Mr. Fan are independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

REASON FOR THE SHARE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in manufacturing, retailing and distribution of apparel and property development.

The Directors consider the Share Subscription represent an opportunity to raise capital for future expansion needs of the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Share Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

The gross proceeds from the Share Subscription are approximately HK\$23.04 million. The net proceeds in aggregate of about HK\$22.84 million from the Share Subscription are intended to be used as to approximately HK\$9.14 million for general working capital and as to approximately HK\$13.70 million for expansion of property development business of the Group. The net proceeds raised per Subscription Share will be about HK\$0.071 per Share. The Company will bear an aggregate expenses and costs of about HK\$0.20 million incurred in relation to the Share Subscription.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
6 February 2007	Subscription of 151,600,000 new Shares	HK\$9.9 million	As to be applied for general working capital and/or possible investment in future.	Fully utilized
11 June 2007	Subscription of 85,000,000 new Shares	HK\$13.1 million	As to be applied for general working capital.	Fully utilized

GENERAL

The 320,000,000 Subscription Shares will be allotted and issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by a resolution passed at the annual general meeting of the Company held on 14 December 2007 (the "AGM") subject to the limit up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing such resolution at the AGM (i.e. 327,005,800 Shares). As at the date of this announcement, no Shares was allotted and issued under such general mandate and accordingly 327,005,800 new Shares can be allotted and issued under such general mandate.

Shareholders and potential investors are strongly advised to take cautions when dealing in Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 4 January 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 7 January 2008.

TERMS AND DEFINITION

“Board”	The board of directors of the Company
“Company”	Benefun International Holdings Limited, a limited liability company incorporated in the Cayman Islands with its shares listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the board of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	3 January 2008, being the last full trading day for the Shares before this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Fan”	Mr. Fan Po Lo
“Mr. Neo”	Mr. Neo Hock Soon, brother of Ms. Neo
“Ms. Neo”	Ms. Neo Guek Peng, sister of Mr. Neo
“Share(s)”	ordinary share(s) of HK\$0.01 in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Subscribers”	Mr. Neo, Ms. Neo and Mr. Fan, being the Share subscribers under the Share Subscription Agreement
“Share Subscription”	the subscription of 320,000,000 new Shares as to 111,000,000 new Shares by Mr. Neo, 17,000,000 new Shares by Ms. Neo and 192,000,000 new Shares by Mr. Fan pursuant to the terms of Share Subscription Agreement

“Share Subscription Agreement”	the subscription agreement between the Company and the Share Subscriber dated 4 January 2008 in relation to the Share Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.072 per Subscription Share
“Subscription Share(s)”	a total of 320,000,000 new Shares to be subscribed for by the Share Subscribers pursuant to the Share Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 4 January 2008

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Tan Sim Chew, Mr. Zhong Ma Ming, Mr. Fu Zi Cong and Mr. Lo King Fat, Lawrence, and three independent non-executive directors, namely Mr. Wong Kwai Sang, Kays, Mr. Tsang Chun Pong and Mr. Li Chun Ming, Raymond.

* *for identification purpose only*