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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 FORMATION OF A JOINT VENTURE COMPANY**

On 15 October 2009, the Company's indirectly wholly-owned subsidiary, Rich Goal, entered into the Agreement with XPCC under which the parties have agreed to form the Joint Venture in Shihezi, Xinjiang Region, the PRC, to engage principally in the production and sale of organic fertilizers.

The total investment amount of the Joint Venture is RMB36,000,000 (equivalent to approximately HK\$40,680,000). Pursuant to the Agreement, the registered capital of the Joint Venture will be RMB2,000,000 (equivalent to approximately HK\$2,260,000). RMB1,400,000 (equivalent to approximately HK\$1,582,000), representing 70% equity interests in the Joint Venture, will be contributed by Rich Goal by way of cash. The remaining registered capital of RMB600,000 (equivalent to approximately HK\$678,000), representing the remaining 30% of the equity interests in the Joint Venture, will be contributed by XPCC in kind.

The Agreement constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to the notification and announcement requirement under the Listing Rules.

The Board is pleased to announce that on 15 October 2009, Rich Goal entered into the Agreement with XPCC under which the parties have agreed to form the Joint Venture in Shihezi, Xinjiang Region, the PRC, to engage principally in the production and sale of organic fertilizers.

## **THE AGREEMENT**

Date : 15 October 2009

Parties : (i) Rich Goal

(ii) XPCC

On 10 June 2008, Foshan Gold Vantage entered into the Concession Agreement (and supplemented by the Agreement as to Payment Terms to the Concession Agreement) of the Operating Rights and Forestry Management between XPCC, pursuant to which plantation land of XPCC, was allotted to Foshan Gold Vantage on the basis of a 30-year term lease. On 18 November 2008, the Group completed acquisition of the Foshan Gold Vantage.

Save as disclosed, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, XPCC and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Listing Rules) and are not connected persons (as defined under the Listing Rules) of the Company.

### **Total Investment Amount and Registered Capital of the Joint Venture**

The total investment amount of the Joint Venture is RMB36,000,000 (equivalent to approximately HK\$40,680,000). The registered capital of the Joint Venture will be RMB2,000,000 (equivalent to approximately HK\$2,260,000). RMB1,400,000 (equivalent to approximately HK\$1,582,000), representing 70% equity interests in the Joint Venture, will be contributed by Rich Goal by way of cash. The remaining registered capital of RMB600,000 (equivalent to approximately HK\$678,000), representing the remaining 30% of the equity interests in the Joint Venture, will be contributed by XPCC in kind within 7 days after the certificate of approval of the Joint Venture has been granted. The liability of Rich Goal and XPCC for funding shall be limited by their respective capital contribution to the registered capital of the Joint Venture. The difference between the total investment amount and the registered capital is expected to be funded by the Joint Venture in its own efforts.

The Group intends to finance the capital contribution of the Joint Venture from its internal resources.

### **Business of the Joint Venture**

The Joint Venture will principally be engaged in the establishment of a factory to engage principally in the production and sale of organic fertilizers.

## **Composition of board of directors and management**

The board of directors of the Joint Venture will consist of five directors, two of whom shall be nominated by XPCC, and three by Rich Goal. The chairman of the board of directors shall be nominated by Rich Goal. The supervisory committee of the Joint Venture will consist of three members, one of whom nominated by XPCC and two by Rich Goal.

## **INFORMATION ON SHIHEZI CITY**

Shihezi City (石河子市), is the second largest city in Xinjiang Region. It is about 150 kilometers west from the provincial capital Urumqi. Its population is about 640,000 in 2007 and connected by the China national high quality highway No. 312 and railway.

## **REASONS FOR THE AGREEMENT AND BENEFITS FOR THE COMPANY**

Xinjiang Region is China's largest autonomous region of total area of 1,664,900 square kilometers. It is a major agricultural base and its primary industry accounted for 17.8% of GDP in 2007. It is China's largest growing base of cotton, lavender and hop and is one of the major sheep farming areas. Xinjiang's 11th Five-Year Plan encourages the development of biotechnology and environmental protection industries.

The Group engages in the green business of plantation, research and development of plantation related technologies, manufacture, sale and distribution of plantation products and materials. The Group developed the waste-to-value "O-Live Organic Waste Treatment System" ("O-Live System") which is an automatic machine utilizing high temperature micro-organisms technology for environmental treatment of animal manures of livestock farms. Within 24 hours, O-Live System kills animal influenza and common disease bacteria and converts animal manures into raw materials for producing microbial organic fertilizer.

Eyeing on the increasing share of organic fertilizer in total fertilizer market, the Group has planned to establish self-operated production bases to utilize the raw materials from its O-Live System, to serve increasing orders and to enhance operating profit.

The Directors are of the view that the transaction contemplated under the Agreement is in the interests of Rich Goal and the Company and the terms of the Agreement are on normal commercial terms, which are fair and reasonable and in the interests of Shareholders as a whole.

## **GENERAL**

The Agreement constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to the notification and announcement requirement under the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agreement”	the joint venture agreement dated 15 October 2009 entered into between Rich Goal and XPCC for the formation of the Joint Venture
“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 Stock Exchange of Hong Kong Limited
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Foshan Gold Vantage”	佛山市凱金林業有限公司 (Foshan Gold Vantage Forestry Limited) <sup>#</sup> , a wholly-foreign owned enterprise established in the PRC on 14 November 2007, is an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture”	石河子凱金新安有機肥有限公司 (Shihezi Gold Vantage Xin An Organic Fertilizer Limited) <sup>#</sup> , a joint venture to be established pursuant to the Agreement in Shihezi, Xinjiang Region, the PRC, which name is subject to the approval by the relevant authorities
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholder(s)”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Rich Goal”	Rich Goal Enterprises Limited, a company incorporated under the laws of Hong Kong which is indirectly wholly-owned by the Company

“XPCC”	新疆生產建設兵團農八師一四二團 (The Agricultural No. 8 Division No. 142 Regiment of the Xinjiang Production and Construction Corps) <sup>#</sup>
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

*For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB1.13. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.*

By Order of the Board  
 Benefun International Holdings Limited  
**Kam Yuen**  
*Executive Director*  
*and*  
*Chief Executive Officer*

Hong Kong, 15 October 2009

*\* For identification purpose only*

*# the English translations of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words*

*As at the date of this announcement, the Board comprises five executive directors, namely Mr. Tan Sim Chew (Chairman), Ms. Kam Yuen (Chief Executive Officer), Mr. Kwok Wai, Wilfred, Mr. Leung Kwong Choi and Mr. Lo King Fat, Lawrence; and three independent non-executive directors, namely Mr. Cheung Ngai Lam, Mr. Wong Kwai Sang and Mr. Christopher David Thomas.*