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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Benefun International Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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

28 May 2008

* *For identification purpose only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions have the following meanings:

“Announcement”	the announcement of the Company dated 16 May 2008 in relation to the Disposal
“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
“Fanpai Garment” or the “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
“Fun Corporation” or the “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
“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
“Latest Practicable Date”	26 May 2008, being the latest practicable date prior to the printing of this circular for asserting certain information contained in the circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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
“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 circular, 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.

LETTER FROM THE BOARD



BENEFUN INTERNATIONAL HOLDINGS LIMITED

奮發國際控股有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1130)

Executive Directors:

Mr. Tan Sim Chew (*Chairman*)
Mr. Zhong Ma Ming (*Managing Director*)
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

Registered office:

Ugland House
South Church Street, P.O. Box 309
George Town, Grand Cayman
Cayman Islands
British West Indies

*Head office and principal place
of business in Hong Kong:*

23rd Floor
Sing Ho Finance Building
166-168 Gloucester Road
Wan Chai
Hong Kong

28 May 2008

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

In the Announcement, the Board announced that on 16 May 2008, Fun Corporation, a wholly owned subsidiary of the Company, entered into the Disposal Agreement with Fanpai Garment, pursuant to which, Fun Corporation agreed to sell and Fanpai Garment agreed to purchase the Trademark at a consideration of RMB20,000,000 (approximately HK\$22,300,000).

The purpose of this circular is to provide the Shareholders with further details of the Disposal.

* *For identification purpose only*

LETTER FROM THE BOARD

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

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 Fun Corporation. 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 RMB20,000,000 (approximately HK\$22,300,000) in cash, which will be payable to the Vendor within 20 days after 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

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;

LETTER FROM THE BOARD

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 enquiry, the Purchaser and its ultimate beneficial owners are Independent Third Parties and not connected persons of Company.

INFORMATION ON THE PURCHASER

The Purchaser, Fanpai Garment, 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.

LETTER FROM THE BOARD

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 effect or financial implication on the Group's turnover, earning, assets or liabilities except for the one-off gain from the Disposal Consideration to be booked as an extraordinary gain and a cash inflow of approximately HK\$22,300,000 upon the completion of the Disposal.

The Trademark carried nil book value as at 31 December 2007, thus the Disposal had 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 Group's 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 Latest Practicable Date, the Directors revealed that the number of "FUN" brand store had been decreasing, which was 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.

LETTER FROM THE BOARD

GENERAL

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.

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

Yours faithfully,
For and on behalf of the Board
Benefun International Holdings Limited
Tan Sim Chew
Chairman

1. RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omissions of which would make statement herein misleading.

2. DISCLOSURE OF INTERESTS

Directors' interests and short position in Shares and underlying shares

As at the Latest Practicable Date, the interests or short positions of the Directors or the chief executive in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which they are taken or deemed to have under such provisions of the Securities and Futures Ordinance), or which were required to be entered into the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance or which are required, pursuant to the Model Code for Securities Transaction by the Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Number of Shares (Note)	% of issued share capital
Tan Sim Chew	275,265,226	14.07
Fu Zi Cong	3,874,000	0.20
Lo King Fat, Lawrence	3,300,000	0.17

Note: These Shares are held by the respective Directors personally as beneficial owners.

Save as disclosed herein, as the Latest Practicable Date:

- (a) none of the Directors or chief executives of the Company had any interest in the Shares, underlying shares or debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which they are taken or deemed to have under such provisions of the Securities and Futures Ordinance), or which were required to be entered into the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance or which are required, pursuant to the Model Code for Securities Transaction by the Directors of Listed Companies to be notified to the Company and the Stock Exchange;

- (b) none of the Directors was materially interested in any contract or arrangement with any member of the Group subsisting which was significant in relation to the business of the Group taken as a whole;
- (c) none of the Directors of the Company and his/her respective associates are interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly with the business of the Group.

Substantial Shareholders and other person's interest in Shares and underlying shares

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance, and so far as was known to the Directors or the Company, the following persons, other than a Director or chief executive of the Company had, or was deemed or taken to have, an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or, who was, directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:—

	Number of Shares	% of total issued shares
Leader Symbol Holdings Limited (<i>Note 1</i>)	178,242,477	9.12
Ng Guek Keow (<i>Note 1</i>)	178,242,477	9.12
Neo Hock Soon (<i>Note 2</i>)	181,000,000	9.26
Fan Po Lo (<i>Note 2</i>)	192,000,000	9.82

Note:

1. These 178,242,477 Shares were held by Leader Symbol Holdings Limited. Ms. Ng Guek Keow had 100% interest in Leader Symbol Holdings Limited and accordingly was deemed to have interest in these 178,242,477 Shares.
2. These Shares were held by the respective persons personally as beneficial owners.

Save as disclosed above, the Directors and chief executive of the Company were not aware of any other person, as at the Latest Practicable Date, who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 Part XV of the Securities and Futures Ordinance or, who was, directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, no director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

The service contracts of the existing independent non-executive Directors, Wong Kwai Sang, Kays, Tsang Chun Pong and Li Chun Ming, Raymond cover a term of 3 years commencing on 3 July 2005, 20 July 2005 and 29 September 2007 respectively. Their remuneration is determined by the Board on the anniversary of the date of their appointment.

4. LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was pending or threatened against any member of the Group.

5. GENERAL

- (a) The secretary and qualified accountant of the Company is Mr. Lo King Fat, Lawrence, who is an associate member of the Hong Kong Institute of Certified Public Accountants.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Hopewell Centre, 46th Floor, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) The English text of this circular shall prevail over the Chinese text.