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)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 30 JUNE 2009

The board of directors (the "Directors") of Benefun International Holdings Limited (the "Company") is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2009, together with comparative figures for the year ended 30 June 2008.

* *For identification purpose only*

CONSOLIDATED INCOME STATEMENT

	Notes	For the year ended 2009 HK$'000	2008 HK$'000 (Restated)
Continuing operations			
Turnover	3	**121,451**	-
Cost of sales		**(92,774)**	-
Gross profit		**28,677**	-
Gain from changes in fair value of biological assets less estimated point-of-sale costs		**81,188**	-
Other income and gains, net	4	**1,094**	(138)
Excess of fair value of net asset acquired over considerations		**72,745**	-
Distribution costs		**(3,223)**	(747)
Administrative and other operating expenses		**(17,963)**	(8,278)
Finance costs		**(15,907)**	(760)
Profit/(loss) before income tax expense		**146,611**	(9,923)
Income tax expense	6	**(27,821)**	(43)
Profit/(loss) for the year from continuing operations		**118,790**	(9,966)
Discontinued operations			
Loss for the year from discontinued operations	5(b)	**(22,782)**	(31,369)
Profit/(loss) for the year	5(a)	**96,008**	(41,335)
Profit/(loss) attributable to equity holder of the Company		**96,008**	(41,335)
Earnings/(loss) per share (cents) from continuing and discontinued operations			
-Basic	7	**2.26**	(2.30)
-Diluted	7	**1.90**	(2.30)
Earnings/(loss) per share (cents) from continuing operations			
-Basic	7	**2.80**	(0.56)
-Diluted	7	**2.32**	(0.56)

CONSOLIDATED BALANCE SHEET

	Notes	As at 30 June 2009 HK$'000	2008 HK$'000
Assets			
Non-current assets			
Biological assets		**676,123**	-
Property, plant and equipment		**332**	1,092
Investment properties		**-**	54,379
Construction in progress		**1,322**	-
Deferred tax assets		**-**	203
Intangible assets		**144,894**	-
Total non-current assets		**822,671**	55,674
Current assets			
Inventories		**8,845**	62,239
Trade and other receivables	9	**45,699**	38,740
Tax recoverable		**151**	3,772
Cash and cash equivalents		**9,518**	28,199
Total current assets		**64,213**	132,950
Total assets		**886,884**	188,624
Liabilities			
Current liabilities			
Trade and other payables	10	**73,745**	90,637
Promissory note payable		**-**	-
Provisions		**6,568**	6,598
Tax payable		**5,603**	-
Total current liabilities		**85,916**	97,235
Net current (liabilities)/assets		**(21,703)**	35,715
Total assets less current liabilities		**800,968**	91,389
Non-current liabilities			
Convertible notes		**124,910**	-
Deferred tax liabilities		**205,254**	5,514
Total non-current liabilities		**330,164**	5,514
Total liabilities		**416,080**	102,749
TOTAL NET ASSETS		**470,804**	85,875
Capital and reserves attributable to equity holders of the Company			
Share capital		**62,404**	19,550
Reserves		**408,400**	66,325
TOTAL EQUITY		**470,804**	85,875

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and by the Hong Kong Companies Ordinance.

In the current year, the Group has applied all the new and revised standards, amendments and interpretations ("new HKFRSs") issued by HKICPA, that are relevant to its operation and effective for the current accounting period of the Group. The adoption of the new and revised HKFRSs did not affect recognition or measurement of the amounts recognised in the financial statements for the current or prior accounting periods. As a result, no prior period adjustment has been required.

2. SEGMENT RESULTS

a) Business segments

An analysis of the Group's revenue and results by business segments for the year ended 30 June 2009, together with the comparative figures for the corresponding period in 2008 is as follows:

For the year ended 30 June 2009

	Continuing operations			Discontinued operations		
	Property development HK$'000	**Sales of organic fertilisers HK$'000**	**Sales of plantation products HK$'000**	**Apparel manufacturing HK$'000**	**Property rental HK$'000**	**Consolidated HK$'000**
Segment revenue:						
Turnover	70,963	43,121	7,367	328	6,833	128,612
Segment results before change in fair value of biological assets	10,046	8,101	(3,510)	(18,439)	6,565	2,763
Gain from change in fair value of biological assets less estimated point-of-sale costs	-	-	81,188	-	-	81,188
Segment results	10,046	8,101	77,678	(18,439)	6,565	83,951
Unallocated results						65,599
Interest and other unallocated income						(14,959)
Finance costs						(16,073)
Profit before income tax expense						118,518
Income tax expense						(22,510)
Profit for the year						96,008

2. SEGMENT RESULTS - CONTINUED

For the year ended 30 June 2008

	Continuing operations			Discontinued operations		
	Property development HK$'000	Sales of organic fertilisers HK$'000	Sales of plantation products HK$'000	Apparel manufacturing HK$'000	Property rental HK$'000	Consolidated HK$'000
Segment revenue:						
Turnover	-	-	-	113,256	6,763	120,019
Segment results	1,367	-	-	(44,751)	13,443	(29,941)
Unallocated results						(20,818)
Interest and other unallocated income						15,757
Finance costs						(3,024)
Loss before income tax expense						(38,026)
Income tax expense						(3,309)
Loss for the year						(41,335)

The operations in manufacturing retailing and distribution of apparels and property investment for rental income were discontinued during the year.

b) Geographical segments

The Group comprises the following main geographic segments:

	Mainland China		Hong Kong		Unallocated		Consolidated	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Turnover from external customers	**128,612**	120,019	**-**	-	**-**	-	**128,612**	120,019

3. TURNOVER

Turnover, which is also revenue, represents the sales value of goods supplied to customers, after allowances for goods returned and trade discounts and income from leasing of property earned by the Group. The amounts of each significant category of revenue during the year are as follows:

	Continuing operations		Discontinued operations		Consolidated	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Continuing operations						
Sales of organic fertilisers	**43,121**	-	**-**	-	**43,121**	-
Sales of plantation products	**7,367**	-	**-**	-	**7,367**	-
Property development	**70,963**	-	**-**	-	**70,963**	-
Discontinued operations						
Manufacturing, retailing and distribution of apparel	**-**	-	**328**	113,256	**328**	113,256
Rental income	**-**	-	**6,833**	6,763	**6,833**	6,763
	121,451	-	**7,161**	120,019	**128,612**	120,019

During the year, a subsidiary of the Company signed a sales contract with a third party at a consideration of HK$ 57,823,000. The third party is allowed to harvest standing timber in a specific area of the plantation land designated in the sales contract within the next twelve months from the date of the sales contract. During the year ended 30 June 2009, amount recognised as revenue in the financial statements amounted to approximately HK$5,800,000 was related to this sale contract.

4. OTHER INCOME AND GAINS, NET

	Continuing operations		Discontinued operations		Consolidated	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Technical service income	**1,020**	-	**-**	-	**1,020**	-
Interest income	**10**	100	**20**	177	**30**	277
Sub-contracting fees	**-**	-	**-**	1,382	**-**	1,382
Gain on disposal of trademark	**-**	-	**-**	21,617	**-**	21,617
Net loss on disposal of property, plant and equipment, construction in progress and investment properties	**-**	(331)	**(15,643)**	(14,189)	**(15,643)**	(14,520)
Gain on disposal of a subsidiary	**-**	-	**57**	-	**57**	-
Change in fair value of investment properties	**-**	-	**(1,216)**	7,288	**(1,216)**	7,288
Others	**64**	93	**729**	(380)	**793**	(287)
	1,094	(138)	**(16,053)**	15,895	**(14,959)**	15,757

5. PROFIT/(LOSS) FOR THE YEAR

(a) Profit/(loss) for the year is arrived at after charging/(crediting):

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Staff costs	**2,654**	4,668	**2,036**	13,292	**4,690**	17,960
Depreciation of property, plant and equipment	**99**	55	**523**	4,503	**622**	4,558
Amortisation on interests in leasehold land held for own use under operating leases	**-**	-	**-**	5	**-**	5
Amortisation of intangible assets	**3,064**	-	**-**	-	**3,064**	-
Cost of inventories sold	**92,774**	-	**590**	90,349	**93,364**	90,349
Auditor's remuneration	**955**	488	**26**	485	**981**	973
Minimum lease payments under operating leases						
- Property rentals (including retail shops)	**716**	321	**619**	11,161	**1,335**	11,482
- Contingent rentals of retail shops	**-**	-	**-**	11,204	**-**	11,204
Net loss on disposal of property, plant and equipment and construction in progress and investment properties	**-**	331	**15,643**	14,189	**15,643**	14,520
Exchange differences, net	**(3)**	-	**(93)**	-	**(96)**	-
Direct operating expenses from investment property that generating rental income during the year	**-**	-	**268**	608	**268**	608
Impairment loss on trade and other receivables	**1,186**	-	**2,939**	16,658	**4,125**	16,658
Reversal of impairment loss on trade and other receivables	**-**	-	**-**	(3,416)	**-**	(3,416)

5. PROFIT/(LOSS) FOR THE YEAR – CONTINUED

(b) Discontinued operations

In May 2009, the Group had entered into sales agreements to dispose certain of the assets in the operations in manufacturing, retailing and distributing of apparel and property investment for rental income. Since then, these two operations had been abandoned and were presented in the financial statements as discontinued operations.

The sales, results, cash flow and net assets of the discontinued operations were as follows. The comparative income statement and related notes have been re-presented as if the operations discontinued during the year had been discontinued at the beginning of the comparative period:

	12 months to 30 June 2009 HK$'000	12 months to 30 June 2008 HK$'000
Turnover	**7,161**	120,019
Cost of sales	**(590)**	(90,349)
Gross profit	**6,571**	29,670
Other income and gains	**(16,053)**	15,895
Distribution costs	**(1,334)**	(47,804)
Administrative and other operating expenses	**(17,111)**	(23,600)
Loss from operation	**(27,927)**	(25,839)
Finance costs	**(166)**	(2,264)
Loss before income tax expenses	**(28,093)**	(28,103)
Income tax credit/ (expense)	**5,311**	(3,266)
Loss for the year	**(22,782)**	(31,369)
Operating cash flows	**3,168**	47,937
Investing cash flows	**(533)**	543
Financing cash flows	**(166)**	(42,179)
Total net cash flows	**2,469**	6,301

6. INCOME TAX EXPENSE/(CREDIT)

The amount of taxation in the consolidated income statement represents:

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Current tax – overseas						
- tax for the year	**9,783**	-	**-**	-	**9,783**	-
Deferred tax						
- current year	**18,038**	43	**(5,311)**	1,952	**12,727**	1,995
- effect of change in tax rate	**-**	-	**-**	1,314	**-**	1,314
Income tax expense/(credit)	**27,821**	43	**(5,311)**	3,266	**22,510**	3,309

No provision for profit tax for group entities in the Cayman Islands or the British Virgin Islands has been made as these entities had no income assessable for the profit tax in these jurisdictions for current and prior years.

No provision for Hong Kong Profits Tax has been made in the financial statements (2008: HK$Nil) as the Group's Hong Kong operations sustained a loss for taxation purposes during the year.

Pursuant to the new PRC EIT Law promulgated on 16 March 2007, the EIT rate for foreign-invested enterprises will be unified at 25% effective from 1 January 2008.

Xinjiang Gold Vantage Forestry Limited ("XJGV"), a wholly-owned subsidiary of the Group, is operating in forestry business during the year. XJGV was subject to corporate income tax rate of 25% as it did not apply for the exemption under the Implementation Rules during the year. In the opinion of the directors, full exemption will be granted from the PRC tax authority under the Implementation Rules when application is lodged.

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to shareholders of HK$96,008,000 (2008: Loss of HK$41,335,000) and the weighted average of 4,244,431,000 ordinary shares (2008:1,795,563,000 ordinary shares) in issue during the year.

For continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

Earnings/(loss)	**2009** **HK$'000**	2008 HK$'000
Earnings/(loss) for the purposes of basic earnings/(loss) per share	**96,008**	(41,335)
Effect of dilutive potential ordinary shares		
Interest on convertible notes	**8,383**	-
Earnings/(loss) for the purposes of diluted earnings/(loss) per share	**104,391**	(41,335)

Number of share	**2009** **'000**	2008 '000
Weighted average number of ordinary shares for the purposes of basis earnings/(loss) per share	**4,244,431**	1,795,563
Effect of dilutive potential ordinary shares: - convertible notes	**1,246,575**	-
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	**5,491,006**	1,795,563

7. EARNINGS/(LOSS) PER SHARE - CONTINUED

From continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the parent entity is based on the following data:

Earnings/(loss) figures are calculated as follows:

	2009 HK$'000	2008 HK$'000
Profit/(loss) for the year attributable to equity holders of the parent	**96,008**	(41,335)
Less: Loss for the year from discontinued operations	**(22,782)**	(31,369)
Earnings/(loss) for the purposes of basic earnings/(loss) per share from continuing operations	**118,790**	(9,966)
Effect of dilutive potential ordinary shares Interest on convertible loan notes	**8,383**	-
Earnings/(loss) for the purposes of diluted earnings/(loss) per share from continuing operations	**127,173**	(9,966)

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

From discontinued operations

Basic loss per share for the discontinued operations is (0.54) cents per share (2008: (1.74) cents per share) and diluted loss per share for the discontinued operations is (0.42) cents per share (2008: (1.74) cents per share), based on the loss for the year from the discontinued operations of HK$ 22,782,000 (2008:HK$31,369,000). The denominators detailed above for basic earnings and diluted earnings are 4,244,431 shares (2008: 1,795,563) and 5,491,006 shares (2008: 1,795,563) respectively.

8. DIVIDENDS

The board does not recommend the payment of a final dividend for the year ended 30 June 2009 (2008:HK$Nil).

9. TRADE AND OTHER RECEIVABLES

	2009 **HK$'000**	2008 HK$'000
Trade debtors (note b)	**24,034**	2,572
Prepayments, deposits and other receivables	**21,665**	30,581
Amounts due from related parties	**-**	5,587
Amounts due from subsidiaries	**-**	-
	45,699	38,740

(a) Trade and other receivables are expected to be recovered within one year. Their fair values approximate to their respective carrying amounts at the balance sheet date due to their short-term maturity.

(b) As at 30 June 2009, the ageing analysis of the accounts receivable was as follows:

	2009 **HK$'000**	2008 HK$'000
Less than 1 month past due	**19,433**	64
1 to 3 months past due	**3,726**	424
More than 3 months but less than 12 months past due	**-**	2,068
More than 12 months past due	**875**	16
Amount past due at balance sheet date but not impaired (note c)	**24,034**	2,572
Total trade debtors	**24,034**	2,572

(c) The balances that were past due but not impaired related to a number of customers that have a good repayment record with the Group. Based on the past experience, the management estimated that the carrying amounts could be fully recovered.

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

10. TRADE AND OTHER PAYABLES

	2009	2008
	HK$'000	HK$'000
Trade creditors	**21,805**	17,449
Property forward sales deposits and instalments received	**3,483**	66,581
Amounts due to directors	**2,013**	1,935
Amounts due to fellow subsidiaries	**-**	-
Amounts due to a related party	**3,895**	-
Other payable and accrued liabilities	**42,549**	4,672
	73,745	90,637

(a) Trade and other payables are expected to be settled within one year. The fair values approximate to their respective carrying amounts at the balance sheet date due to their short-term maturity.

(b) Included trade and other payables are trade creditors with the following ageing analysis:

	2009	2008
	HK$'000	HK$'000
Current or less than 1 month	**6,355**	8,047
1 to 3 months	**3,752**	7,696
More than 3 months but within 6 months	**767**	1,706
Over 6 months	**10,931**	-
	21,805	17,449

EXTRACT OF THE AUDITOR'S REPORT

Basis for qualified opinion

In last year, we were unable to obtain any evidence to substantiate certain alleged purchase transactions of approximately HK$30.63 million and had qualified our opinion accordingly. Details of the qualification were more fully explained in 2008 audit report. Any adjustments found to be necessary in respect of these transactions would have a consequential effect on the Group's retained earnings at the beginning of the year, results of the current year and net assets at 30 June 2009.

Included in the consolidated income statement for the year ended 30 June 2009, turnover of approximately HK$43.12 million and cost of sales of approximately HK$30.85 million in relation to the sale and purchase of organic fertilisers (the "Transactions"), were recorded in the last three months of the year. At 30 June 2009, the trade receivables and other receivables of approximately HK$17.36 million and HK$1.27 million respectively were in related to the Transactions. The production processes and operation of this new business were mainly handled by an external sub-contractor, who performed the production process and also collected sales proceeds directly from ultimate customers on the Group's behalf. However, there was no system of internal control maintained by either the sub-contractor or the Group over the Transactions that we could rely for the purpose of our audit. We have been unable either to obtain adequate reliable information, or to carry out alternative audit procedures to satisfy ourselves that the Transactions, the related taxes, trade receivables and other receivables were properly recorded. Any adjustments found to be necessary in relation to the Transactions would have a consequential effect on the Group's results and cash flows for the year and net assets at 30 June 2009.

Qualified opinion arising from limitation of audit scope

In our opinion, except for the possible effects of matters described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2009, and of the Group's profit and cash flows for the year then ended in accordance Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance.

BUSINESS AND OPERATION REVIEW

In view of the increasing competitiveness and rising cost in the fashion retail market, since early 2008 the management had taken measures to gradually scale down the garment business arm. The Group had outsourced all production orders to external factories in order to maximise benefits from the economy of scale and to reduce operational risks. As at 30 June 2009, the Group recorded no fashion retailing business in China, but the Group shall continue to explore garment business opportunities should a favorable condition arise.

On 21 May 2009, the Group disposed a property asset which comprised of a piece of land with a total area of 8,724 square meters and all buildings erected thereon located at 1-18 Xinhe Industrial Park, Dianqian, Huli, Xiamen City, Fujian Province, China. The property used to be self-occupied for the purpose of manufacturing and production of apparels and related products. As a result of the Group's reduction in its garment business, this asset disposal provided a good opportunity for the Group to realise some capital and strengthened its financial position.

For business diversification, the Group has been diligently exploiting new business opportunities. By the end of 2008, the Group completed the acquisition of an ecological plantation business in Shihezi City, Xinjiang Region, China. The forest plantation site covers 60,000 mu (Chinese Mu) is located about 150 kilometers West from Urumqi, the provincial capital, and transport wise is well connected to China's National Highway No. 312 and railways. The ecological plantation business includes the plantation of fast growing, high yield, renewable, sustainable and self-growing wood resource and seasonal crops. Wood resource from poplar trees provides the raw material for the wood produce industry, wood pulp for the paper making industry, construction industry, and last but not least building materials for infrastructure developments needed for the fast growing Chinese economy.

The Group has successfully developed an environmentally-friendly business in plantation, including the research and development of plantation related technologies, manufacturing, sale and distribution of plantation products and materials. In the present fiscal year, the Group developed the waste-to-value business "O-Live Organic Waste Treatment System" ("O-Live System") which is an automated machine utilising high temperature micro-organisms technology for the treatment of animal waste from livestock farms. The O-Live System, within a 24-hour cycle, processes the animal wastes and kills animal related influenzas and common bacterial diseases, and converts the animal waste into raw materials for the production of microbial organic fertiliser.

By utilising the organic raw materials and seizing the market's demand for organic fertilisers, the Group developed a microbial application for the production of organic fertilisers. Originally, the production process was outsourced to an external contractor which produced organic fertilisers under Group's guidance, technology and standards. Since the 2nd quarter of 2009, the Group recorded sales of organic fertilisers totaling HKD43.12 million under this operational model, the Group decided to further strengthen its technological edge and planned to acquire the patents from Cathay Investment Fund Limited which covered the technologies and processes in relation to the production of organic fertilisers.

In July 2009, the Group's indirect wholly-owned subsidiary (Xinjiang Gold Vantage Forestry Limited) 新疆凱金林業有限公司("XJGV") entered into a co-operation agreement with The Agricultural No. 8 Division No. 142 Regiment of the Xinjiang Production and Construction Corps. (XPCC) to promote the sale of the O-Live System and the sale of organic fertilisers in the region of Shihezi City. In October 2009, the Company advanced the cooperation with XPCC which manages 1.01 million mu area in Shihezi City. The Group entered into an agreement with XPCC to form a Joint Venture with total investment worth RMB36,000,000 based on a 70:30 equity ratio respectively for the purpose of production and sale of organic fertilisers in Shihezi City.

Xinjiang is China's largest autonomous region with total area of approximately 1,664,900 square kilometers. It is a major agricultural base and its primary industry accounted for 17.8% of China's GDP in 2007. It is China's largest growing base for 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's green business in the bio-conversion of livestock waste into organic fertilisers is directly in line with the agricultural, biotechnological and environmental policies of Xinjiang Government.

PROSPECTS

On 5 October 2009, an extraordinary general meeting was held and a special resolution was passed allowing the name of the Company to be changed to China Environmental Resources Group Limited. It signified a new chapter in the Group's green business in environmental, ecological and economical values. The Group will dedicate to developing renewable, sustainable and valuable green resources serving mankind and yet protecting the environment.

Environmental According to Chinese Government's website, in 2008, China is the world's largest producer of meat, accounting for 72.8 million tons or 29% of world's total. The Group's O-Live System serves the environmental requirements of taking care of the waste produced by the booming livestock industry in China. Livestock farms begin migrating away from cities' vacinity for environmental, hygienic and costing reasons especially for those farms of sizable operation in order to achieve the economy of scale and to comply with new environmental regulations. Starting from the 3rd quarter of 2009, the Group began selling to livestock farms the O-Live System which provided an effective, economical and environmental solution for the treatment of animal waste. The farms will also receive additional financial income from the sale of the bio-treated waste as raw material for the production of organic fertilisers. This operational model changed the capital outlay of livestock farms from environmental expenses into a productive income.

Agricultural According to DATAMONITOR, the Chinese agricultural products grew by 6.8% in 2007 to USD427.5 billion. By 2012, this value is forecast to reach USD621.6 billion, representing a 45.4% increase from 2007. As per Chinese official figures in 2008, export in agricultural products was USD40.5 billion with a negative growth rate from 17.9% to 9.4%. In contrast the import of agricultural products amounted to USD58.6 billion, representing a 42.8% growth during the same period.

For the past decades, in line with the prospering agricultural produce market, most of China's arable lands have been over-dozed by chemical fertilisers and pesticides. These chemicals resulted in environmental pollution, deteriorated soil productivity and decreased crops yield. Organic fertiliser, however, offers an effective, economical and sustainable solution for curing the chemically contaminated soil, thus increasing crops yield by cultivating organic food. According to China Agricultural Net, the amount of commercialised organic fertiliser recorded a 4-fold increase to 11 million tons in 2007 from 2.6 million in 2002.

Focusing on the increasing demand in organic fertilisers, the Group continues to develop technological advancements for organic fertilisers in order to achieve a higher and sustainable crops yield. During the 2nd quarter of 2009, the Group outsourced the production process to an external contractor to accommodate the emerging demands for its organic fertiliser products. In the 3rd quarter of 2009, the Group began to establish self-operated production facilities to utilise the raw materials from its O-Live System, to satisfy increasing orders and to enhance operating profits. In order to propel the development of its newly established green business, the Group has engaged independent professionals in relation to systems setup, operation, production, financial, internal control and internationally certified standards for quality, environmental and corporate responsibilities.

Ecological Plantation According to the Annual Review and Assessment of the World's Timber Situation 2007 conducted by the International Tropical Timber Organisation, the real gross domestic product in the emerging market and developing economies reached approximately 7.8% in 2007 (with China's real Gross Domestic Product growth at approximately 11.4% in 2007), which has outgrown that of the advanced economies of 2.6%. The demand for construction, housing and wood products in the China is expected to grow in the long run in view of the economic expansion, infrastructure developments and urbanisations in China. The ecological plantation business is expected to be on an upward trend due to their scarcity and increasing demand, particularly when China is now the world's biggest importer of industrial wood logs.

In light of the above, the Group will continue exploring opportunities in ecological plantation as a good source of recurring income. Taking advantage in its technological advancements, the Group will be biased towards technology-based operations such seedling/sapling technique, microbial application and organic fertilisation, whereas routine and mundane tasks such as laboring, watering, weeding, maintenance and logging will be outsourced to external contractors and governmental units.

Nationwide Development The Group has successfully diversified into the green business, including but not limited to environmentally-friendly treatment of organic waste, production of organic fertiliser and ecological forest plantation. The Group's initial green establishment in Xinjiang Region served as an encouraging demonstration in "green cooperation model" between local government units and the Group. With the increasing awareness of ecological development and environmental protection, the Chinese Government is implementing supportive and encouraging measures to the environmental, agricultural and forestry industry. For example, in June 2009, the Group's Xinjiang subsidiary was approved for exemption in Value Added Tax on the sale of forestry products and organic fertiliser products. The fact that present governmental policy supports, subsidises and offers tax benefits to environmental, agricultural and forestry corporations would only further hasten the development of the green businesses.

As the Group plans for a leading role in the green business sector in China, it will duplicate and multiply the "green cooperation model" to a nationwide level covering various regions, cities and provinces in China. To cater for the increasing and high demands from environmental, agricultural and forest plantation sectors, the Group is confident in capitalising the green business opportunities created by the expanding market and supportive government policies.

FINANCIAL REVIEW

For the year ended 30 June 2009, the Group recorded a consolidated turnover of approximately HKD128.61 million, representing a slight increase compared with the year ended 30 June 2008 (the "Previous Year"). The Group's profit from continuing operations amounted to approximately HK$118.79 million. After netting off the loss of approximate HK$22.78 million from discontinued operations, the Group's profit attributable to shareholders amounted to approximate HK$96 million, representing basic earnings per share of HK$2.26 cents (for the Previous Year: consolidated loss was HK$41.33 million, representing a basic loss per share of 2.30 cents).

In calculating the Group's consolidated net profit, the imputed finance costs of HK$15.90 million, mostly not related to operation in nature, can be split up into HK$7.52 million of Promissory Notes and HK$8.38 of Convertible Notes.

During the period, the Group's Income Tax Expenses for Continuing Operations amounted to HK$27.82 million which was mainly attributable to Corporate Income Tax payable due to the sale of organic fertilisers and forestry products by XJGV. In June 2009, XJGV obtained approval from the relevant PRC governmental authority for the exemption of VAT on the sale of forestry products and organic fertiliser products. Meanwhile, XJGV is also eligible for the exemption of Enterprises Income Tax, the application of which is now being processed.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 30 June 2009 (2008: HK$Nil).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2009, the Group's cash and bank balances, which were principally Renminbi and Hong Kong dollar denominated, amounted to approximately HK$9.52 million. The Group was not exposed to any substantial risk in foreign exchange fluctuations. In general, the Group mainly used its Renminbi income receipt for operating expenses in China and did not use any financial instruments for hedging purpose.

As at 30 June 2009, the Group has no borrowings (save and except for Promissory Notes and Convertible Notes liabilities). The Group generally finances its operation using internally generated resources.

As at 30 June 2009, the Group's current assets amounted to approximately HK$64.21 million and current liabilities amounted to approximately HK$85.92 million. The Group's net current liabilities, being its current assets deducting its current liabilities, amounted to HK$21.70 million.

Included in the current liabilities, there were trade and other payables of approximate HK$73.75 million incurred during the year ended 30 June 2009. As per the Annual Report 2008, due to the closure of shops and factories during the year 2008, it had been difficult in locating the underlying records of certain deemed payables amounting to approximately HK$30.63 million. The Group will be prudent and will only effect payments for these deemed payables as and when sufficient documentation and proof of debt can be produced and certified by the Group.

CHARGE ON THE GROUP'S ASSETS

The group did not have any pledged assets as at 30 June 2009 and 2008 to secure general banking facilities.

CAPITAL RAISING AND EXPENDITURE

During the year ended 30 June 2009, the Group did not carry out any equity fund raising activities except for the conversion of convertible notes and exercise of share option.

EMPLOYEES AND RETIREMENT BENEFIT SCHEME

The Group had approximately 36 employees in Hong Kong and the PRC as at 30 June 2009. The Group implements remuneration policy, bonus and share options scheme to ensure that pay scales of its employees are rewarded on a performance-related basis within the general framework of the Group's remuneration strategy.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted all the code provisions as set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Listing Rules as its own code on corporate governance practices. The Company has compiled with code provisions as set out in the Code during the year ended 30 June 2009.

The Company's audit committee is composed of three independent non-executive directors. It reports directly to the board and reviews matters within the scope of audit, such as financial statements and internal controls. The written terms of reference which describes the authority and duties of the audit committee are regularly reviewed and updated by the board. The audit committee has discussed auditing, internal controls and financial reporting matters including the annual consolidated results of the Group for the year ended 30 June 2009.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's codes of conduct regarding Directors' securities transactions. Having made specific enquiry with all Directors, they have confirmed their compliance with the required standard as set out in the Model Code throughout the year ended 30 June 2009.

PURCHASE, SALES AND REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor its subsidiaries repurchased, sold or redeemed any of the Company's listed securities during the year.

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

Hong Kong, 22 October 2009

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.