



[For Immediate Release]

Benefun turns into profit in FY2009
***** Net profit amounted to HK\$96 million *****

(23 Oct 2009, Hong Kong) **Benefun International Holdings Limited** (“Benefun” or the “Group”, Stock code: 1130) announced its annual results for the year ended 30 June 2009. For the year ended 30 June 2009, the Group recorded a turnover (continuing operations) of approximately HK\$121.45 million. Gross profit was approximately HK\$28.68 million. Profit attributable to equity holders amounted to HK\$96.01 million. Basic earnings per share from continuing operations was HK\$2.80 cents.

Reviewing the Group’s results, Mr. Kwok Wai, Executive Director of Benefun said, “The management has scaled down garment business since early 2008. The Group has no direct fashion retailing in China and has taken crucial steps in diversifying into green business namely ecological plantation, environmental treatment of organic waste and production of organic fertilizers.”

During the year under review, the Group completed the acquisition of the ecological plantation business in Shihezi City of Xinjiang Region, with total forest plantation site of 60,000 mu, which is about 150 km west from Urumqi. It includes the plantation of fast growing, high yield, renewable, sustainable and self-growing wood resource and seasonal crop, that provide raw materials to different industries such as wood product making, paper making, construction, and infrastructural development. Secondly, the Group successfully 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. O-Live System kills disease bacteria and converts animal manures into raw materials for producing microbial organic fertilizer. The Group recorded sales of organic fertilizers totaling HK\$43.12 million in the second quarter of 2009.

Subsequent to the financial year end, the Group entered into two agreements with the Agricultural No. 8 Division No. 142 Regiment of the Xinjiang Production and Construction Corps (“XPCC”) (a) to promote the sale of O-Live System and the sale of organic fertilizer in Shihezi City, Xinjiang Region; (b) to establish joint venture in Shihezi City to engage in production and sale of organic fertilizers of total investment of RMB 36 million, of which 70% held by Benefun and 30% by XPCC respectively. In addition, following the resolutions passed in an EGM held on 5 October 2009, the name of the Group is changed to China Environmental Resources Group Limited (「中國環境資源集團有限公司」), which turns into a new chapter in the Group’s green business of

environmental, ecological and economical viabilities.

In view of economic expansion, infrastructural development and urbanization in China, the forest plantation business is expected to be on an upward trend due to scarcity and growing demand. The Group will continue exploring opportunities in forest plantation for steady income flow. Further, the Group is selling O-Live System to livestock farms and provides effective and environmental treatment of animal manure. The farms will receive additional income from sale of the bio-treated manure as raw material for organic fertilizer production. The model changes the farms' capital outlay from environmental expense into productive asset investment.

Most China's arable lands have been over-dozed by chemical, which resulted in deteriorating soil productivity. Eyeing on the increasing share of organic fertilizer in the market, the Group continues to develop technological edges for organic fertilizer as a sustainable solution for curing chemically contaminated soil and increasing crop yield. Mr. Kwok added, "The Group's establishment in Xinjiang Region served as an initial green cooperation model between local government and the Group. In light of government support and measures to environmental, agricultural and forestry industry, the Group has plans to duplicate and multiply the green cooperation model to nationwide in China."

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Benefun International Holdings Limited

Benefun International Holdings Limited (to be renamed as "China Environmental Resources Group Limited") is principally engaged in the businesses including ecological plantation, manufacture and sale of plantation materials, organic fertilizers and organic waste bio-treatment system. Its product brand "Tian Mi Mi" is the leading organic fertilizer brand in China.

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