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ONFEM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 31st May, 2004 in relation to, amongst other things, the continuing connected transaction under the Previous Tenancy Agreement made between Texion as landlord and Brena as tenant regarding Premises I. As the Previous Tenancy Agreement has expired on 31st May, 2006, Brena has on 1st June, 2006 entered into the Tenancy Agreement with Texion for a further term of 2 years from 1st June, 2006 to 31st May, 2008.

As disclosed in the Company's 2005 annual report, Cheemimet (as licensor) and EEL (as licensee) has on 21st June, 2004 entered into the Previous Licence Agreement for the occupancy of Premises II which has expired on 31st May, 2006. EEL has on 1st June, 2006 entered into the Licence Agreement with Cheemimet for a further period from 1st June, 2006 to 15th May, 2007.

Both Texion and Cheemimet are wholly-owned subsidiaries of Minmetals HK and Minmetals HK is indirectly interested in approximately 53.95% of the entire issued share capital of the Company as at the date of this announcement. Accordingly, the Agreements constitute continuing connected transactions of the Company. Pursuant to the Listing Rules, the Agreements should be aggregated.

Since (i) the aggregate sum of the annual rent and the service, management and air-conditioning charges payable by Brena under the Tenancy Agreement, and (ii) the aggregate sum of the total licence fee and the management fee payable by EEL under the Licence Agreement represent less than 2.5% of the applicable percentage ratios of the Company, no independent shareholders' approval is required. Pursuant to Rule 14A.46 of the Listing Rules, details of the Agreements will be included in the published annual reports and financial statements of the Company of each of the relevant financial years.

BACKGROUND

Reference is made to the announcement of the Company dated 31st May, 2004 in relation to, amongst other things, the continuing connected transaction under the Previous Tenancy Agreement made between Texion as landlord and Brena as tenant regarding Premises I. As the Previous Tenancy Agreement has expired on 31st May, 2006, Brena has on 1st June, 2006 entered into the Tenancy Agreement with Texion for a further term of 2 years from 1st June, 2006 to 31st May, 2008.

As disclosed in the Company's 2005 annual report, Cheemimet (as licensor) and EEL (as licensee) has on 21st June, 2004 entered into the Previous Licence Agreement for the occupancy of Premises II which has expired on 31st May, 2006. EEL has on 1st June, 2006 entered into the Licence Agreement with Cheemimet for a further period from 1st June, 2006 to 15th May, 2007.

THE TENANCY AGREEMENT

Date:	1st June, 2006
Parties:	Texion as landlord and Brena as tenant
Premises:	18th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon
Period:	2 years from 1st June, 2006 to 31st May, 2008
Rent:	The rent (exclusive of rates, service, management and air-conditioning charges) shall be HK\$92,688.00 per calendar month
Tenant's share of service, management and air-conditioning charges:	HK\$24,331.00 per calendar month

The aggregate sum of the annual rent and the service, management and air-conditioning charges payable by Brena under the Tenancy Agreement is HK\$1,404,228.00.

THE LICENCE AGREEMENT

Date:	1st June, 2006
Parties:	Cheemimet as licensor and EEL as licensee
Premises:	certain portions of 16th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon

Period:	From 1st June, 2006 to 15th May, 2007
Licence fee:	The licence fee (exclusive of rates, management fee and other outgoings) shall be HK\$26,068.50 per calendar month
Licensee's share of management fee:	HK\$6,843.10 per calendar month

The total sum of the licence fee and management fee payable by EEL under the Licence Agreement is HK\$377,952.57.

The terms of the Agreements were agreed by the parties after arm's length negotiation and are on normal commercial terms. The monthly rent/licence fee were determined with reference to the rent payable by the other tenants of the China Minmetals Tower and is in line with the prevailing open market rent of other premises with conditions comparable to those of Premises I and Premises II.

REASONS FOR THE CONTINUING CONNECTED TRANSACTION

The Company has been occupying Premises I as its head office since 2001 and EEL has been occupying Premises II as its head office since 2004. The Directors (including the independent non-executive Directors) consider that the terms of the Agreements are fair and reasonable so far as the Company and its shareholders are concerned.

INFORMATION ON THE GROUP, TEXION AND CHEEMIMET

The Group is principally engaged in real estate development, specialised construction, property leasing, manufacturing and trading and securities investment and trading businesses.

Both Texion and Cheemimet are wholly-owned subsidiaries of Minmetals HK. Texion is principally engaged in property investment and is the sole owner of China Minmetals Tower. The principal activities of Cheemimet are investment holding and property investment.

CONTINUING CONNECTED TRANSACTION

Both Texion and Cheemimet are wholly-owned subsidiaries of Minmetals HK and Minmetals HK is indirectly interested in approximately 53.95% of the entire issued share capital of the Company as at the date of this announcement. Accordingly, the Agreements constitute continuing connected transactions of the Company. Pursuant to the Listing Rules, the Agreements should be aggregated.

Since (i) the aggregate sum of the annual rent and the service, management and air-conditioning charges payable by Brena under the Tenancy Agreement, and (ii) the total sum of the licence fee and the management fee payable by EEL under the Licence Agreement represent less than 2.5% of the applicable percentage ratios of the Company, no independent shareholders' approval is required. Pursuant to Rule 14A.46 of the Listing Rules, details of the Agreements will be included in the published annual reports and financial statements of the Company of each of the relevant financial years.

DEFINITIONS

“Agreements”	the Licence Agreement and the Tenancy Agreement
“Brena”	Brena Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Cheemimet”	Cheemimet Finance Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Minmetals HK
“Company”	ONFEM Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on The Stock Exchange of Hong Kong Limited
“Directors”	the directors (including the independent non-executive directors) of the Company
“EEL”	Enful Engineering Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Licence Agreement”	the licence agreement dated 1st June, 2006 entered into between Cheemimet as licensor and EEL as licensee
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Minmetals HK”	China Minmetals H.K. (Holdings) Limited, a company incorporated in Hong Kong with limited liability
“Premises I”	the premises situated at 18th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
“Premises II”	certain portions of 16th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong
“Previous Licence Agreement”	the licence agreement dated 21st June, 2004 entered into between Cheemimet as licensor and EEL as licensee
“Previous Tenancy Agreement”	the tenancy agreement dated 31st May, 2004 entered into between Texion as landlord and Brena as tenant

“Tenancy Agreement” the tenancy agreement dated 1st June, 2006 entered into between Texion as landlord and Brena as tenant

“Texion” Texion Development Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Minmetals HK

By order of the Board
Wang Xingdong
Managing Director

Hong Kong, 1st June, 2006

As at the date hereof, the board of Directors of the Company comprises eight Directors, namely, Mr. Zhou Zhongshu[^], Mr. Wang Xingdong[#], Mr. Yan Xichuan[#], Mr. Qian Wenchao[#], Ms. He Xiaoli[#], Mr. Lam Chun, Daniel⁺, Mr. Selwyn Mar⁺ and Ms. Tam Wai Chu, Maria⁺.

[#] *Executive Director*

[^] *Non-executive Director*

⁺ *Independent non-executive Director*

Please also refer to the published version of this announcement in the China Daily.