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## ONFEM HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 230)

### ANNOUNCEMENT

Reference is made to the announcement of the Company dated 16 June 2004 in relation to, among other things, the issue of a statutory demand in the sum of approximately HK\$2,151,000 by the Group against PEHL on 28 May 2004.

On 7 July 2004, the Group filed a petition for the winding-up of PEHL to the High Court of Hong Kong since PEHL had failed to meet the statutory demand.

**Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the shares of the Company.**

#### WINDING UP PETITION AGAINST PEHL

Reference is made to the announcement of the Company dated 16 June 2004 in relation to, among other things, the issue of a statutory demand in the sum of approximately HK\$2,151,000 by the Group against PEHL on 28 May 2004.

On 7 July 2004, the Group filed a petition for the winding-up of PEHL to the High Court of Hong Kong since PEHL had failed to meet the statutory demand.

As stated in the announcement of the Company dated 16 June 2004, the Company was informed by PEL that PEL would be wound up pursuant to Section 228A of the Companies Ordinance (Chapter 32, Laws of Hong Kong). PEL is a wholly-owned subsidiary of PEHL. The Company holds a 51% indirect beneficial interest in PEHL, and the remaining 49% is held by Polyrich Profits Limited which, as far as the Company is aware, is wholly owned by Mr. Leung. Mr. Leung is also a director of PEHL. Apart from the aforesaid relationship, Mr. Leung is an independent third party not connected with the directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them.

According to the audited consolidated accounts of the Group and the unaudited consolidated accounts of PEHL (both as at and for the year ended 31 December 2003), PEHL is a "major subsidiary" of the Company within the meaning of Rule 13.25(2) of the Listing Rules since the unaudited consolidated revenue of PEHL represented approximately 43.6% of the audited consolidated revenue of the Group for the year ended 31 December 2003.

PEHL had incurred losses since the year ended 31 December 1998 and had been in a net liability position since the year ended 31 December 2002. The investment cost of PEHL has already been fully provided for in the consolidated accounts of the Group. On this basis, the Board does not expect any material adverse impact on the Group arising from the presentation of the winding-up petition against PEHL.

#### INFORMATION ON PEHL AND ITS SUBSIDIARIES

For further details of PEHL and its subsidiaries, please refer to the Company's announcement dated 16 June 2004 and in particular, the section entitled "INFORMATION ON THE POLYCROWN GROUP".

For the year ended 31 December 2003, the unaudited consolidated net losses before and after taxation of PEHL were approximately HK\$27,821,000 and HK\$27,926,000 respectively. For the year ended 31 December 2002, the audited consolidated net losses before and after taxation of PEHL were approximately HK\$62,344,000 and HK\$63,382,000 respectively. The unaudited and audited consolidated negative net tangible assets of PEHL were approximately HK\$116,837,000 and HK\$88,911,000 as at 31 December 2003 and 31 December 2002 respectively.

The Company will make further announcement(s) in the event of any material development in this matter.

**Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the shares of the Company.**

#### LIST OF DIRECTORS

As at the date hereof, the Board comprises eight directors, of which five are executive directors, namely, Mr. Lin Xizhong, Mr. Wang Xingdong, Mr. Yan Xichuan, Mr. Qian Wenchao and Ms. He Xiaoli; and three are independent non-executive directors, namely, Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria.

#### DEFINITIONS

- "Board" the board of directors (including the independent non-executive directors) of the Company
- "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
- "Group" the Company and its subsidiaries
- "Hong Kong" Hong Kong Special Administrative Region of the People's Republic of China
- "Listing Rules" the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
- "Mr. Leung" Mr. Leung Pok Ching
- "PEL" Polycrown Engineering Limited, a wholly-owned subsidiary of PEHL
- "PEHL" Polycrown Engineering (Holdings) Limited, an indirect 51%-owned subsidiary of the Company

By order of the Board  
**Wang Xingdong**  
Managing Director