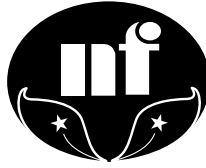


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ONFEM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

CONNECTED TRANSACTION ACQUISITION OF EQUITY INTEREST IN A NON WHOLLY-OWNED SUBSIDIARY AND MOVEMENT IN THE PRICE AND TRADING VOLUME OF THE SHARES

On 8th January, 2004, OCL entered into a letter of confirmation with Chengyu pursuant to which OCL has agreed to acquire, subject to the terms and conditions of the Letter of Confirmation, the 20% of the equity interest in ZOBHP held by Shining Metals at an aggregate consideration of RMB12,859,256.00 (excluding taxes and other expenses) (equivalent to approximately HK\$11,894,604.00).

Shining Metals is a connected person of the Company under the Listing Rules and therefore the Acquisition constitutes a connected transaction of the Company. Pursuant to Rule 14.26(2) of the Listing Rules, the Company is required to convene a general meeting to approve the Acquisition. However, June Glory, the major shareholder of the Company, which does not have any interest (whether directly or indirectly) in the Acquisition, has already issued to the Company a written certificate evidencing its approval of the Acquisition and as confirmed by the Company, no shareholder is interested in the Acquisition nor is required to abstain from voting if a general meeting of the Company is to be held for approving the Acquisition. Therefore, the Company has applied to the Stock Exchange for a waiver from convening a general meeting of the Company to approve the Acquisition and the Stock Exchange has agreed to grant such waiver to the Company.

A circular containing, among other things, details of the Acquisition, the recommendation of the independent board committee of the Company and an opinion letter from the independent financial adviser to the independent board committee of the Company will be dispatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

The Directors have noted the recent increase in the price and the increase in the trading volume of the Shares and wish to state that save as the Acquisition disclosed in this announcement, the Directors are not aware of any other reasons for such increases.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 9th January, 2004 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 12th January, 2004.

LETTER OF CONFIRMATION

Date: 8th January, 2004

Parties:

Vendor: Chengyu

Purchaser: OCL

Assets to be purchased:

20% of the equity interest in ZOBHP

Consideration:

The aggregate consideration payable by OCL under the Letter of Confirmation is RMB12,859,256.00 (excluding taxes and other expenses) (equivalent to approximately HK\$11,894,604.00) in cash and is intended to be funded by the internal resources of the Group. The aggregate consideration is the bid price offered at a public auction held by Chengyu in the PRC on 8th January, 2004 and the commission payable to Chengyu.

Based on the audited accounts of ZOBHP, the net tangible asset value of ZOBHP as at 31st December, 2002 was approximately RMB136,419,000.00 (equivalent to approximately HK\$126,185,000.00). The net loss before and after taxation for the year ended 31st December, 2002 were both approximately RMB3,676,000.00 (equivalent to approximately HK\$3,400,000.00) whereas the net loss before and after taxation for the year ended 31st December, 2001 were both approximately RMB4,371,000.00 (equivalent to approximately HK\$4,043,000.00).

The terms of the Letter of Confirmation are on normal commercial terms and are considered by the Directors to be fair and reasonable after taking into account the legal opinion issued by a PRC legal adviser of the Company.

Payment terms:

The consideration of the Acquisition is payable according to the following time table:

1. RMB1,000,000.00 (equivalent to approximately HK\$924,984.00) has been paid upon signing of the Letter of Confirmation;
2. the remaining balance of RMB11,859,256.00 (equivalent to approximately HK\$10,969,620.00) is payable on or before 15th January, 2004.

Completion:

Upon full payment of the consideration and in accordance with the documents prescribed by the court in the PRC, Chengyu will assist OCL in registering the transfer of the 20% equity interest in ZOBHP.

Completion of the Acquisition is subject to all necessary approvals and consents in connection with the Acquisition from the relevant PRC authorities and the conversion of ZOBHP from a Sino-foreign equity joint venture (中外合資企業) to a wholly foreign-owned enterprise (外商獨資企業) under the PRC laws.

INFORMATION ON ZOBHP

ZOBHP is a Sino-foreign equity joint venture incorporated under the laws of the PRC with limited liability. ZOBHP was established in 1999 and is principally engaged in property development.

Prior to the Acquisition, OCL held 80% equity interest in ZOBHP. Following the completion of the Acquisition, ZOBHP will become a wholly-owned subsidiary of OCL.

It has been agreed that following completion of the Acquisition, the directors of ZOBHP nominated by Shining Metals will resign and OCL will nominate its representatives to the board of directors of ZOBHP.

REASONS FOR THE ACQUISITION

As stated in the 2002 annual report of the Company, the Company aims at improving operational efficiency of the Group as a whole. The Board considers that the Acquisition will facilitate OCL to implement its decision on the development of Haitian Garden project and in turn improve the efficiency of ZOBHP's operation.

Therefore, the entering of the Letter of Confirmation is in line with the strategy of the Company and is in the interest of the Company and its Shareholders.

CONNECTED TRANSACTION

Shining Metals is a connected person of the Company under the Listing Rules and therefore the Acquisition constitutes a connected transaction of the Company. Pursuant to Rule 14.26(2) of the Listing Rules, the Company is required to convene a general meeting to approve the Acquisition. However, June Glory, the major shareholder of the Company, which does not have any interest (whether directly or indirectly) in the Acquisition, has already issued to the Company a written certificate evidencing its approval of the Acquisition and as confirmed by the Company, no shareholder is interested in the Acquisition nor is required to abstain from voting if a general meeting of the Company is to be held for approving the Acquisition. Therefore, the Company has applied to the Stock Exchange for a waiver from convening a general meeting of the Company to approve the Acquisition and the Stock Exchange has agreed to grant such waiver to the Company.

A circular containing, among other things, details of the Acquisition, the recommendation of the independent board committee of the Company and an opinion letter from the independent financial adviser to the independent board committee of the Company will be dispatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

MOVEMENT IN THE PRICE AND TRADING VOLUME OF THE SHARES

This statement is made at the request of the Stock Exchange.

The Directors have noted the recent increase in the price and the increase in the trading volume of the Shares and wish to state that save as the Acquisition disclosed in this announcement, the Directors are not aware of any other reasons for such increases.

Save as the Acquisition disclosed in this announcement, the Directors confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither are the Directors aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

The Directors individually and jointly accept responsibility for the accuracy of this statement.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 9th January, 2004 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 12th January, 2004.

DEFINITIONS

“Acquisition”	the acquisition of the 20% of the equity interest in ZOBHP by OCL at RMB12,859,256.00 (equivalent to approximately HK\$11,894,604.00)
“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
“Chengyu”	Zhuhai Chengyu Auction Company Limited (珠海市誠譽拍賣有限公司), an independent third party not connected with the Directors, chief executive, substantial shareholders of the Company, any of its subsidiaries or their associates (has the meaning ascribed thereto under the Listing Rules)
“Directors”	the directors (including the independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“June Glory”	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability and currently holding approximately 53.95% of the issued share capital of the Company
“Letter of Confirmation”	the letter of confirmation on successful bid dated 8th January, 2004 and entered into between Chengyu and OCL in respect of the sale and purchase of 20% equity interest in ZOBHP currently held by Shining Metals

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“OCL”	ONFEM Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company holding 80% equity interest in ZOBHP prior to the completion of the Acquisition
“PRC”	the People’s Republic of China
“Shining Metals”	Zhuhai Shining Metals Group Inc. (珠海鑫光集團股份有限公司), a company incorporated in the PRC holding 20% equity interest in ZOBHP prior to the completion of the Acquisition
“Shareholders”	shareholders of the Company
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ZOBHP”	Zhuhai (Oriental) Blue Horrison Properties Company Limited (珠海東方海天置業有限公司), a Sino-foreign equity joint venture established in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong from time to time
“RMB”	Renminbi, the lawful currency of the PRC from time to time

By order of the Board
Wang Xingdong
Managing Director

Hong Kong, 9th January, 2004

For the purpose of this announcement, translations of RMB into HK\$ or vice versa have been calculated by using an exchange rate of HK\$1.00 to RMB1.0811.

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