



ONFEM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

MAJOR TRANSACTION DISPOSAL OF INVESTMENT AND RESUMPTION OF TRADING

The Board is pleased to announce that on 4 January 2007, OIL, a direct wholly-owned subsidiary of the Company, disposed of the Sale Shares at HK\$22.0 per share for a cash consideration of HK\$158.4 million. The Disposal was completed as the Group received the net proceeds of HK\$157.8 million on 8 January 2007.

The Disposal constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules. A circular containing information regarding, amongst other matters, details of the Disposal will be despatched to Shareholders as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 10:16 a.m. on 4 January 2007, pending the publication of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 10 January 2007.

INTRODUCTION

The Board is pleased to announce that on 4 January 2007, OIL, a direct wholly-owned subsidiary of the Company, disposed of the Sale Shares on the Stock Exchange through a securities brokerage firm.

There were 10 buyers of the Sale Shares and they are professional corporate investors and investment funds. The Directors, to the best of their knowledge, information and belief and having made all reasonable enquires, confirm that the buyers of the Sale Shares and their ultimate beneficial owners are independent third parties not connected with the Directors, chief executive and substantial Shareholders of the Company, its subsidiaries and their respective associates (as defined in the Listing Rules).

The Group had not entered into any written agreement with the above-mentioned securities brokerage firm or the buyers of the Sale Shares in relation to the Disposal except for normal documentations relating to dealing of shares on the Stock Exchange.

Following the Disposal and as at the date of this announcement, the Group does not hold any shares in CMCDIL.

DATE OF THE DISPOSAL

4 January 2007

INVESTMENT REALISED

The Sale Shares include 7,200,000 shares of US\$0.1 each in CMCDIL of which 5,000,000 shares were acquired by OIL in April 1994 at a total cost of HK\$37.8 million, and 2,200,000 bonus shares were issued by CMCDIL in 1998 and 1999 for nil consideration.

CMCDIL, a closed-ended investment fund traded on the Stock Exchange, is principally engaged in investing in unlisted companies with significant business involvement in the PRC.

Based on the closing price of CMCDIL shares quoted on the Stock Exchange on 3 January 2007 (being the day preceding the date of the Disposal) of HK\$24.2 per share, the market value of the Sale Shares was HK\$174.2 million. The net asset value attributable to the Sale Shares was US\$7.7 million (approximately HK\$60.1 million) based on the audited net asset value of CMCDIL as at 31 December 2005 according to its annual report for the year ended 31 December 2005, and US\$11.3 million (approximately HK\$88.1 million) as at 30 November 2006, based on its unaudited net asset value published on 15 December 2006. The audited consolidated net profit before and after taxation and extraordinary items of CMCDIL for each of the financial years ended 31 December 2004 and 2005 are set out as follows:

	For the year ended 31 December 2005		2004	
	US\$ million	HK\$ million equivalent	US\$ million	HK\$ million equivalent
Profit before taxation and extraordinary items	9.9	77.2	1.2	9.4
Profit after taxation and extraordinary items	7.8	60.8	1.1	8.6

CONSIDERATION

The consideration for the Disposal of HK\$22.0 per Sale Share or HK\$158.4 million in cash in total was arrived at on a willing buyer, willing seller basis. The consideration represents a premium of approximately 19.6% on the average closing price of CMCDIL of HK\$18.4 per share quoted on the Stock Exchange for a period of 10 trading days ended on 3 January 2007, being the day preceding the date of the Disposal. In determining the consideration price, the Company took reference from CMCDIL's price movement during 2006 from around HK\$4.0 per share at the beginning of 2006 to around HK\$19.0 per share at the end of that year.

On 8 January 2007, the Company received the net proceeds of HK\$157.8 million in cash and the Disposal was completed.

REASONS AND BENEFITS OF THE DISPOSAL

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

The Sale Shares had been held by the Group as a long-term investment. As at 31 December 2005, the investment in the Sale Shares was classified as a non-current asset of the Group in its financial statements with an audited carrying value of HK\$29.3 million.

In 2006, the share price of CMCDIL has risen more than four-fold. The Directors consider that the investment in the Sale Shares has increased in value significantly and the Disposal is a good opportunity for the Group to realise a satisfactory return on the initial investment. In addition to capital appreciation and bonus shares issued by CMCDIL, OIL had received dividends totalling HK\$13.0 million distributed by CMCDIL during the holding period of the Sale Shares (no dividend was distributed by CMCDIL in respect of its financial year ended 31 December 2005 and for the six months period ended 30 June 2006).

The Directors are of the view that the terms of the Disposal are fair and reasonable and in the interests of the Company and Shareholders as a whole and are on normal commercial terms.

After deducting directly related expenses of HK\$0.6 million from the consideration of the Disposal, the net proceeds from the Disposal were HK\$157.8 million. The Company has no plans presently for specific use of such funds and intends to apply the funds to meet the general working capital requirements of the Group.

FINANCIAL IMPACT OF THE DISPOSAL

As a result of the Disposal, a gain of HK\$140.9 million (before taxation and subject to audit) is expected to be realised by the Group for the year ending 31 December 2007. The gain is arrived at based on the difference between the net proceeds of HK\$157.8 million and the unaudited cost (after provision for impairment in value throughout the holding period of the investment) of the Sale Shares of HK\$16.9 million as at 3 January 2007.

LISTING RULES IMPLICATIONS

Based on the applicable size tests performed regarding the Disposal, the relevant percentage ratio under Rule 14.07 of the Listing Rules exceeds 25% but is below 75%. Accordingly, the Disposal constitutes a major transaction for the Company under the Listing Rules.

The Directors, to the best of their knowledge, information and belief and having made all reasonable enquires, confirm that none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal. June Glory is the controlling Shareholder (as defined in the Listing Rules) of the Company holding 416,585,852 Shares, representing approximately 53.95% of issued share capital of the Company as at the date of this announcement. On 4 January 2007, June Glory issued a written approval approving the Disposal. As such, all conditions under Rule 14.44 of the Listing Rules have been met and the Company is not required to convene a general meeting for the purpose of approving the Disposal.

A circular containing information regarding, amongst other matters, details of the Disposal will be despatched to Shareholders as soon as practicable.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 10:16 a.m. on 4 January 2007 pending the publication of this announcement. The Company has applied for the resumption of trading in the Shares with effect from 9:30 a.m. on 10 January 2007.

GENERAL

As at the date of this announcement, the Board comprises nine directors, namely Mr. Zhou Zhongshu as the Chairman and non-executive Director, Mr. Qian Wenchao, Mr. Wang Xingdong, Mr. Yan Xichuan, Mr. Yin Liang and Ms. He Xiaoli as executive Directors, and Ms. Tam Wai Chu, Maria, Mr. Lam Chun, Daniel and Mr. Selwyn Mar, as independent non-executive Directors.

DEFINITIONS

"Board"	the board of Directors
"CMCDIL"	China Merchants China Direct Investments Limited (stock code: 133.HK), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Company"	ONFEM Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
"Directors"	the directors (including independent non-executive directors) of the Company
"Disposal"	the disposal of the Sale Shares on 4 January 2007 on the Stock Exchange through a securities brokerage firm at HK\$22.0 per share for a consideration of HK\$158.4 million
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the People's Republic of China
"June Glory"	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of China Minmetals H.K. (Holdings) Limited
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"OIL"	ONFEM Investments Limited, a company incorporated under the laws of British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Sale Shares"	the 7,200,000 ordinary shares in CMCDIL of US\$0.1 each held by OIL, representing approximately 5.25% of the entire issued share capital of CMCDIL as at 30 June 2006
"Shareholder(s)"	holder(s) of the Shares
"Shares"	the shares of par value of HK\$0.1 each in the issued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK\$"	Hong Kong Dollars, the lawful currency of Hong Kong
"US\$"	US Dollars, the lawful currency of the United States of America
"%"	percentage

For the purpose of illustration only and unless otherwise stated, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of HK\$7.8 to US\$1.0. Such conversion should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.

By order of the Board
Wang Xingdong
Managing Director

Hong Kong, 9 January 2007