



ONFEM HOLDINGS LIMITED

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

MAJOR TRANSACTION

PROPOSED ACQUISITION OF THE REMAINING 9.61% EQUITY INTEREST IN SHANGHAI JIN QIAO CONDO DECORATION ENGINEERING COMPANY LIMITED

Financial adviser to ONFEM Holdings Limited



CENTURION CORPORATE FINANCE LIMITED

Following the entering into of a legally binding conditional agreement on 2 June 2004 with Condo and the Liquidators to acquire a 90.39% equity interest in SJQ as set out in the announcement and the Company dated the same date, on 10 June 2004, the Purchaser, a wholly-owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement with the Vendor to purchase the remaining 9.61% equity interest in SJQ for an aggregate consideration of RMB1.17 million.

The Acquisition, on a stand alone basis, does not constitute a major transaction under Chapter 14 of the Listing Rules. The Stock Exchange has aggregated the Acquisition and the proposed acquisition of the 90.39% equity interest in SJQ which they involve the acquisition of an interest in one particular company pursuant to rule 14.23 of the Listing Rules. Consequently, the Acquisition, on an aggregated basis, constitutes a major transaction and is therefore subject to the approval of the Shareholders. If a special general meeting is convened for approving the Acquisition, no Shareholder is required to abstain from voting. Written approval on the Acquisition has been obtained from June Glory, the 53.95% controlling Shareholder of the Company. The Company has applied to the Stock Exchange for a waiver from convening a special general meeting of the Company to approve the Acquisition. Further details of the Sale and Purchase Agreement and the Acquisition will be set out in the circular to Shareholders containing details of the major transaction as referred to in the announcement dated 2 June 2004.

THE SALE AND PURCHASE AGREEMENT DATED 10 JUNE 2004

The parties to the Sale and Purchase Agreement are as follows:—

Vendor: Shanghai Huayuan Aite Curtain Wall Company Limited (上海華源愛特幕牆工程有限公司), a company incorporated in the PRC and an independent third party currently holding 9.61% equity interest in SJQ

Purchaser: Sino Wisdom Enterprises Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company

Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell, free from any encumbrance or third parties rights, the 9.61% equity interest in the registered capital of SJQ, representing the entire interest held by the Vendor in SJQ, for an aggregate consideration of RMB1.17 million. The RMB1.17 million consideration was arrived at after arm's length negotiation with the Vendor with reference to economic interests as represented by the 9.61% equity interest in SJQ and compensation in relation to the resignation of the relevant existing directors of SJQ as nominated by the Vendor upon Completion. SJQ currently has five directors and the Group has nominated three new directors to join SJQ's board for the purpose of replacing the existing directors who are expected to resign in due course.

The consideration will be entirely satisfied in cash funded by internal resources of the Group. The payment terms of the consideration are as follows:—

1. RMB300,000 is payable within three Business Days following the entering into of the Sale and Purchase Agreement;
2. RMB400,000 is payable within three Business Days following the successful registration of the transfer of shareholding in SJQ with the State Administration For Industry and Commerce; and
3. RMB470,000 is payable within three Business Days following the satisfaction of the conditions precedent set out in the Sale and Purchase Agreement.

Shareholders should note that the basis of the consideration for the Acquisition as set out herein are different from the basis of the consideration resulted from the bidding process organized by the Liquidators for the proposed acquisition of 90.39% equity interest in SJQ (details of which were disclosed in the Company's announcement dated 2 June 2004). The Board considers that the terms and conditions of the Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole as the Acquisition allows the Group to better manage SJQ as a wholly-owned subsidiary going forward.

The Sale and Purchase Agreement is subject to the fulfillment of certain conditions precedent before the Long Stop Date, which include, among other things, obtaining the relevant statutory/regulatory approvals in the PRC, filings and compliance with regulatory requirements and requirements under the Listing Rules. The completion of the proposed acquisition of 90.39% equity interest in SJQ is not one of the condition precedents of the Sale and Purchase Agreement. The Purchaser has the sole discretion to waive any of such conditions precedent except conditions in respect of compliance with regulatory requirements under the Listing Rules and Completion shall take place within three Business Days following fulfillment of the conditions precedent of the Sale and Purchase Agreement.

INFORMATION OF THE VENDOR AND SJQ

The Vendor, a company incorporated in the PRC with limited liability and principally engaged in installation of curtain walls in the PRC, is an independent third party not connected with the Directors, chief executive, substantial Shareholders of the Company or any of its subsidiaries or an associate of any of them.

For further details of SJQ, please refer to the Company's announcement dated 2 June 2004.

REASONS FOR THE ACQUISITION

The Company entered into a legally binding conditional agreement to acquire a 90.39% equity interest in SJQ from the Liquidators on 2 June 2004, details of which were set out in the announcement dated 2 June 2004. The Acquisition, together with the acquisition of the 90.39% equity interest in SJQ as announced on 2 June 2004, will enable the Group to obtain a 100% equity interest in SJQ. After completion of both the Acquisition and the proposed acquisition of 90.39% equity interest in SJQ, the Company will have acquired both board control of, and 100% equity interest in, SJQ and as such, SJQ's financial accounts will, once again, be consolidated into the consolidated accounts of the Group (the Company is currently unable to do so due to the liquidation status of Condo).

As set out in the Company's announcement dated 2 June 2004, the Board believes that the acquisition of SJQ is in the interests of the Company and in line with the Group's overall business objective as (i) it will enable the Group to further expand its specialised construction contracting business in the PRC via SJQ in order to enhance the Group's overall profitability, after the Group has had a chance to improve the management of SJQ post Completion; and (ii) it will allow the Group to grasp the considerable business opportunities as presented by the construction market in the PRC including opportunities arising from the Beijing Olympics 2008 and the Shanghai World Expo 2010.

IMPLICATIONS UNDER THE LISTING RULES

The Acquisition, on a stand alone basis, does not constitute a major transaction under Chapter 14 of the Listing Rules. The Stock Exchange has aggregated the Acquisition and the proposed acquisition of the 90.39% equity interest in SJQ pursuant to rules 14.22 and 14.23 of the Listing Rules. Consequently, the Acquisition, on an aggregated basis, constitutes a major transaction and as such, is subject to the approval of the Shareholders. The Acquisition does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As far as the Directors are aware, no Shareholder is interested in the Acquisition (other than its interest held in the Company) and therefore if a special general meeting is convened for approving the Acquisition, no Shareholder is required to abstain from voting.

June Glory, being the 53.95% controlling Shareholder, has given a written approval to the Company approving the Acquisition. Therefore, the Company has applied to the Stock Exchange for a waiver in respect of the requirement to convene a special general meeting to approve the Sale and Purchase Agreement on the basis that the written approval has already been obtained from the controlling Shareholder. A circular will be despatched as soon as practicable to the Shareholders containing, among other things, further details of the sale and purchase agreement for the 90.39% equity interest in SJQ and the Sale and Purchase Agreement respectively, accountants' report on SJQ and financial information of the Group on or before 25 June 2004, the end of the 21-day period following publication of the 90.39% equity interest in SJQ on 3 June 2004.

GENERAL

As at the date of this announcement, the Board comprises Mr. Lin Xizhong, Mr. Wang Xingdong, Mr. Yan Xichuan, Mr. Qian Wenchao and Ms. He Xiaoli, who are executive Directors, and Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria, who are independent non-executive Directors.

DEFINITIONS

“Acquisition”	the acquisition of the remaining 9.61% equity interest in SJQ by the Purchaser from the Vendor for an aggregate consideration of RMB1.17 million pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors (including the independent non-executive Directors) of the Company
“Business Day”	a day (other than Saturday and Sunday) on which banks are generally open for business in the PRC
“Company”	ONFEM Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange
“Completion”	the completion of the Sale and Purchase Agreement
“Condo”	Condo Engineering (China) Limited (in liquidation), a company incorporated in Hong Kong and put under liquidation pursuant to an Order made by the High Court of Hong Kong on 8 September 2003, is a 52% indirect non wholly-owned subsidiary of the Company. Condo is wholly-owned by Wellstep Management Limited, an indirect 52% non wholly-owned subsidiary of the Company (the remaining 48% is indirectly owned by three individuals who are independent third parties)
“Directors”	the Directors (including the independent non-executive Directors) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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. June Glory is a wholly-owned subsidiary of China Minmetals H.K. (Holdings) Limited, itself a wholly-owned subsidiary of China Minmetals Corporation, a State-owned enterprise in the PRC and managed by the State-owned Assets Supervision and Administration Commission of the State Council
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liquidators”	Messrs. Desmond Chung Seng Chiong and Roderick John Sutton, each of Ferrier Hodgson Limited, as joint and several liquidators of Condo pursuant to an Order made by the High Court of Hong Kong on 24 December 2003
“Long Stop Date”	the last date on which the conditions precedent set out in the Sale and Purchase Agreement are to be fulfilled, being 30 September 2004 which may be extended to: <ol style="list-style-type: none"> (a) such other date as the Purchaser may designate if the non fulfillment of the conditions precedent is attributable to the Vendor; or (b) 30 December 2004 if the non fulfillment of the conditions precedent is attributable to the Purchaser; or (c) such other date as may be agreed between the Purchaser and the Vendor if the non fulfillment of the conditions precedent is attributable to both parties
“PRC”	People's Republic of China (and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Purchaser”	Sino Wisdom Enterprises Limited, a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the conditional sale and purchase agreement entered into between the Purchaser and the Vendor in relation to the acquisition of a 9.61% equity interest in SJQ
“Shareholders”	holders of Share(s) of the Company
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“SJQ”	Shanghai Jin Qiao Condo Decoration Engineering Company Limited (上海金橋瑞和裝飾工程有限公司), a company incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Shanghai Huayuan Aite Curtain Wall Company Limited (上海華源愛特幕牆工程有限公司), a company incorporated in the PRC and is currently holding 9.61% equity interest in SJQ. Based on public records, the owners of Shanghai Huayuan Aite Curtain Wall Company Limited are Shanghai Worldbest Industry Development Company Limited (上海華源企業發展股份有限公司), Shanghai Wen Chang Properties Company Limited (上海文昌置業有限公司) and Shanghai Aite Industrial Company Limited (上海愛特實業有限公司), which are independent third parties not connected with the Directors, chief executive, substantial Shareholders of the Company or any of its subsidiaries or an associate of any of them

By order of the Board
Wang Xingdong
Managing Director

Hong Kong, 10 June 2004