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ONFEM HOLDINGS LIMITED

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

DESPATCH OF CIRCULAR MAJOR TRANSACTION

PROPOSED ACQUISITIONS OF A 90.39% AND A 9.61% EQUITY INTERESTS RESPECTIVELY IN SHANGHAI JIN QIAO CONDO DECORATION ENGINEERING COMPANY LIMITED

Financial adviser to ONFEM Holdings Limited



CENTURION CORPORATE FINANCE LIMITED

A circular containing details of the major transaction as referred to in the announcements of the Company dated 2 June 2004 and 10 June 2004 respectively will be despatched to the Shareholders of the Company on 25 June 2004.

DESPATCH OF CIRCULAR

A circular containing details of the major transaction (the "Transaction") as referred to in the announcements of the Company dated 2 June 2004 and 10 June 2004 respectively will be despatched to the Shareholders of the Company on 25 June 2004. Terms used in this announcement, unless specified otherwise, shall have the same meanings as those used in the announcements dated 2 June 2004 and 10 June 2004 respectively.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

Set out below is an unaudited pro forma consolidated statement of assets and liabilities of the enlarged Group as a result of the completion of the Transaction, which has been set out in the circular. It is based on the audited consolidated balance sheet of the Group as at 31 December 2003 as extracted from the Group's annual report for the year ended 31 December 2003 and the audited balance sheet of SJQ as at 31 December 2003 as extracted from the accountants' report on SJQ set out in Appendix I to the circular and adjusted as follows:

	The Group	SJQ	Pro forma		Pro forma		Pro forma
	HK\$'000	(Note 1)	adjustments	Note	consolidation	adjustments	consolidated
		HK\$'000	HK\$'000		HK\$'000	Note	Enlarged
							Group
							HK\$'000
Non-current assets							
Goodwill	—	—			20,817	4	20,817
Fixed assets	220,479	—					220,479
Investment in a subsidiary	—	—	5,100	2	(5,100)	4	—
Non-trading securities	28,440	—					28,440
Deferred tax assets	932	—					932
Retention receivables	607	377					984
Other assets	1,738	—					1,738
	<u>252,196</u>	<u>377</u>					<u>273,390</u>
Current assets							
Inventories	218,475	—					218,475
Amount due from a fellow subsidiary	1	—					1
Amount due from an investor	—	11,695					11,695
Amounts due from minority investors	37	—					37
Trade and other receivables	48,392	28,261			(6,043)	3	70,610
Gross amounts due from customers for contract work	3,261	7,384					10,645
Trading securities	2,142	—					2,142
Pledged deposits	53,210	—					53,210
Cash and bank deposits	199,288	2,734	(5,100)	2			196,922
	<u>524,806</u>	<u>50,074</u>					<u>563,737</u>
Current liabilities							
Amounts due to minority investors	9,571	2,538					12,109
Trade and other payables	135,865	53,058			(13,002)	3	175,921
Gross amounts due to customers for contract work	16,363	1,172					17,535
Taxation payable	32,005	—					32,005
Short-term borrowings	71,304	9,400					80,704
	<u>265,108</u>	<u>66,168</u>					<u>318,274</u>
Net current assets/(liabilities)	<u>259,698</u>	<u>(16,094)</u>					<u>245,463</u>
Total assets less current liabilities	<u>511,894</u>	<u>(15,717)</u>					<u>518,853</u>
Non-current liabilities							
Amounts due to minority investors	3,741	—					3,741
Other liabilities	2,668	—					2,668
	<u>6,409</u>	<u>—</u>					<u>6,409</u>
Minority interests	<u>30,778</u>	<u>—</u>					<u>30,778</u>
Net assets	<u>474,707</u>	<u>(15,717)</u>					<u>481,666</u>
Shareholders' equity/(capital deficiencies)	<u>474,707</u>	<u>(15,717)</u>			22,676	3,4	<u>481,666</u>

Notes:

- The statement of assets and liabilities of SJQ as at 31 December 2003, which adopted Renminbi as its reporting currency, was translated into Hong Kong dollars using the closing rate ruling at the balance sheet date (RMB1.00=HK\$0.94).
- The adjustment reflects the payment of approximately HK\$5,100,000 and for the acquisitions of the entire interest in the registered capital of SJQ.
- The adjustments refer to the elimination of the balances between the Group and SJQ.
- The pro forma consolidation adjustments reflect the elimination of the Group's investment in SJQ, the capital and reserves of SJQ, and goodwill arising from the acquisitions of SJQ.

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.

By order of the Board
Wang Xingdong
Managing Director