



ONFEM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

ANNOUNCEMENT

Reference is made to the disclosure in the Company's circular dated 24 May 2006 about the Company's legal proceedings in Hong Kong against Mr. Cui, Mr. Ip, Jointstock, ICEA and Gold Light.

The Board wishes to inform the shareholders and potential investors of the Company that the Company, Mr. Cui, Mr. Ip, Jointstock and ICEA have settled the legal proceedings out of court and given that Gold Light never participated in the legal proceedings and has been wound up by the Court on 19 November 2003, the Company considers that the legal proceedings have come to a conclusion.

As disclosed in the circular dated 24 May 2006 of ONFEM Holdings Limited (the "Company"), the Company commenced legal proceedings in Hong Kong in March 2003 (the "legal proceedings") against its former director, Mr. Cui Gui Sheng ("Mr. Cui"), its former financial controller, Mr. Ip Shu Wah ("Mr. Ip"), Jointstock Investments Limited ("Jointstock"), ICEA Financial Services Limited ("ICEA") and Gold Light Development Limited ("Gold Light"). The Company's claims are for, inter alia, the sum of HK\$20,000,000 together with interest, in connection with or arising out of the Company's purported participation in a purported HK\$20,000,000 loan from Jointstock to ICEA.

The board of directors (the "Board") of the Company wishes to inform the shareholders and potential investors of the Company that the Company, Mr. Cui, Mr. Ip, Jointstock and ICEA have settled the legal proceedings out of court and given that Gold Light never participated in the legal proceedings and has been wound up by the High Court of Hong Kong (the "Court") on 19 November 2003, the Company considers that the legal proceedings have come to a conclusion.

By order of the Board
Wang Xingdong
Managing Director

Hong Kong, 27 October 2006

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