



# ONFEM HOLDINGS LIMITED

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

## ANNOUNCEMENT CONNECTED TRANSACTION

On 29 April 2004, PWI, a wholly-owned subsidiary of the Company, Sinowise and the latter's shareholders (including Mr. Kong, Mr. Keung, Mr. Mak and Mr. Woo) entered into the S&P Agreement for the acquisition by PWI of the 48% interest in EHL held by Sinowise and the assignment of the benefit of the Debt owing by EEL to Sinowise.

EHL was a 52% non wholly-owned subsidiary of the Company prior to the Acquisition. After completion of the Acquisition, EHL will become a wholly-owned subsidiary of the Company and the Supplemental Agreement will be entered into upon completion of the Acquisition by the Company, EHL and the parties to the S&P Agreement to vary the Subscription and Shareholders' Agreement to reflect that Sinowise has ceased to be a shareholder of EHL.

Sinowise, Mr. Keung and Mr. Mak are connected persons of the Company under the Listing Rules and therefore the Acquisition constitutes a connected transaction of the Company. Pursuant to Rules 14A.32(2) and 14A.45 of the Listing Rules, details of the S&P Agreement will be included in the next published annual report and accounts of the Company.

### THE S&P AGREEMENT

**Date:** 29 April 2004

**Parties:** (1) PWI, as purchaser  
(2) Sinowise, as vendor  
(3) Mr. Kong, Mr. Keung, Mr. Mak and Mr. Woo as guarantors for the performance of the vendor's obligations under the S&P Agreement

**Assets acquired:** the Sale Shares and the Debt

#### Consideration and payment terms:

In consideration of the sale of the Sale Shares to PWI, PWI will pay the sum of HK\$1.00 to Sinowise on completion of the S&P Agreement.

In consideration of the assignment of the benefit of the Debt to PWI, PWI will pay the sum of HK\$1.00 to Sinowise on completion of the S&P Agreement.

Based on the unaudited accounts of EHL, the unaudited consolidated net tangible assets of EHL were in the negative sum of approximately HK\$56,370,000 and HK\$73,324,000 as at 31 December 2002 and 2003 respectively. EHL's unaudited consolidated net loss before and after taxation for the year ended 31 December 2002 were both approximately HK\$13,553,000 whereas its unaudited consolidated net loss before and after taxation for the year ended 31 December 2003 were both approximately HK\$16,477,000. The consideration was arrived at after due negotiations on an arm's length basis, taken into account the consolidated net liabilities of EHL.

#### Completion:

Completion of the S&P Agreement is subject to the obtaining by the parties of all requisite regulatory consent to or approval of the entering into and performance of the S&P Agreement and the other documents contemplated thereunder (including but not limited to the Deed of Assignment and the Supplemental Agreement), if any.

Upon completion of the S&P Agreement, each of Mr. Keung and Mr. Mak will resign as a director of EHL and all other companies within the EHL Group.

### THE SUPPLEMENTAL AGREEMENT

The Supplemental Agreement will be entered into by the Company, EHL and the parties to the S&P Agreement upon completion of the Acquisition to vary the Subscription and Shareholders' Agreement to reflect that Sinowise has ceased to be a shareholder of EHL.

### INFORMATION ON THE EHL GROUP AND THE GROUP

The EHL Group is principally engaged in the business of manufacturing, sale and installation of fire doors and fire proof materials and products, fitting out works, environmental construction engineering and protection projects in Hong Kong and the People's Republic of China.

Prior to completion of the Acquisition, PWI holds 52% of the beneficial interest in EHL while the remaining 48% of the beneficial interest in EHL was held by Sinowise, which is in turn beneficially owned as to 22% by Mr. Keung, 22% by Mr. Mak, 26% by Mr. Woo and 30% by Mr. Kong. PWI acquired its 52% beneficial interest in EHL pursuant to the Subscription and Shareholders' Agreement.

The principal activities of the Group include: (i) manufacturing and trading of industrial lubricant products and doors and timber products; (ii) specialized construction contracting for electrical and mechanical engineering projects and construction and environmental protection projects; and (iii) property development and leasing.

### REASONS FOR THE ACQUISITION

The Group has always been aiming at strengthening its operational efficiency. The Board considers that the Acquisition will facilitate the Company to implement its decision on the EHL Group and in turn improve the efficiency of operations of the EHL Group.

As stated in the 2003 annual report the Company, the EHL Group secured several contracts for the supply and installation of doors despite the then prevailing unfavorable market conditions and completed various environmental and acoustic projects during 2003. By having 100% shareholding interest and control in the EHL Group, the Company will be able to manage the EHL Group more effectively. Furthermore, of particular importance to the development of the business of the EHL Group at this stage is the financial support from its shareholders as and when needed. It is considered that the current business development of the EHL Group is limited by the lack of financial support from its shareholders. The Company does not consider it to be in its interest to commit further financial support to the EHL Group unless the EHL Group becomes wholly owned by the Company.

In light of the above, the Directors consider that the Acquisition is in line with the strategy of the Company and is in the interests of the Company and its Shareholders as a whole.

The Directors are of the opinion that the terms of the S&P Agreement are fair and reasonable and in the interests of the Shareholders as a whole, and that the S&P Agreement was entered into after due negotiations on an arm's length basis.

### CONNECTED TRANSACTION

Sinowise, Mr. Keung and Mr. Mak are connected persons of the Company under the Listing Rules by virtue of the fact that Sinowise is a substantial shareholder of EHL while Mr. Keung and Mr. Mak are directors of Sinowise, EHL and EEL and substantial shareholders of Sinowise. Therefore, the entering into of the S&P Agreement by PWI constitutes a connected transaction of the Company. Other than the revenue ratio which

is more than 2.5% but less than 25%, each of the other applicable percentage ratios is less than 2.5% and the total consideration for the Sale Shares and the Debt is only a nominal amount of HK\$2.00. The Acquisition falls under Rule 14A.32(2) of the Listing Rules and is only subject to the reporting and announcement requirements. Pursuant to Rule 14A.45 of the Listing Rules, details of the S&P Agreement will be included in the next published annual report and accounts of the Company. Save as disclosed above and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the ultimate beneficial owners of Sinowise are third parties independent of the Company and its connected persons.

### LIST OF DIRECTORS

As at the date hereof, the Board comprises eight Directors, of which five are executive Directors, namely, Mr. Lin Xizhong, Mr. Wang Xingdong, Mr. Yan Xichuan, Mr. Qian Wenchao and Ms. He Xiaoli; and three are independent non-executive Directors, namely, Mr. Lam Chun, Daniel, Mr. Selwyn Mar and Ms. Tam Wai Chu, Maria.

### DEFINITIONS

|                                            |                                                                                                                                                                                                   |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Acquisition"                              | the acquisition of the Sale Shares and the benefit of the Debt by PWI                                                                                                                             |
| "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 of Hong Kong Limited                                    |
| "Debt"                                     | the debt owing by EEL to Sinowise as at completion of the S&P Agreement, which amounted to HK\$3,050,253.51 as at date of this announcement                                                       |
| "Deed of Assignment"                       | the deed of assignment to be entered into between PWI, Sinowise and EEL in respect of the Debt upon completion of the S&P Agreement                                                               |
| "Directors"                                | the directors (including the independent non-executive directors) of the Company                                                                                                                  |
| "EEL"                                      | Enful Engineering Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of EHL                                                                        |
| "EHL"                                      | Enful Holdings Limited, a company incorporated in the British Virgin Islands with limited liability                                                                                               |
| "EHL Group"                                | EHL and its subsidiaries                                                                                                                                                                          |
| "Group"                                    | the Company and its subsidiaries                                                                                                                                                                  |
| "Listing Rules"                            | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited                                                                                                          |
| "Mr. Kong"                                 | Mr. Kong Chi Yeung                                                                                                                                                                                |
| "Mr. Keung"                                | Mr. Keung Chee Cheong                                                                                                                                                                             |
| "Mr. Mak"                                  | Mr. Mak Yun Wo, Simon                                                                                                                                                                             |
| "Mr. Woo"                                  | Mr. Woo King Kwong                                                                                                                                                                                |
| "PWI"                                      | Perfect Way Investments Limited, a company incorporated in the British Virgin Islands with limited liability holding 52% of the beneficial interest in EHL prior to completion of the Acquisition |
| "S&P Agreement"                            | the sale and purchase agreement entered into between PWI, Sinowise, Mr. Kong, Mr. Keung, Mr. Mak and Mr. Woo on 29 April 2004 in respect of the Sale Shares and the Debt                          |
| "Sale Shares"                              | 4,800 ordinary shares of US\$1.00 each in EHL, representing 48% of the entire issued ordinary share capital of EHL                                                                                |
| "Shareholders"                             | shareholders of the Company                                                                                                                                                                       |
| "Sinowise"                                 | Sinowise Development Limited, a company incorporated in Hong Kong with limited liability holding 48% of the beneficial interest in EHL prior to completion of the Acquisition                     |
| "Subscription and Shareholders' Agreement" | the subscription and shareholders' agreement dated 3 December 1996 in respect of EHL                                                                                                              |
| "Supplemental Agreement"                   | the supplemental agreement to be entered into between the Company, PWI, Sinowise, EHL, Mr. Kong, Mr. Keung, Mr. Mak and Mr. Woo upon completion of the S&P Agreement                              |

By order of the Board  
**Wang Xingdong**  
Managing Director

Hong Kong, 30 April 2004