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ONFEM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

PROPOSED MAJOR AND CONNECTED TRANSACTION FORMATION OF JOINT VENTURE FOR A PROPERTY DEVELOPMENT PROJECT IN CHANGSHA, HUNAN PROVINCE, THE PRC

The Board is pleased to announce that on 30 May 2007, Ample Future, a wholly-owned subsidiary of the Company, entered into the Agreements with JS and JSS relating to the establishment of JVCo to undertake the Property Project. Upon completion of the Capital Expansion Agreement, JVCo will be owned as to 51% by Ample Future and as to 49% by JS and JSS collectively.

JH, which is a PRC joint venture currently owned as to 90% and 10% by JS and JSS respectively, was incorporated in the PRC on 23 April 2007 for the sole purpose of bidding for, owning and developing the Land which was being sold by public tender. Following the award of tender to JH and pursuant to the Confirmation of the Sale of State-owned Land via Listing (國有土地使用權掛牌成交確認書) issued by Changsha Land Exchange Centre (長沙縣土地交易中心) on 30 April 2007, the Land was sold to JH at an aggregate price of RMB628,000,000 (approximately HK\$646,840,000). The total maximum allowable gross floor area of the Property Project is approximately 1,338,000 square metres.

The Company intends to establish a joint venture to participate in the Property Project to be undertaken by JH. To effect the joint venture and pursuant to the Capital Expansion Agreement, Ample Future will participate in the capital expansion programme of JH in the form of capital contributions representing 51% of the enlarged registered capital of JH and JH will change its legal status to become JVCo, a Sino-foreign equity joint venture accordingly, upon completion of the Capital Expansion Agreement. The establishment of JVCo will be subject to approval from relevant regulatory authorities in the PRC.

Since JS is a subsidiary of China Minmetals and JSS is wholly-owned by JS, JS and JSS are fellow subsidiaries of June Glory (the substantial shareholder of the Company and an indirect wholly-owned subsidiary of China Minmetals) and therefore connected persons of the Company. The Transaction constitutes a major and connected transaction for the Company under Rules 14.08 and 14A.13(6) of the Listing Rules. Pursuant to Rules 14.44 and 14A.17 of the Listing Rules, the Transaction is subject to the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules and is also subject to the approval of the Independent Shareholders in the SGM by poll. June Glory and its associates will abstain from voting at the SGM.

The Independent Board Committee, comprising Ms. Tam Wai Chu, Maria, Mr. Lam Chun, Daniel and Mr. Selwyn Mar, has been formed by the Board to advise the Independent Shareholders in respect of the Transaction. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

A circular containing information regarding, amongst other matters, the Agreements, the recommendations of the Independent Board Committee to the Independent Shareholders, the advice of the independent financial adviser in connection with the Transaction and the notice of the SGM will be despatched to Shareholders as soon as practicable.

INTRODUCTION

The Board is pleased to announce that on 30 May 2007, Ample Future (a wholly-owned subsidiary of the Company), JS and JSS entered into (i) the Capital Expansion Agreement pursuant to which Ample Future will participate in the capital expansion programme of JH and JH will change its legal status to become JVCo, a Sino-foreign equity joint venture company, to hold the Land and undertake the Property Project; and (ii) the JV Agreement which sets out the major terms and conditions on which JVCo will be managed and operated.

BACKGROUND

JH, which is a PRC joint venture owned as to 90% by JS and as to 10% by JSS, was incorporated in the PRC on 23 April 2007 for the sole purpose of bidding for, owning and developing the Land which was being sold by public tender. Following the award of tender to JH and pursuant to the Confirmation of the Sale of State-owned Land via Listing (國有土地使用權掛牌成交確認書) issued by Changsha Land Exchange Centre (長沙縣土地交易中心) on 30 April 2007, the Land was sold to JH at an aggregate price of RMB628,000,000 (approximately HK\$646,840,000).

The Company intends to establish a joint venture to participate in the Property Project. To effect the joint venture, the Capital Expansion Agreement was entered into amongst Ample Future, JS and JSS pursuant to which Ample Future will make capital contributions to the registered capital of JH in cash equivalent to RMB193,800,000 (approximately HK\$199,614,000) and JS will make additional capital contributions to the registered capital of JH in cash of RMB176,200,000 (approximately HK\$181,486,000). As a result, JH will change its legal status to become a Sino-foreign equity joint venture company and will be owned as to 51% by Ample Future and 49% by JS and JSS collectively. The establishment of JVCo will be subject to approval from relevant regulatory authorities in the PRC.

INFORMATION ON THE LAND AND JH

The Land comprises two parcels of adjoining land with a total gross site area of approximately 633,000 square metres located at Yuetang Village (月塘村) and Gaotang Village (高塘村), Muyun Town (暮雲鎮), Changsha County (長沙縣), Changsha City (長沙市), Hunan Province (湖南省), the PRC. The Land will be handed over in a ready-to-develop status upon completion of demolition and relocation undertaken by the local government. The relevant land use right for the Land will be issued for a term of 70 years for residential use. The total maximum allowable gross floor area of the Property Project is approximately 1,338,000 square metres.

Since JH was established on 23 April 2007, no audited financial information on JH is available. Up to the date of this announcement, JH has not carried out any major business activities except bidding for the Land. According to the management account of JH as at 30 May 2007, the total assets of JH is approximately RMB332,769,000 (approximately HK\$342,752,000) comprising mainly cash of RMB80,800,000 (approximately HK\$83,224,000) and prepayment of RMB251,200,000 (approximately HK\$258,736,000) as part payment of the land premium of the Land. The total assets of JH are funded by the registered capital of RMB10,000,000 (approximately HK\$10,300,000) and shareholders' loan of RMB322,769,000 (approximately HK\$332,452,000).

THE CAPITAL EXPANSION AGREEMENT

Date:	30 May 2007
Parties:	(i) Ample Future; (ii) JS; and (iii) JSS
Subject Matter:	The participation of Ample Future in the capital expansion programme of JH pursuant to which Ample Future and JS have agreed, inter alia, to contribute cash to the registered capital of JH. JH will change its legal status to become a Sino-foreign equity joint venture upon completion of the Capital Expansion Agreement.
Current Capital and Shareholding Structure:	As at the date of this announcement, the registered capital of JH is RMB10,000,000 (approximately HK\$10,300,000) to which JS and JSS had made capital contributions in portion to their existing equity interests of 90% and 10% respectively.

Proposed Increase in Registered Capital:	The registered capital of JH is proposed to increase by RMB370,000,000 (approximately HK\$381,100,000) from RMB10,000,000 (approximately HK\$10,300,000) to RMB380,000,000 (approximately HK\$391,400,000).
Payment of Additional Capital Contributions:	<p>The increase in the registered capital of JH will be paid up as follows:–</p> <p>First tranche payment – 20% of the proposed increase in registered capital should be paid up prior to the submission of the applications for (i) the registration of the transformation of JH into a Sino-foreign equity joint venture, and (ii) the relevant business licence. Accordingly, Ample Future will make a cash contribution equivalent to RMB42,840,000 (approximately HK\$44,125,000), and JS will make an additional cash contribution of RMB31,160,000 (approximately HK\$32,095,000) in this regard.</p> <p>Remaining payment – Ample Future and JS will make additional cash contributions equivalent to RMB150,960,000 (approximately HK\$155,489,000), and of RMB145,040,000 (approximately HK\$149,391,000) respectively for the balance of the proposed increase in registered capital of JH within two years from the date of issue of JVCo’s business licence.</p>
Resulting Capital and Shareholding Structure:	<p>Upon completion (as described below) of the Capital Expansion Agreement, JVCo will be owned as to 51% by Ample Future and as to 49% by JS and JSS collectively.</p> <p>Following completion of the Capital Expansion Agreement and upon full payment of the increase in the registered capital described above, JVCo will be owned as to 51%, 48.74% and 0.26% by Ample Future, JS and JSS respectively.</p>
Completion:	<p>Completion of the Capital Expansion Agreement is conditional upon the fulfillment of, amongst other things, the following conditions on or before the expected completion date of 30 November 2007:</p> <ul style="list-style-type: none"> (i) the Transaction having been approved by the Independent Shareholders at the SGM by poll; (ii) Ample Future having been satisfied with the results of its due diligence review on JH; (iii) the proposed establishment of JVCo having been approved by the relevant PRC authorities; (iv) the registration of JH as a Sino-foreign equity joint venture having been completed; and (v) the business licence in respect of JVCo having been issued. <p>If any of the abovementioned conditions has not been fulfilled on or before 30 November 2007 or such later date as Ample Future, JS and JSS may otherwise agree, the Capital Expansion Agreement shall cease and terminate and none of the parties thereto shall be entitled to the rights or will be required to perform their respective outstanding obligations thereunder. Furthermore, none of the parties would be entitled to claim against the others, save for the rights and remedies which have accrued prior to the termination of the Capital Expansion Agreement. The cash contributions made by Ample Future to the registered capital of JH will be refunded in full.</p>

THE JV AGREEMENT

Date:	30 May 2007
Parties:	(i) Ample Future; (ii) JS; and (iii) JSS
Subject Matter:	The major terms and conditions of the JV Agreement based on which JVCo will be managed and operated.
Scope of Business of JVCo:	The JVCo shall be engaged principally in real estate development and property management, property sales and leasing and related services.
Total Investment Amount and Registered Capital:	The total investment amount of JVCo is proposed to be RMB760,000,000 (approximately HK\$782,800,000) and the registered capital of JVCo will be RMB380,000,000 (approximately HK\$391,400,000). In addition to the registered capital, the total investment amount of JVCo is intended to be funded by loans from banks and/or shareholders' loans.
Registered Capital Contributions:	Please refer to the sub-paragraph entitled "Payment of Additional Capital Contributions" under "THE CAPITAL EXPANSION AGREEMENT" for details of the payment of capital contributions into JVCo. Contribution to the registered capital of and extension of future shareholders' loans to JVCo will be made by the shareholders in proportion to their respective equity interests in JVCo.
Board Composition:	The board of directors of JVCo shall comprise seven directors, four of whom (including the chairman) shall be appointed by Ample Future and three (including the vice-chairman) by JS.
Profit Sharing:	Shareholders of JVCo shall be entitled to share the profits in proportion to their respective equity interests.

INFORMATION ON JS AND JSS

JS is a limited liability company established under the laws of the PRC and is principally engaged in the real estate development business in Changsha City, Hunan Province, the PRC. JS is a wholly-owned subsidiary of Ershisanye, which in turn is owned as to approximately 80% by China Minmetals and as to approximately 20% by State-owned Assets Supervision & Administration Commission of Hunan Provincial People's Government (湖南省人民政府國有資產監督管理委員會). Ershisanye, a State-owned conglomerate in the PRC principally engaged in construction engineering, mining development and operations, real estate and related industries, has since 2001 been assigned under the administration of Hunan Province and became one of the 20 large-sized enterprises supported by the provincial government. In 2006, Ershisanye became a subsidiary of China Minmetals. JS is the property development arm of Ershisanye and is specialised in the investment and development of property projects in Hunan Province, the PRC. Major property development projects recently undertaken by JS include the Olympic Sport Cultural City in Changsha City with an investment over RMB1,500,000,000 (approximately HK\$1,545,000,000) and the project at Hongqi Road (紅旗路) in Zhuzhou City (株洲市) with an investment of about RMB1,000,000,000 (approximately HK\$1,030,000,000).

JSS is an enterprise established under the laws of the PRC with limited liability and is wholly-owned by JS. Its principal activities are property sales and leasing.

FINANCIAL EFFECTS

The Group intends to finance its share of the aggregate capital contributions to JVCo of RMB193,800,000 (approximately HK\$199,614,000) and if required, its share of any shareholders' loans to JVCo by internal resources and borrowings from financial institutions. Capital contributions and, if required, shareholders' loans to JVCo may increase the gearing of the Group but will have no material impact on its net assets. No decision has yet been made as to the split by way of internal resources and external borrowings in funding the capital contributions to JVCo by Ample Future.

Upon completion of the Capital Expansion Agreement, JVCo will become a 51% indirectly owned subsidiary of the Company and its results will be consolidated into the financial statements of the Company.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF JVCO

The Group is principally engaged in the businesses of real estate development and project management, specialised construction, property leasing, manufacturing and trading, and securities investment and trading. As stated in the annual report of the Company for the year ended 31 December 2006, the Group has decided to further develop its real estate development business as its core business, and focus on the second tier cities and municipalities in the Pearl River Delta, Yangtze River Delta, central and other parts of the PRC that offer attractive future macro-economic growth and property market potential. In this context, the proposed participation in the Property Project is a furtherance of the Group's core business.

Given the relatively small capital base of the Group, the Directors believe that the participation in the Property Project by the Group through a 51% equity interest in JVCo presents a good opportunity for the Group to become involved in a sizeable project.

The Directors are optimistic about the residential property market in Changsha, Hunan Province, the PRC. Furthermore, they consider JS to have the local knowledge and government relationships, and the expertise and experience in property development in Changsha City and Hunan Province. The Directors believe that such attributes are conducive to the successful implementation of the Property Project. As such, it is envisaged that the Property Project will contribute positively to the future revenue and income growth of the Group.

According to a preliminary valuation conducted by independent property valuers shortly before the date of this announcement, the Land was valued at RMB650,000,000 (approximately HK\$669,500,000), which is higher than the acquisition price of the Land by JH. The valuation report prepared by the independent property valuers will be included in the circular to be despatched to Shareholders in relation to the Transaction.

Accordingly, the Directors are of the view that the Transaction and the terms of the Agreements are fair and reasonable, have been arrived at on an arm's length basis and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Since JS is a subsidiary of China Minmetals and JSS is wholly-owned by JS, JS and JSS are fellow subsidiaries of June Glory (the substantial shareholder of the Company and an indirect wholly-owned subsidiary of China Minmetals) and therefore connected persons of the Company. Based on the applicable size tests performed with respect to the total maximum capital commitment of the Group to JVCo amounting to approximately RMB387,600,000 (approximately HK\$399,228,000), being 51% of the proposed total investment amount of JVCo of RMB760,000,000 (approximately HK\$782,800,000), the relevant ratios under Rule 14.07 of the Listing Rules exceed 25% but are less than 100%. Accordingly, the Transaction constitutes a major and connected transaction for the Company under Rules 14.08 and 14A.13(6) of the Listing Rules. Pursuant to Rules 14.44 and 14A.17 of the Listing Rules, the Transaction is subject to the reporting and announcement requirements under Chapters 14 and 14A of the Listing Rules and is also subject to the approval of the Independent Shareholders in the SGM by poll. June Glory and its associates will abstain from voting at the SGM.

The Independent Board Committee, comprising Ms. Tam Wai Chu, Maria, Mr. Lam Chun, Daniel and Mr. Selwyn Mar, has been formed by the Board to advise the Independent Shareholders in respect of the Transaction. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction.

A circular containing information regarding, amongst other matters, the Agreements, the recommendations of the Independent Board Committee to the Independent Shareholders, the advice of the independent financial adviser in connection with the Transaction and the notice of the SGM will be despatched to Shareholders as soon as practicable.

GENERAL

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

DEFINITIONS

“Agreements”	the agreements that were entered into amongst Ample Future, JS and JSS on 30 May 2007, comprising the Capital Expansion Agreement and the JV Agreement
“Ample Future”	Ample Future Limited, a company incorporated under the laws of Hong Kong with limited liability, and a wholly-owned subsidiary of the Company
“associate”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Capital Expansion Agreement”	the agreement dated 30 May 2007 entered into amongst Ample Future, JS and JSS in relation to the proposed capital expansion of JH
“China Minmetals”	China Minmetals Corporation, a State-owned enterprise in the PRC, which owns 100% equity interest in China Minmetals H.K. (Holdings) Limited
“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
“connected persons”	has the same meaning as ascribed to it under the Listing Rules
“Directors”	the directors (including the independent non-executive directors) of the Company
“Ershisanye”	二十三冶建設集團有限公司(Ershisanye Construction Group Co. Ltd.), an enterprise which was founded in 1953 and incorporated under the laws of the PRC with limited liability, and is owned as to approximately 80% by China Minmetals and as to approximately 20% by State-owned Assets Supervision & Administration Commission of Hunan Provincial People’s Government (湖南省人民政府國有資產監督管理委員會)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising Ms. Tam Wai Chu, Maria, Mr. Lam Chun, Daniel and Mr. Selwyn Mar, being all of the independent non-executive Directors of the Company, which has been formed by the Board to advise the Independent Shareholders in respect of the Transaction
“Independent Shareholders”	the Shareholders other than June Glory and its associates, and excluding any Shareholder who has a material interest in the Transaction
“JH” or “JVCo”	湖南嘉和日盛房地產開發有限公司, an enterprise incorporated under the laws of the PRC on 23 April 2007 with limited liability, is owned as to 90% and 10% by JS and JSS respectively as at date of this announcement, and is intended to be transformed into a Sino-foreign equity joint venture with limited liability registered in Changsha, Hunan Province, the PRC upon completion of the Capital Expansion Agreement
“JS”	Hunan J&S Real Estate Development Co., Ltd. (湖南嘉盛房地產開發有限責任公司), an enterprise incorporated under the laws of the PRC with limited liability, and a wholly-owned subsidiary of Ershisanye
“JSS”	湖南嘉盛營銷策劃有限公司, an enterprise incorporated under the laws of the PRC with limited liability, and a wholly-owned subsidiary of JS
“June Glory”	June Glory International Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of China Minmetals H.K. (Holdings) Limited, and currently holds 53.83% equity interest in the Company and is the substantial shareholder of the Company

“JV Agreement”	the agreement dated 30 May 2007 entered into amongst Ample Future, JS and JSS in relation to the establishment of JVCo
“Land”	the two parcels of adjoining land with a total gross site area of approximately 633,000 square metres located at Yuetang Village (月塘村) and Gaotang Village (高塘村), Muyun Town (暮雲鎮), Changsha County (長沙縣), Changsha City (長沙市), Hunan Province (湖南省), the PRC, and described as Land No. (Gua) [2007] 09 and 10 in the Confirmation of the Sale of State-owned Land via Listing (國有土地使用權掛牌成交確認書) issued by Changsha Land Exchange Centre (長沙縣土地交易中心) on 30 April 2007
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property Project”	the property development project to be developed on the Land by JVCo
“SGM”	a special general meeting of the Company to be convened to approve the Transaction
“Shares”	shares of par value of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning as ascribed to it under the Listing Rules
“Transaction”	the establishment of JVCo by Ample Future, JS and JSS as contemplated under the Agreements
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	Percentage

For the purpose of illustration only and unless otherwise stated, conversion of RMB into Hong Kong dollars in this announcement is based on the exchange rate of RMB1.00 to HK\$1.03. 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
ONFEM Holdings Limited
Wang Xingdong
Managing Director

Hong Kong, 30 May 2007