

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in ONFEM Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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ONFEM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 230)

**GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES,
AMENDMENTS TO BYE-LAWS
AND
RE-ELECTION OF DIRECTORS**

A notice convening the AGM (as defined in this circular) to be held at The Board Room, 7th Floor, The Dynasty Club, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 27th May, 2004 at 10:30 a.m. is enclosed with the 2003 Annual Report (as defined in this circular). A form of proxy for use at the AGM is also enclosed with the 2003 Annual Report.

Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's principal place of business in Hong Kong at 18th Floor, China Minmetals Tower, 79 Chatham Road South, Tsimshatsui, Kowloon, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not prevent you from attending and voting in person in the AGM or any adjournment thereof if you so wish.

19th April, 2004

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2003 Annual Report”	2003 annual report of the Company;
“AGM”	an annual general meeting of the Company to be held at The Board Room, 7th Floor, The Dynasty Club, South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 27th May, 2004 at 10:30 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the AGM which is enclosed with the 2003 Annual Report;
“associate”	shall have the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors (including both executive and independent non-executive Directors);
“China Minmetals”	China Minmetals Corporation (formerly China National Metals & Minerals Import & Export Corporation);
“Company”	ONFEM Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange;
“connected person”	shall have the meaning ascribed to it in the Listing Rules;
“Directors”	directors (including both executive and independent non-executive directors) of the Company;
“General Mandate Resolutions”	the ordinary resolutions to be proposed and passed at the AGM for approving the granting of the Issuance Mandate and the Repurchase Mandate;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong from time to time;
“Issuance Mandate”	the general and unconditional mandate to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with new Shares not exceeding 20% of the issued share capital of the Company;

DEFINITIONS

“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;
“Latest Practicable Date”	16th April, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time;
“Minmetals H.K.”	China Minmetals H.K. (Holdings) Limited;
“PRC”	the People’s Republic of China;
“Repurchase Mandate”	the general and unconditional mandate to the Directors authorising repurchases of Shares by the Company on the Stock Exchange not exceeding 10% of the issued share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Shares”	fully paid shares of HK\$0.10 each of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	shall have the meaning ascribed to it in the Listing Rules; and
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers.

LETTER FROM THE BOARD



ONFEM HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

Mr. LIN Xizhong, *Chairman*
Mr. WANG Xingdong, *Managing Director*
Mr. YAN Xichuan, *Deputy Managing Director*
Mr. QIAN Wenchao
Ms. HE Xiaoli

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Independent non-executive Directors:

Mr. LAM Chun, Daniel
Mr. Selwyn MAR
Ms. TAM Wai Chu, Maria

Principal place of business

in Hong Kong:
18th Floor, China Minmetals Tower
79 Chatham Road South
Tsimshatsui
Kowloon
Hong Kong

19th April, 2004

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE AND TO REPURCHASE SHARES,
AMENDMENTS TO BYE-LAWS
AND
RE-ELECTION OF DIRECTORS**

INTRODUCTION

At the AGM, resolutions will be proposed to approve (i) the grant of the Issuance Mandate and the Repurchase Mandate and (ii) the proposed amendments to the bye-laws of the Company.

The purpose of this circular is to provide you with the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the ordinary resolutions to approve the grant of the Issuance Mandate and the Repurchase Mandate and the special resolution to approve the amendments to the bye-laws of the Company.

LETTER FROM THE BOARD

ISSUANCE MANDATE AND REPURCHASE MANDATE

It will be proposed at the AGM to approve the granting of new general mandates to the Directors:

- (a) to allot, issue and deal with new Shares of an aggregate nominal amount not exceeding 20% of the issued share capital of the Company on the date of passing of the General Mandate Resolutions; and
- (b) to repurchase Shares on the Stock Exchange of an aggregate nominal amount not exceeding 10% of the issued share capital of the Company on the date of passing of the General Mandate Resolutions.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the grant of the Repurchase Mandate and the amendments to the bye-laws of the Company. An explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in the Appendix to this circular.

AMENDMENTS TO BYE-LAWS

Following the abolition of the Securities (Disclosure of Interests) Ordinance 1988 (Chapter 396 of the Laws of Hong Kong) and the enforcement of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and to ensure continuing compliance with the Listing Rules and in particular the new Listing Rules which became effective on 1st April, 2003 and 31st March, 2004 respectively, the Directors propose that certain existing clauses of the bye-laws of the Company be amended and several new clauses be incorporated in the bye-laws of the Company, as more particularly described in the notice of the AGM, so as to ensure that the provisions of the bye-laws of the Company are in line with the legislation and the rules and regulations applicable to the Company.

In order to facilitate the proceedings of the general meetings of the Company, it is also proposed that the bye-laws of the Company be amended to allow proxies to form part of the quorum of the general meetings of the Company and to vote individually on a show of hands.

RE-ELECTION OF DIRECTORS

The followings are the particulars of the three Directors (as required by the Listing Rules as recently amended by the Stock Exchange) proposed to be re-elected at the AGM:

Mr. QIAN Wenchao, aged 39, was appointed as an Executive Director of the Company in November, 2003. Mr. Qian is also a Director of Minmetals H.K. and June Glory, and an employee of China Minmetals. He is also a director of Oriental Metals (Holdings) Company Limited. Mr. Qian also holds directorships in certain private companies controlled by the controlling shareholders of the Company. Save as disclosed above, Mr. Qian is not connected with any Directors, senior management or substantial or controlling shareholders of the Company.

LETTER FROM THE BOARD

Mr. Qian earned his Bachelor of Arts degree in Economics from Beijing Technology and Business University and completed his graduate study in accounting in the same university in 1987 and 1989 respectively. He joined China Minmetals in 1989 and has worked in the Overseas Enterprises Division of China Minmetals and Minmetals H.K. with responsibilities in financial management. Mr. Qian has over 10 years of experience in corporate financial management.

On 16th March, 2004, Mr. Qian was granted an option by the Company to subscribe for 1,500,000 Shares with the option period from 16th March, 2004 to 15th March, 2007 under the share option scheme adopted by the Company. There is no service contract between the Company and Mr. Qian, and Mr. Qian is subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the market prevailing conditions.

Ms. HE Xiaoli, aged 36, was appointed as an Executive Director of the Company in February, 2002. She is also the General Manager of the Finance Department of the Company. Ms. He holds a Bachelor's degree in Accounting from the North China University of Technology and a Master's degree in Business Administration from the University of South Australia, and is also a PRC Senior Accountant and a member of The Chinese Institute of Certified Public Accountants, PRC. Prior to joining the Company, she had been the Head of Business Division and the Deputy Minister of Accounting Information Division of the Finance Department of previous China National Nonferrous Metals Industry Corporation. She has extensive experience in financial management of PRC enterprises.

Ms. He is not connected with any Directors, senior management or substantial or controlling shareholders of the Company. She has a personal beneficial interest in 20,000 Shares. On 16th March, 2004, Ms. He was granted an option by the Company to subscribe for 1,500,000 Shares with the option period from 16th March, 2004 to 15th March, 2007 under the share option scheme adopted by the Company. There is no service contract between the Company and Ms. He, and Ms. He is subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. The emoluments of Directors are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the market prevailing conditions.

Ms. TAM Wai Chu, Maria, aged 58, was appointed as an Independent Non-executive Director of the Company in April, 1997. Ms. Tam holds a Bachelor's degree in Law from the London University. She has been a practising barrister since 1972. Ms. Tam is currently involved in numerous community services which include the Deputy of the National Peoples' Congress of the PRC, member of the Basic Law Committee of the Hong Kong Special Administrative Region, member of the Bar Association, board member of both of the Hong Kong Airport Authority and the Urban Renewal Authority and member of the Advisory Committee on Corruption of the Independent Commission Against Corruption.

Ms. Tam is not connected with any Directors, senior management or substantial or controlling shareholders of the Company and she does not have any interests in the Shares. There is no service contract between the Company and Ms. Tam, and Ms. Tam is subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. The fee for acting as an Independent Non-executive Director and the fee for acting as a member of the Audit Committee received by Ms.

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Tam are the same as those received by the other Independent Non-executive Directors and the other members of the Audit Committee except that the Independent Non-executive Director who acts as the chairman of the Audit Committee receives an additional allowance.

ANNUAL GENERAL MEETING

A notice convening the AGM to be held on Thursday, 27th May, 2004 is set out on pages 18 to 23 in the 2003 Annual Report. A form of proxy for use at the AGM is also enclosed with the 2003 Annual Report. You are requested to complete the form of proxy and return it to the Company's principal place of business in Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof, whether or not you intend to be present at the AGM. Completion and return of the form of proxy will not prevent you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

RIGHT TO DEMAND A POLL

Pursuant to bye-law 78 of the bye-laws of the Company, a resolution put to the vote at any general meeting of the Company shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

RECOMMENDATION

The Directors believe that the granting of the Issuance Mandate and the Repurchase Mandate and the proposed amendments to the bye-laws of the Company are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend you to vote in favour of all the ordinary resolutions and the special resolution to be proposed at the AGM.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors jointly and severally accept responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries and that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Yours faithfully,
For and on behalf of the Board
Wang Xingdong
Managing Director

This Appendix serves an explanatory statement, as required by the Listing Rules, to provide requisite information to you for consideration of the Repurchase Mandate.

1. STOCK EXCHANGE RULES FOR REPURCHASES OF SECURITIES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which is summarised below.

The Listing Rules provide that all proposed repurchases of securities on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by Shareholders by an ordinary resolution, either by way of a general mandate, or by a special approval in relation to specific transactions.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 772,181,783 Shares. Subject to the passing of the General Mandate Resolutions, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 77,218,178 fully-paid Shares on the basis that no further Shares will be issued or repurchased prior to the date of the AGM.

3. REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the interests of the Company and the Shareholders.

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company the flexibility to do so when appropriate. Such repurchases may enhance the net value of the Company and/or earning per Share.

4. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the laws of Bermuda.

Bermuda law provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the repurchased shares, or the profits that would otherwise be available for distribution by way of dividend or the proceeds of a new issue of shares made for such purpose. The amount of premium payable on redemption may only be paid out of either the profits that would otherwise be available for distribution by way of dividend or out of the share premium or contributed surplus accounts of the Company. Under Bermuda law, the shares so repurchased will be treated as cancelled but the aggregate amount of authorised share capital will not be reduced so that the shares may be subsequently re-issued.

The Directors intend to apply the capital paid up on the relevant Shares or the profits that would otherwise be available for distribution by way of dividend for any repurchases of its Shares.

As compared with the financial position of the Company as at 31st December, 2003 (being the date of its latest audited accounts), the Directors consider that there might be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed repurchases were to be carried out in full during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in circumstances, have a material adverse impact on the working capital or gearing ratio of the Company.

5. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquires, any of their associates, has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell Shares to any company of the Group.

No connected person of the Company has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company, in the event that the Company is authorised to make repurchases of Shares.

6. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules and all applicable laws of Bermuda, and in accordance with the regulations set out in the memorandum of association and bye-laws of the Company.

7. EFFECT OF TAKEOVERS CODE

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, such increase will be treated as an acquisition for the purpose of the Takeovers Code.

As a result, a shareholder, or group of shareholders acting in concert, depending on the level of increase of the shareholder's interest, could obtain or consolidate control of the Company and could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, June Glory had an attributable interest of approximately 53.95% of the issued share capital of the Company. In the event that the Directors should exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, the shareholdings of June Glory in the Company would be increased to approximately 59.94% of the issued share capital of the Company and such increase will not give rise to an obligation to make a mandatory

offer under Rule 26 of the Takeovers Code. Save as disclosed aforesaid, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases to be made under the Repurchase Mandate.

8. GENERAL

There have been no repurchases of any Shares by the Company (whether on the Stock Exchange or otherwise) made in the 6 months preceding the date of this circular.

During each of the previous 12 months, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
April	0.350	0.290
May	0.475	0.290
June	0.410	0.360
July	0.425	0.365
August	0.435	0.380
September	0.410	0.395
October	0.580	0.410
November	0.530	0.435
December	0.570	0.445
2004		
January	0.960	0.455
February	0.940	0.750
March	0.850	0.700