

CHAIRMAN'S STATEMENT



I am pleased to present to you the annual report of the Company and its subsidiaries for the financial year ended 31 December 2006.

Over the past three years, since China Minmetals became the controlling shareholder of the Company, we have set about building the Group into a real estate developer in the PRC whilst at the same time restructuring and integrating the non-real estate development businesses so as to improve their performance. China Minmetals is committed to the Group in building its core business in real estate development and specialised construction. A further element of our strategic development has been to develop the Group so that it may realise maximum benefits from its position as a Hong Kong-listed subsidiary of China Minmetals, one of the major conglomerates in the PRC.

The year 2006 marked a major milestone in the development of the Group, as it was the concluding year of the three-year building phase of our real estate development and specialised construction businesses. Starting in 2007, the Group will enter into a new phase where we expect to see our real estate development business begin to make positive contributions to cash flow and an improving curtain wall business.

REAL ESTATE DEVELOPMENT BUSINESS – THE MAIN DRIVER IN OUR NEXT PHASE OF DEVELOPMENT

During the year under review, our real estate development project portfolio consisted of two projects in the PRC namely, The Grand Panorama Project (formerly known as Haitian Garden Project), a residential development project in Zhuhai, and the Laguna Bay Project, a residential development project in Jiangning District, Nanjing.

The Grand Panorama Project saw pleasing progress during the year, with construction works completed to the extent that the units in the project occupying a gross floor area of approximately 89,000 sqm are permitted now to be offered for pre-sale. Based on an assessment of the current realisable value of this project, we have in 2006 made a full write-back of the provision in the Group's financial statements of HK\$36.3 million that was made in 2003 and 2004. As a result, the asset value attributable to our real estate development business has been enhanced. This increase in asset value is a welcome indication that our dedication and devoted efforts in revitalising The Grand Panorama Project is continuing to pay off. It has generated substantial cash inflow in 2007. Upon handover in 2008, we expect there will be satisfactory income recognised.

The Laguna Bay Project, which comprises a gross floor area of approximately 277,700 sqm, will be developed in three development phases. The pre-sale of units of the first phase, which has a gross floor area of approximately 68,300 sqm, is planned to commence in the last quarter of 2007. We expect that the Laguna Bay Project would become one of the important revenue and cash flow contributors to the Group for several years starting in 2008.

In further developing our real estate development business, we will initially focus our efforts and utilise the experience and local knowledge gained from existing projects on two target regions – the second tier cities and municipalities in the central and south-east of the PRC, where we are confident of future macro-economic growth and property market potential. The Group has an achievable development plan in acquiring PRC development land resources, including acquisition of land bank from 2007 onwards. Our existing Laguna Bay Project together with our new land bank to be acquired will maintain the growth momentum of our real estate development business. The Shareholders' value will be further enhanced.

FORWARD STRATEGY

The Group's growth strategy revolves around a main focus on the fast-growing PRC real estate development business. Through active acquisition of land bank as mentioned above, we envisage our real estate development business will grow rapidly in the coming years. Real estate development business and specialised construction business will not only create synergy, our specialised construction business, which has relatively stronger market position in the industry sector, is also expected to play a positive role as a revenue contributor. The Group seeks to expedite the expansion of the real estate development business and specialised construction business via feasible means including merger and acquisition.

Looking ahead and barring unforeseen circumstances, the Board is optimistic that the Group will be able to maintain revenue growth and improve operating margins commencing 2008. To achieve such continued improvements, the Group has adopted the following key business strategies:

1. Continue to leverage on the strengths of China Minmetals, with its strong financial base and extensive business connections especially in the PRC and Hong Kong;
2. Seek to strengthen the Group's capital position to better capitalise on opportunities to expand our real estate development project portfolio;
3. Build up the brand and image of the Group in the real estate development industry in the PRC to enhance value in our real estate development business;
4. Seek to grow our core business through business cooperation, mergers and acquisitions; and
5. Develop further synergies amongst our core business and other specialised construction business.

The Board has proposed to change the name of the Company from “ONFEM Holdings Limited” to “Minmetals Land Limited” and adopt the Chinese name of “五礦建設有限公司” for identification purpose. We consider that the new Company name not only helps investors appreciate the existing core business focus of the Group on real estate development and specialised construction and direction of its future business development but also refreshes the corporate image and identity of the Company being a subsidiary of China Minmetals.

OUTLOOK

The 2007 financial year has started well with satisfactory pre-sale results from The Grand Panorama Project. Furthermore, net proceeds of HK\$157.8 million from the disposal of an investment in January 2007 have further strengthened the working capital position of the Group. Going forward, we will closely monitor the impact of the implementation of the land appreciation tax on the property market in the PRC and any further measures that might be implemented by the Central Government to help cool down economic growth. Also, we note that construction costs in the PRC are on a rising trend which may reduce margins of our real estate development business. Notwithstanding these short-term developments, we remain confident in the PRC's long-term economic growth and hence the growth potential of its real estate development market, as well as our ability to continue to acquire suitable and good quality real estate development projects in our target markets.

Moving ahead, we will continue to make every effort to offer our customers the best products and services, enhance the Group's competitive advantages and earnings capability, and bring satisfactory returns to our Shareholders.

APPRECIATION

I would like to express my gratitude to all our Directors, management and staff for their hard work and diligence in the past year. On behalf of the Board, I would like to take this opportunity to thank our customers, business partners and Shareholders for their continuous support. I would also like to extend our warmest welcome to Mr. Yin Liang in joining the Board as an Executive Director and a Deputy Managing Director of the Company. Last but not least, the Board wishes to thank Mr. Lin Xizhong, our former Chairman who resigned in February 2006, for his valuable contribution and guidance to the Group in the past years.

Zhou Zhongshu

Chairman

Hong Kong, 12 April 2007