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 **ASIA ORIENT HOLDINGS LIMITED**  
(滙漢控股有限公司)\*  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 214)

 **ASIA STANDARD INTERNATIONAL GROUP LIMITED**  
(泛海國際集團有限公司)\*  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 129)

**DISCLOSEABLE TRANSACTION**

**CONNECTED TRANSACTION**

**PLACING AND ISSUE BY  
ASIA STANDARD INTERNATIONAL CAPITAL LIMITED OF  
SERIES “A” AND SERIES “B” 4% GUARANTEED CONVERTIBLE NOTES  
DUE 2009 IN THE PRINCIPAL AMOUNT OF HK\$275 MILLION  
AND  
RESUMPTION OF TRADING**

**Financial adviser to  
Asia Standard International Group Limited and placing agent**

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

The directors of Asia Orient and Asia Standard jointly announce that Asia Standard intends to raise HK\$275 million, before expenses, through the issue by its wholly-owned subsidiary, Asia Standard Capital, of the Convertible Notes in the aggregate principal amount of HK\$275 million, comprising Series “A” Convertible Notes and Series “B” Convertible Notes. Series “A” Convertible Notes in the principal amount of HK\$94 million are to be placed on a best effort basis by the Placing Agent to independent third parties who are independent of and not connected and not acting in concert with the directors, chief executive or substantial shareholders of Asia Standard or its subsidiaries or any of their respective associates, as defined in the Listing Rules. Series “B” Convertible Notes in the principal amount of HK\$181 million will be subscribed for by AOCL and Grosvenor in the principal amount of HK\$140 million and HK\$41 million, respectively.

The initial conversion price is HK\$0.305 represents:-

- a premium of 8.93% to the closing price of the shares in Asia Standard on 2nd May, 2006, the last trading day before the publication of this announcement;
- a premium of 10.51% to the five-day average closing price of the shares in Asia Standard for the five consecutive trading days up to 2nd May, 2006; and
- a premium of 9.12% to the ten-day average closing price of the shares in Asia Standard for the ten consecutive trading days up to 2nd May, 2006.

On the basis that all the Convertible Notes are placed or subscribed for and are subsequently converted into shares in Asia Standard at the initial conversion price, it will give rise to the issue and allotment of approximately 901,639,344 shares in Asia Standard, which represents 17.76% of its present issued share capital and 15.08% of its issued share capital as enlarged after such conversion.

Asia Orient and Grosvenor are substantial shareholders of Asia Standard holding approximately 40.98% and 14.94% of its issued share capital respectively. For this reason, the subscription by each of AOCL and Grosvenor of the Series "B" Convertible Notes constitutes a connected transaction under the Listing Rules, and is subject to the approval by the independent shareholders of Asia Standard. The Placing is not conditional upon such approval being obtained. The subscription by AOCL for the Series "B" Convertible Notes also constitutes a discloseable transaction under the Listing Rules for Asia Orient as the applicable percentage ratios under Chapter 14 of the Listing Rules are greater than 5% but less than 25%.

The Subscription and the Placing are also conditional upon, amongst other things, the Listing Committee, granting the listing of, and permission to deal in, the shares in Asia Standard falling to be issued upon the exercise of the conversion right of the Convertible Notes.

At the request of Asia Standard trading in its shares was suspended with effect from 9:30 a.m. on 3rd May, 2006. Application has been made for the resumption of trading in the shares in Asia Standard on the Stock Exchange with effect from 9:30 a.m. on 8th May, 2006.

Anglo Chinese Corporate Finance, Limited has been appointed as the financial adviser to Asia Standard and the placing agent for the issue of the Series "A" Convertible Notes.

## **PLACING AGREEMENT DATED 2ND MAY, 2006**

Principal parties:

The Issuer  
Asia Standard  
The Placing Agent

### **Principal terms of the placing agreement**

The Placing Agent has agreed on a best effort basis to place by not later than 21st June, 2006, being the closing date of the Placing, or such other later date as the parties may agree, up to a principal amount of HK\$94 million of the Series "A" Convertible Notes, which is intended to be placed to not less than 6 individual, corporate, institutional or other professional investors who are independent of and not connected and not acting in concert with the directors, chief executive or substantial shareholders of Asia Standard or any of its subsidiaries or any of their respective associates, as defined by the Listing Rules. The investors will be reminded to observe their obligations under Rule 26 of the Takeovers Code should such obligation for it and its concert parties arise upon exercise of the conversion rights of Series "A" Convertible Notes held by them.

## **CONDITIONS**

The completion of the placing agreement is conditional upon:

- the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the shares in Asia Standard falling to be issued upon the exercise of the conversion right of the Convertible Notes;
- the deed poll constituting the Convertible Notes having been executed by the Issuer and Asia Standard on or before the closing date of the Placing, being the date which is not later than three business days after the satisfaction or waiver of the conditions of the Placing ;
- none of the warranties given in the placing agreement by the Issuer and Asia Standard being or having become untrue, inaccurate or misleading in any material respect at any time up to completion, or such later date as the parties may agree; and
- the delivery to the Placing Agent on or before the closing date of the Placing of certain legal opinions as to the laws of the Cayman Islands and Bermuda.

The shares in Asia Standard falling to be issued upon the exercise of the conversion right of the Placing Notes will be issued and allotted by Asia Standard under the general mandate granted to its directors at its last annual general meeting on 26th August, 2005.

## **SUBSCRIPTION AGREEMENTS DATED 2ND MAY, 2006**

Principal Parties:

The Issuer  
Asia Standard  
The subscribers, being AOCL and Grosvenor.

### **Principal terms of the subscription agreements**

The Issuer has agreed to issue and AOCL and Grosvenor have agreed to subscribe in aggregate for HK\$181 million principal amount of the Series “B” Convertible Notes on the basis that AOCL and Grosvenor will subscribe for the Series “B” Convertible Notes in the principal amount of HK\$140 million and HK\$41 million, respectively, by not later than 3rd August, 2006 or such later date as the parties may agree.

The terms and conditions of the subscription agreements entered into by AOCL and Grosvenor are identical, save as the principal amounts of the Series “B” Convertible Notes to be subscribed for by AOCL and Grosvenor. Each of the subscription agreements is conditional upon:

- the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the shares in Asia Standard falling to be issued upon the exercise of the conversion right under the Convertible Notes;

- the deed poll constituting the Convertible Notes having been executed by the Issuer and Asia Standard on or before the closing date of the Subscription, being the date which is the third business day after the satisfaction or waiver of the conditions of the Subscription;
- none of the warranties given in the subscription agreement by the Issuer and Asia Standard being or having become untrue, inaccurate or misleading in any material respect at any time up to completion of the Subscription, or such later date as the parties may agree;
- the delivery to the subscriber on or before the closing date of the Subscription of certain legal opinions as to the laws of the Cayman Islands and Bermuda; and
- the approval of the resolution for the issue of the Subscription Notes to the subscribers and the authorisation given to the board of directors of Asia Standard to allot and issue the shares in Asia Standard falling to be issued upon the exercise of the conversion rights under the Subscription Notes by the independent shareholders of Asia Standard, being those shareholders other than Asia Orient and Grosvenor and their respective associates, as defined in the Listing Rules.

The placing agreement and the subscription agreements are not inter-conditional on each other.

#### **Category of the transaction under the Listing Rules**

As both Asia Orient and Grosvenor are substantial shareholders of Asia Standard holding directly or indirectly 40.98% and 14.94% respectively of its issued share capital, each of the subscription agreements constitutes a connected transaction for Asia Standard, requiring the approval by its independent shareholders. An independent board committee of Asia Standard, comprising its independent non-executive directors, being Messrs. Alan Koon Bok Ming, Richard Leung Wai Keung and Wong Chi Keung has been formed to advise independent shareholders on the Subscription. An independent financial adviser will be appointed to advise the independent board committee of Asia Standard, subject to the independent board committee's approval. A further announcement will be made upon the appointment of the independent financial adviser. A circular giving the information required by the Listing Rules and containing, amongst other things, the advice of the independent board committee, the letter of advice of the independent financial adviser and the notice of special general meeting will be despatched to the shareholders of Asia Standard as soon as practicable.

As the applicable percentage ratios under Chapter 14 of the Listing Rules are greater than 5% but less than 25%, the subscription agreement constitutes a discloseable transaction for Asia Orient under the Listing Rules. Asia Orient will be required to despatch a circular to its shareholders giving the requisite information on the transaction as specified under the Listing Rules. This circular will be despatched as soon as practicable.

## CONVERSION

The initial conversion price of the Convertible Notes of HK\$0.305 represents:-

- a premium of 8.93% to the closing price of the shares in Asia Standard on 2nd May, 2006, the last trading day before the publication of this announcement;
- a premium of 10.51% of the five-day average closing price of the shares in Asia Standard for the five consecutive trading days up to 2nd May, 2006;
- and a premium of 9.12% to the ten-day average closing price of the shares in Asia Standard for the ten consecutive trading days up to 2nd May, 2006.

The following tables sets out the approximate number of shares in Asia Standard to be issued upon exercise of the conversion rights of the Convertible Notes at the initial conversion price:

	<b>Approximate number of shares in Asia Standard issued upon conversion at the initial conversion price</b>	<b>As a percentage of the existing issued share capital of Asia Standard</b>	<b>As a percentage of the enlarged issued share capital of Asia Standard</b>
Series "A" Convertible Notes	308,196,721	6.07%	5.16%
Series "B" Convertible Notes	<u>593,442,623</u>	<u>11.69%</u>	<u>9.93%</u>
Total	<u>901,639,344</u>	<u>17.76%</u>	<u>15.08%</u>

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the shares in Asia Standard to be issued upon exercise of the conversion right of the Convertible Notes. Further, the issue and allotment of the shares in Asia Standard, upon the conversion of Series "B" Convertible Notes, will be subject to approval by the independent shareholders of Asia Standard in the general meeting to be convened.

## TERMS OF THE CONVERTIBLE NOTES

The following are the principal terms of the Convertible Notes which will be constituted by a deed poll to be executed by the Issuer and Asia Standard. The terms of the Series “A” and Series “B” are identical on all respects unless it is stated otherwise.

Issuer:	Asia Standard Capital
Maximum size of the issue:	An aggregate principal amount of HK\$275 million, comprising Series “A” Convertible Notes in the principal amount of HK\$94 million and Series “B” Convertible Notes in the principal amount of HK\$181 million
Denomination of the Convertible Bonds:	In the principal amount of HK\$100,000 each
Subscription and placing price:	100% of the principal amount
Redemption price:	100% of the principal amount
Interest:	4% per annum payable in arrears at the end of the six-month period, the first of which will be six months after the date of the respective issue of the Series “A” Convertible Notes and Series “B” Convertible Notes.
Maturity date:	The third anniversary of the date of the respective issue of the Series “A” Convertible Notes and the Series “B” Convertible Notes (the “Maturity Date”)
Conversion:	Holder of the Convertible Notes have the right at any time after the first business day after the date of issue of the Convertible Notes up to the 30 days before the Maturity Date to convert all or any part of their Convertible Notes into ordinary shares in Asia Standard of HK\$0.01 each at an initial conversion price of HK\$0.305 per share, subject to adjustment in certain events such as consolidation or subdivision of shares, rights issue or issue of shares for cash at a price less than 90% of the then 5-day average closing price of the shares on the Stock Exchange and capital distributions.

Early redemption:	The Issuer has the option at its discretion to repay the Convertible Notes in whole or in part at any time commencing twelve months after the respective date of issue of the Series “A” Convertible Notes and the Series “B” Convertible Notes. The early redemption price will be 100% of the principal amount or the part thereof being redeemed early, together with accrued interest up to the date of redemption on the principal amount to be redeemed. In the event of a partial redemption, the redemption will be made pro rata to the principal amount (rounded to the nearest multiples of HK\$100,000) of Convertible Notes outstanding held by the holders as at the date of the notice of redemption.
Guarantor:	Asia Standard
Guarantee:	Asia Standard has unconditionally and irrevocably guaranteed the Convertible Notes as to the payment obligations of the Issuer under the Convertible Notes.
Security:	The Convertible Notes are unsecured obligations of the Issuer.
Cross default:	The Convertible Notes will become immediately repayable in an event that any indebtedness of Asia Standard or any of its subsidiaries is not paid when due or is declared to be or otherwise becomes due and payable prior to its specified maturity, other than a default due to an error or omission of an administrative or operational nature provided that such error or omission is rectified within 30 days of being discovered by or notified to Asia Standard or any of its subsidiaries
Transfer:	The Convertible Notes are freely transferable in denominations of the principal amount of HK\$100,000.
Listing:	The Convertible Notes will not be listed or traded on any exchange.
Further issues:	There is no restriction for the Issuer issuing further Convertible Notes or other securities which rank equally or in priority or subordinated to the Convertible Notes.

To the extent that Asia Standard is aware, it will disclose to the Stock Exchange any transfers of Convertible Notes by the subscribers to any connected persons before the transfer is made.

## **REASONS FOR, AND BENEFITS OF, THE ISSUE OF THE CONVERTIBLE NOTES**

Presently substantially all of the Asia Standard Group’s borrowings are on a fully secured basis. The issue of the Convertible Notes will enable the Asia Standard Group to raise up to HK\$275 million before expenses on an unsecured basis. In addition, the interest rate of 4% per annum is substantially lower than commercial lending rates. For example, the current



prime lending rate in Hong Kong is between 8.0 to 8.25%. Consequently, the cash cost of servicing the Convertible Notes is lower than a commercial loan of a similar tenor. The terms of the Convertible Notes also give Asia Standard the flexibility to repay all or a portion of the Convertible Notes at its option at any time commencing twelve months after the respective date of issue of the Series “A” Convertible Notes and the Series “B” Convertible Notes. Further, to the extent that the Convertible Notes are converted into shares in Asia Standard, it will have raised permanent equity capital at an issue price higher than the prevailing market price of its shares and therefore the issue of the Convertible Notes is potentially less dilutive than an issue of shares at this time. Overall, the directors of Asia Standard consider the issue of the Convertible Notes to be in the interest of the Company and its shareholders as a whole.

## **WHITEWASH WAIVER**

In the event that the Subscription Notes are approved and issued, and that AOCL exercises its conversion rights attaching to the Series “B” Convertible Notes in an amount which has the effect of increasing the voting rights of Asia Orient in Asia Standard by more than 2% from the lowest percentage held within a 12 month period, Asia Orient would be required to make a mandatory general offer under Rule 26 of the Takeovers Code. Application will be made to the Executive under Note 1 on dispensations from Rule 26 of the Takeovers Code for a waiver of a general offer obligation arising on Asia Orient and parties acting in concert with it (as defined in the Takeovers Code), as a result of the issue of shares in Asia Standard upon the conversion of the Series “B” Convertible Notes to be subscribed by AOCL under the subscription agreement. The issue of Subscription Notes to AOCL and the whitewash waiver are subject to the approval by the independent shareholders of Asia Standard (being those shareholders other than (i) Asia Orient and its concert parties; and (ii) shareholders of Asia Standard who are involved in, or interested in, the Subscription by AOCL, other than those being interested in, or involved in, as a shareholder of Asia Standard) who are to be independently advised. A second independent board committee of Asia Standard, comprising its independent non-executive directors, being Messrs. Alan Koon Bok Ming, Richard Leung Wai Keung and Wong Chi Keung, and Mr. Liang Shangli, a non-executive director, has been formed to advise independent shareholders on the Subscription by AOCL and the whitewash waiver. The independent financial adviser to be appointed will advise both independent board committee’s of Asia Standard, subject to the independent board committees’ approval. A further announcement will be made upon the appointment of the independent financial adviser. Resolutions will be proposed at the special general meeting of Asia Standard to be held to approve (a) the issue of Subscription Notes to AOCL and Grosvenor and the issue and allotment of the share in Asia Standard to be issued upon conversion; and (b) the whitewash waiver. The grant of the whitewash waiver is not a condition of the issue of the Subscription Notes. If the issue of Subscription Notes are approved and the whitewash waiver is not granted, Asia Orient will adhere to the mandatory general offer obligations of the Takeovers Code if such obligation is so triggered.

On 21st and 22nd December 2005, Asia Orient purchased respectively 23,560,000 and 1,650,000 Shares at prices between HK\$0.295 and 0.285. These purchases, although made within six months of this announcement, were made several months before any consideration



by Asia Standard was made of the issue of Series “B” Convertible Notes to AOCL in April 2006 and, consequently, are not disqualifying transactions under paragraph 3 of Schedule VI of the Takeovers Code which would normally result in a whitewash waiver not being granted by the Executive.

The circular to be despatched to the shareholders of Asia Standard, within 21 days of this announcement, to approve the Subscription Notes and the whitewash waiver will contain further information in accordance with the Takeovers Code.

## SHAREHOLDING STRUCTURE OF ASIA STANDARD

The tabulation below shows the present shareholding structure of Asia Standard and the structure on the basis that (a) only Asia Orient exercises its conversion right in full; (b) all holders of Convertible Notes exercise their conversion rights in full and on the assumption that the Convertible Notes are fully subscribed for.

	Present shareholding in Asia Standard	% of issued share capital	Shareholding in Asia Standard if only AOCL exercises its conversion right in full	% of issued share capital	Shareholding in Asia Standard if all holders of the Convertible Notes exercise their conversion rights in full	% of issued share capital
Asia Orient	2,080,679,712	40.98%	2,539,696,105	45.88%	2,539,696,105	42.48%
Grosvenor	758,530,000	14.94%	758,530,000	13.70%	892,956,230	14.94%
Directors of Asia Standard	4,492,200	0.09%	4,492,200	0.08%	4,492,200	0.07%
Public	2,233,244,045	43.99%	2,233,224,045	40.34%	2,541,420,766	42.51%
Total	<u>5,076,925,957</u>	<u>100%</u>	<u>5,535,942,350</u>	<u>100%</u>	<u>5,978,565,301</u>	<u>100%</u>

## USE OF PROCEEDS OF THE CONVERTIBLE NOTES

The placing and subscription of the Convertible Notes, if made in full, will raise net proceeds of up to approximately HK\$272 million in cash for Asia Standard on completion. Asia Standard currently intends to apply the net proceeds as follows:

- about HK\$222 million is to be applied to fully repay the convertible bonds of Asia Standard issued on 7th January, 2002 and held by Grosvenor indirectly;
- the remaining amount is to be used for property related projects.

Other than the issue of 925,967 shares of Asia Standard pursuant to the scrip dividend issued on 24th October, 2005, Asia Standard has not issued any equity securities in the twelve months immediately preceding this announcement.

Other than the convertible bonds issued on 7th January, 2002 and the proposed Convertible Notes, Asia Standard does not have any other convertible securities outstanding.

## REASONS FOR, AND BENEFITS OF, THE SUBSCRIPTION BY ASIA ORIENT FOR CONVERTIBLE NOTES

In terms of the Subscription Agreement, Asia Orient has agreed through AOCL to subscribe for the Series “B” Convertible Notes in the principal amount of HK\$140 million. In doing so, the directors of Asia Orient believe this is an opportunity to increase its investment in Asia Standard which will allow it to maintain its equity holding in Asia Standard, should it decide to exercise its right of conversion, at a price which is not materially higher than the market price. For such time as the Convertible Notes are not converted, Asia Orient will earn a higher cash return on its investment, when compared to an investment in the shares in Asia Standard. Overall the directors of Asia Orient consider the subscription for Convertible Notes is in the interests of Asia Orient and its shareholders as a whole.

The subscription of Subscription Notes by AOCL will be financed through the internal resources of Asia Orient.

## INFORMATION ON ASIA STANDARD

Asia Standard is engaged in investment and development of commercial, retail and residential properties in Hong Kong and the PRC. Through its listed subsidiary, Asia Standard Hotel Group Limited in which it holds a 56.88% shareholding interest, Asia Standard also indirectly owns and operates three hotels, of which two are in Hong Kong and one in Canada; a travel agency in Hong Kong; and two franchise restaurants in Hong Kong and Shanghai.

The following is a summary of the audited consolidated results of Asia Standard group for the two years ended 31st March 2004 and 2005 respectively, and the unaudited results for the six months ended 30th September, 2005:

	For the year ended 31st March,		Unaudited results for the six months ended
	2004	2005	30th September, 2005
	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) before taxation	(150,650)	276,648	65,460
Taxation	<u>2,310</u>	<u>(50,120)</u>	<u>(20,322)</u>
Profit/(loss) after taxation (before minority interests)	<u>(148,340)</u>	<u>226,528</u>	<u>45,138</u>

As at 30th September, 2005, the unaudited equity attributable to shareholders of the Asia Standard group was approximately HK\$0.65 per share in Asia Standard.

## INFORMATION ON ASIA ORIENT

Asia Orient is an investment holding company. The principal activities of its major investee companies include investment and development of properties and investment and operation of hotels, restaurants, travel agency and securities investment.

## **INFORMATION ON GROSVENOR**

Grosvenor is a subsidiary of Grosvenor Group Limited, an international property group based in the United Kingdom, which is owned by trusts of the Grosvenor family. Grosvenor is the principal investment holding company of Grosvenor Group Limited in Asia.

## **GENERAL**

At the request of Asia Standard trading in its shares was suspended with effect from 9:30 a.m. on 3rd May, 2006. Application has been made for the resumption of trading in the shares in Asia Standard on the Stock Exchange with effect from 9:30 a.m. on 8th May, 2006.

As at the date of this announcement, the directors of Asia Orient are: Mr. Clement Fung Siu To, Dr. Lim Yin Cheng, Mr. Poon Jing, Mr. Lun Pui Kan, Mr. Phileas Kwan Po Lam and Mr. Chan Sze Hung; and the independent non-executive directors are Mr. Ken Cheung Kwok Wah, Mr. Wong Chi Keung and Mr. Hung Yat Ming.

As at the date of this announcement, the directors of Asia Standard are: Mr. Clement Fung Siu To, Dr. Lim Yin Cheng, Mr. Poon Jing, Mr. Lun Pui Kan, Mr. Phileas Kwan Po Lam, Mr. Nicholas James Loup, Mr. Liang Shangli and Mr. Raymond Au Yat Chuen and the independent non-executive directors are Mr. Alan Koon Bok Ming, Mr. Richard Leung Wai Keung and Mr. Wong Chi Keung.

## **DEFINITIONS**

In this announcement the following expressions have the meanings set out below, unless the context otherwise requires.

“Anglo Chinese” or the “Placing Agent”	Anglo Chinese Corporate Finance, Limited, the financial adviser to Asia Standard and a deemed licensed corporation to carry on business in types 1, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance
“Asia Orient”	Asia Orient Holdings Limited, an exempted company incorporated in Bermuda whose shares listed on the Stock Exchange and the controlling shareholder of Asia Standard holding approximately 40.98% of its issued share capital
“AOCL”	Asia Orient Company Limited, a company incorporated with limited liability in Hong Kong and a wholly-owned subsidiary of Asia Orient
“Asia Standard Capital” or the “Issuer”	Asia Standard International Capital Limited, a company incorporated with limited liability under the laws of the Cayman Islands and a wholly owned subsidiary of Asia Standard
“Asia Standard Group”	Asia Standard together with its subsidiaries

“Asia Standard”	Asia Standard International Group Limited, an exempted company incorporated in Bermuda whose shares are listed on the Stock Exchange
”business day”	a day (excluding Saturday and Sunday) on which banks in Hong Kong are open for business
“Convertible Notes”	the Series “A” and Series “B” 4% guaranteed convertible notes due 2009 in the aggregate principal amount of HK\$275 million to be issued by Asia Standard Capital
“Executive”	The Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Grosvenor”	Grosvenor Asset Management Limited, a substantial shareholder of Asia Standard holding approximately 14.94% of its issued share capital
“HK\$”	Hong Kong dollars
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Notes by the Placing Agent to individual, corporate, institutional or other professional investors (which is intended to be to not less than six in number) independent of and not connected and not acting in concert with the directors, chief executive or substantial shareholders of Asia Standard or its subsidiaries, or any of their respective associates.
”Placing Notes”	Series “A” Convertible Notes up to a maximum principal amount of HK\$94 million to be placed by the Placing Agent under the Placing
“PRC”	The People’s Republic of China, excluding for the purposes of this definition the Special Administrative Regions of Hong Kong and Macau
“Series “A” Convertible Notes	the Series “A” Convertible Notes in the principal amount of up to HK\$94 million which are subject to the Placing
“Series “B” Convertible Notes	the Series “B” Convertible Notes in the principal amount of HK\$181 million to be subscribed for by Asia Orient and Grosvenor
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the subscription by Asia Orient and Grosvenor for the Series “B” Convertible Notes in the principal amount of HK\$140 million and HK\$41 million respectively
”Subscription Notes”	Series “B” Convertible Notes in the aggregate principal amount of HK\$181 million to be subscribed for by AOCL and Grosvenor in the respective principal amount of HK\$140 million and HK\$41 million
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

By order of the board  
**Asia Orient Holdings Limited**  
**Fung Siu To, Clement**  
*Chairman*

By order of the board  
**Asia Standard International Group Limited**  
**Fung Siu To, Clement**  
*Chairman*

Hong Kong, 4th May, 2006

*The directors of Asia Orient jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than relating to Asia Standard, and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement, other than relating to Asia Standard, have been arrived at after due and careful consideration and there are no facts, other than facts relating to Asia Standard, not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

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