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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**

**VERY SUBSTANTIAL DISPOSAL  
RESULTING FROM  
POSSIBLE DISPOSAL OF SHARES IN  
ASIA STANDARD INTERNATIONAL GROUP LIMITED**

**Financial Adviser**

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

The Directors announce that the Company, through its wholly-owned subsidiaries, intends to sell approximately 40.0 million Asia Standard Shares as held by the Group, representing approximately 1.0% of its issued share capital.

Presently, the Company, through its wholly-owned subsidiaries, has an approximate 50.9% interest in Asia Standard. After the completion of disposal, the Company's indirect shareholding in Asia Standard will fall to approximately 49.9% and consequently Asia Standard will no longer be a subsidiary of the Company but an associated company of it. No contractual arrangements have been entered into in connection with this disposal but, as a necessary preliminary to being able to effect it, the Directors are seeking the requisite approval of shareholders as any disposal which results in Asia Standard ceasing to be a subsidiary will constitute a very substantial disposal for the Company under the Listing Rules.

A circular containing, among other things, details of the disposal and a notice of a special general meeting of the Company will be despatched to the shareholders of the Company as soon as practicable.

**THE POSSIBLE DISPOSAL OF ASIA STANDARD SHARES**

The Directors intend to sell approximately 40.0 million Asia Standard Shares as held by the Group, representing approximately 1.0% of its issued share capital. Presently the Company, through wholly-owned subsidiaries, holds 2,090,469,712 Asia Standard Shares, representing some 50.9% of the existing issued share capital of Asia Standard.

No contractual arrangements have been entered into by the Company in relation to the possible disposal of Asia Standard Shares as the Directors consider that the Company should first obtain its shareholders' approval for the disposal so that a sale can be effected expeditiously when market conditions are favourable. Any disposal of Asia Standard Shares which results in Asia Standard ceasing to be a subsidiary will constitute a very substantial disposal for the Company under the Listing Rules, for which shareholders' approval is required.

An investor has not been identified and the sale may occur through an on-market transaction or series of transactions. However, no sales will be made to any of the director, chief executive or substantial shareholder of any member of the Group or any of their respective associates (as defined in the Listing Rules), or any connected persons (as defined in the Listing Rules) of the Company. Accordingly, the proposed disposal will not be a connected transaction and there are no shareholders of the Company who will be required to abstain from voting on the approval of the disposal.

The Company, through its wholly-owned subsidiaries, holds 2,090,469,712 Asia Standard Shares, representing some 50.9% of the existing issued share capital of Asia Standard of 4,109,249,990 shares.

The disposal for which advance shareholders' approval is being sought will only be effected if:

- the sale price equals to or exceeds 90% of the average closing price of the Asia Standard Shares for the ten preceding trading days immediately prior to any sale of shares for which shareholder approval has been granted;
- all the Asia Standard Shares are to be disposed of, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, to parties who are independent of the Company and any director, chief executive or substantial shareholder of any member of the Group or any of their respective associates (as defined in the Listing Rules), or any connected persons (as defined in the Listing Rules) of the Company; and
- the disposal is completed within six months of the approval of Shareholders being given, which the Directors consider to be a reasonable period to conduct such a disposal of the Asia Standard Shares.

Upon the disposal of approximately 40.0 million Asia Standard Shares, the Company's indirect shareholding in Asia Standard will fall to approximately 49.9%. The Directors have discussed the accounting treatment of Asia Standard in the accounts of Asia Orient following the completion of the proposed disposal with the Company's reporting accountants and have been advised that Asia Standard will no longer be a subsidiary of the Company but an associated company of it. The sale shares will be sold free of any encumbrances or third party rights.

Since the actual sale price has not been determined, it is not possible to calculate the profit or loss that will arise on implementation of the disposal. On the basis of the average closing price of the Asia Standard Shares for the ten preceding trading days immediately prior to the date of this announcement of HK\$0.396 and approximately 40.0 million Asia Standard Shares proposed to be disposed of, the disposal would result in the Group reporting an estimated loss of approximately HK\$10.0 million and the Company would realise gross proceeds of approximately HK\$15.8 million. It is intended that the net proceeds of approximately HK\$15.7 million will be used for reduction of debt of the Group.

The price of HK\$0.396 per Asia Standard Share, given by way of illustration above, compared with the audited net asset value per Asia Standard Share of HK\$0.84 as at 31st March, 2004, represents a price-to-book ratio of approximately 0.47 times.

A further announcement will be made by the Company upon completion of the disposal.

The disclosed shareholdings of substantial shareholders of Asia Standard as at the date of this announcement are, and after the completion of the disposal will be, as follows:

	<b>As at the date of this announcement</b>		<b>Immediately after the completion of the disposal</b>	
	<b>Number of Asia Standard Shares</b>	<b>Approximate shareholding %</b>	<b>Number of Asia Standard Shares</b>	<b>Approximate shareholding %</b>
Asia Orient Group	2,090,469,712	50.9	2,050,469,712	49.9
GAML (note)	613,530,000	14.9	613,530,000	14.9

*Note:* GAML also holds convertible bonds of Asia Standard in the principle amount of HK\$290,000,000, which represents an underlying interest in 644,444,444 Asia Standard Shares to be issued upon conversion. Hence, GAML's aggregate interest in Asia Standard is approximately 26.5% of the share capital of Asia Standard as enlarged by the shares issued upon conversion. Further, upon conversion and after the completion of the disposal of Asia Standard Shares, the interests of the Asia Orient Group would be diluted to approximately 43.1%.

## **REASONS FOR AND THE EFFECTS OF THE SALE OF ASIA STANDARD SHARES**

The principal reason for proposing the disposal is to reduce the Company's indirect interest in Asia Standard so that on the completion of the disposal Asia Standard will cease to be a subsidiary of the Company. Asia Standard is a considerably larger company than Asia Orient in terms of net assets attributable to its ordinary shareholders and market capitalisation, and there is no group of closely associated shareholders of Asia Orient holding more than 50% of the ordinary shares in Asia Orient. Consequently, transactions which Asia Standard is permitted to conclude without the requirement under the Listing Rules to obtain its shareholders' approval or obtain such approval by the written consent of a majority of its shareholders may require, depending on their size and nature, the approval of shareholders of Asia Orient which can only be obtained in general meeting. These additional approvals have and are expected to continue to reduce the flexibility of Asia Standard in entering into and concluding transactions, particularly for transactions where the speed of execution is essential if assets are to be acquired or disposed of advantageously. But these additional approvals required would, depending on its size and nature of the relevant transaction, require the shareholders of Asia Orient to vote for or against such a transaction, entered into by Asia Standard as Asia Standard is a subsidiary of Asia Orient.

It is not expected that there will be any change in the composition of the board of directors of Asia Standard following the completion of the disposal. At present, the board of directors of Asia Standard comprises eleven directors, of whom six are also directors of the Company. Immediately after the completion of the disposal, the Company will remain the single largest shareholder of Asia Standard. As the largest shareholder, the Company will have a significant degree of influence over Asia Standard (through the exercise of its voting rights at general meetings). After the completion of the disposal, Asia Standard will be equity accounted for as an associated company of the Company and will no longer be its subsidiary. The Directors believe there will be no material adverse effect on the business of the Company due to the deconsolidation of Asia Standard from its accounts. The consolidated total assets of the Asia Standard Group as at 31st March, 2004 was approximately 94.7% of the consolidated total assets of the Asia Orient Group as at 31st March, 2004. Accordingly, the disposal of the Asia Standard Shares by Asia Orient constitutes a very substantial disposal for which approval of shareholders of Asia Orient is required.

## INFORMATION ON ASIA ORIENT

Asia Orient is an investment holding company. Its main activities are property investment, investment holding and property development. Through listed subsidiaries, Asia Standard and Asia Standard Hotel Group Limited, Asia Orient also is involved in property development and investment, hotel operation, travel agency and catering business.

Besides the core business, Asia Orient holds a 32% interest of an associate company, Q9, which is listed on the Growth Enterprise Market of the Stock Exchange. Q9 is mainly engaged in designing and promoting an innovative Chinese character input method for use in telecommunications and other electronic appliances. Asia Orient also invests in companies with activities ranging from the provision of information and content related to the PRC published on the internet; healthcare and environmental protection.

## 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, 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 the Asia Standard Group for the two years ended 31st March, 2004 and 31st March, 2003 respectively:

	<b>Year ended 31st March,</b>	
	<b>2004</b>	<b>2003</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	<u>725,658</u>	<u>1,056,883</u>
Loss before taxation	(150,650)	(280,647)
Taxation credit	<u>2,310</u>	<u>2,309</u>
Loss after taxation	(148,340)	(278,338)
Minority interests	<u>6,338</u>	<u>1,707</u>
Loss attributable to shareholders	<u>(142,002)</u>	<u>(276,631)</u>

The audited consolidated total assets and net asset value of the Asia Standard Group as at 31st March, 2004 was about HK\$7,308.5 million and HK\$3,467.6 million, respectively.

## GENERAL

A circular containing, among other things, details of the disposal and a notice convening a special general meeting of the Company will be despatched to the shareholders of the Company as soon as practicable.

Anglo Chinese Corporate Finance, Limited has been appointed to act as financial adviser to the Company in connection with this transaction.

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

## **DEFINITIONS**

“Asia Orient” or “Company”	Asia Orient Holdings Limited, a company whose securities are listed on the Stock Exchange
“Asia Orient Group” or “Group”	the Company and its subsidiaries
“Asia Standard”	Asia Standard International Group Limited, a company whose shares are listed on the Stock Exchange
“Asia Standard Group”	Asia Standard and its subsidiaries
“Asia Standard Share(s)”	the share(s) of Asia Standard
“Board”	the board of Directors
“Director(s)”	the director(s) of the Company
“GAML”	Grosvenor Asset Management Limited, a subsidiary of Grosvenor Group Limited which is an international property group based in the United Kingdom and owned by trusts of the Grosvenor family
“PRC”	People’s Republic of China
“Q9”	Q9 Technology Holdings Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“HK\$”	Hong Kong dollars

By Order of the Board  
**Asia Orient Holdings Limited**  
**Fung Siu To, Clement**  
*Chairman*

Hong Kong, 29th November, 2004

\* *For identification purposes only.*