

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in ASIA ORIENT HOLDINGS LIMITED you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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)

Directors:

Mr. Fung Siu To, Clement (*Chairman*)

Mr. Lim Yin Cheng (*Deputy Chairman*)

Mr. Poon Jing (*Managing Director*)

Mr. Lun Pui Kan

Mr. Kwan Po Lam, Phileas

Mr. Chan Sze Hung

Mr. Cheung Kwok Wah, Ken

(Independent Non-executive Director)

Mr. Hung Yat Ming (*Independent Non-executive Director*)

Mr. Wong Chi Keung (*Independent Non-executive Director*)

Principal Office in Hong Kong:

30th Floor,

Asia Orient Tower,

Town Place,

33 Lockhart Road,

Wanchai,

Hong Kong

29th January, 2005

To the shareholders,

Dear Sir or Madam,

INTERIM SCRIP DIVIDEND **FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2004**

INTRODUCTION

The Directors on 21st December, 2004 had declared an interim dividend (“Interim Dividend”) for the six months ended 30th September, 2004 of HK\$0.02 per ordinary share of HK\$0.1 each in the

* *for identification purposes only*

capital of the Company (“Share”) to shareholders whose names appear on the Register of Members at the close of business on Thursday, 20th January, 2005 (“Record Date”). Shareholders (other than Overseas Shareholders as described below) may exercise their option to receive an allotment of Shares credited as fully paid by way of capitalization of profits wholly or partly in lieu of cash dividend (“Scrip Dividend Scheme”). A press announcement dated 20th January, 2005 setting out the basis of allotment of the Scrip Dividend Shares (as defined below) was published on 21st January, 2005. The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by shareholders in relation thereto.

DETAILS OF THE SCRIP DIVIDEND SCHEME

Shareholders (other than Overseas Shareholders (as defined below)) have the following choices in respect of the Interim Dividend:

- (i) a cash dividend of HK\$0.02 per Share; or
- (ii) an allotment of new ordinary Shares (“Scrip Dividend Shares”) credited as fully paid and having an aggregate market value (as defined below) equal to the total amount of the Interim Dividend which the shareholders would otherwise receive in cash; or
- (iii) partly cash dividend and partly Scrip Dividend Shares.

For the purpose of calculating the number of Scrip Dividend Shares to be allotted, the market value of a Scrip Dividend Share has been set at HK\$2.825, which is equivalent to the average closing prices of one Share on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) for the five trading days during the period 14th January, 2005 to 20th January, 2005 on which such price is available (“Average Closing Price”). Accordingly, the number of Scrip Dividend Shares which the shareholders (other than Overseas Shareholders) will receive, in respect of the existing Shares registered in their names as at the Record Date and for which elections to receive Scrip Dividend Shares are lodged with the Branch Registrars of the Company on or before 4:00 p.m. on Friday, 18th February, 2005, will be calculated as follows:

$$\begin{array}{rcl} \text{Number of Scrip} & \text{Number of existing Shares} & \text{HK\$0.02} \\ \text{Dividend Shares} = & \text{held on the Record Date} & \hline \text{to be received} & \text{for which election is made} & \text{HK\$2.825} \\ & \text{to receive Scrip Dividend Shares} & \text{(Average Closing Price)} \end{array} \times$$

The last day on which shareholders will be entitled to select their desired form of Interim Dividend is Friday, 18th February, 2005. The number of Scrip Dividend Shares to be received will be rounded down to the nearest whole number of Scrip Dividend Shares. Fractional entitlements to Scrip Dividend Shares in respect of alternatives (ii) and (iii) under the paragraph headed “Details of the Scrip Dividend Scheme” above will be aggregated and sold and the benefit thereof will accrue to the Company. The Scrip Dividend Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the existing Shares except that they shall not rank for the Interim Dividend.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give shareholders the opportunity to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also be to the advantage of the Company because, to the extent that shareholders elect to receive Scrip Dividend Shares, in whole or in part in lieu of the cash dividend, such cash as would otherwise have been paid to shareholders will be retained for use as working capital by the Company.

FORM OF ELECTION

Shareholders (other than Overseas Shareholders) may make the following election with regard to the Interim Dividend:

- (A) to receive the Interim Dividend wholly in cash: in this case you do not need to take any action; or
- (B) to receive an allotment and issue of Scrip Dividend Shares in lieu of the cash dividend in whole, or partly cash and partly Scrip Dividend Shares: in this case you should complete the enclosed form of election for such election (“Form of Election”).

If you complete the Form of Election but do not specify the number of Shares in respect of which you wish to receive Scrip Dividend Shares, or if you elect to receive Scrip Dividend Shares in respect of a greater number of Shares than your registered shareholding on the Record Date, you will be deemed to have exercised your election to receive Scrip Dividend Shares in respect of all the Shares of which you were then registered as the holder in lieu of cash dividend.

If you do not complete and return the enclosed Form of Election, you will receive the whole of your Interim Dividend in cash.

Forms of Election should be completed in accordance with the instructions printed thereon and returned so that they are received by the Branch Registrars of the Company, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on Friday, 18th February, 2005. No acknowledgement of receipt of the Form of Election will be issued.

OVERSEAS SHAREHOLDERS

It is the responsibility of any shareholder wishing to join the Scrip Dividend Scheme to satisfy themselves as to the full observance of the laws of any relevant jurisdiction, including obtaining any governmental or other consents who may be required. Neither this circular, the Form of Election nor the Scrip Dividend Shares will be registered or filed under the securities laws or equivalent legislation of any jurisdiction. In this respect, the Directors have exercised their discretion under the Bye-Laws of the Company that no shareholders whose registered address as shown on the Register of Members as at the Record Date is outside Hong Kong (“Overseas Shareholders”) will be permitted to participate

in the Scrip Dividend Scheme and accordingly they will receive the Interim Dividend wholly in cash. No Forms of Election will be sent to such Overseas Shareholders and no person receiving in any territory outside Hong Kong a copy of this circular and/or the Form of Election may treat the same as an invitation to him/her.

LISTING AND DEALINGS

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Scrip Dividend Shares. Application has been made to the Stock Exchange for the grant of listing of, and permission to deal in, the Scrip Dividend Shares. It is expected that share certificates and cheques for cash entitlements will be posted at the risk of those entitled to their respective registered address on or about 1st March, 2005. On this basis, the Scrip Dividend Shares are expected to commence trading after the due dispatch of the share certificates for the Scrip Dividend Shares to the relevant shareholders. In the unlikely event that the Scrip Dividend Shares are not admitted to listing before 1st March, 2005, the Form of Election will be disregarded and the full cash dividend will be paid in the way described above.

Dealings in the Scrip Dividend Shares may be settled through the Central Clearing and Settlement System and you should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your right and interests.

GENERAL

Whether or not it is to your advantage to receive the Interim Dividend in whole or in part in the form of Scrip Dividend Shares or in cash, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom are the responsibility of each shareholder. If you are in any doubt as to what to do, you should consult licensed securities dealers, bank manager, solicitors, professional accountants or other professional advisers.

Shareholders should note that the Scrip Dividend Shares may give rise to notification requirements under Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) for those shareholders who may have notifiable interests in the Company. Shareholders who are in doubt as to how these provisions may affect them are recommended to seek their own professional advice.

Yours faithfully,
For and on behalf of
Asia Orient Holdings Limited
FUNG SIU TO, CLEMENT
Chairman