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

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe securities.*



## **ASIA ORIENT HOLDINGS LIMITED**

**(滙漢控股有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 214)**

### **PROPOSED BONUS ISSUE OF WARRANTS**

**AND**

### **WHITEWASH WAIVER**

**Financial adviser**

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

On 18 July 2007, the Company announced the results of the Group for the year ended 31 March 2007 and on the same day, the Board proposed, subject to the satisfaction of the conditions below, the Bonus Issue of Warrants to Shareholders other than the Excluded Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one Warrant for every five Shares held on the Record Date. The Warrants will entitle the holders thereof to subscribe for new Shares at an initial Subscription Price of HK\$1.62 per Share in cash, subject to adjustment(s), at any time between the date of issue of the Warrants and a date falling on the first anniversary of the date of issue, both dates inclusive.

The Bonus Issue of Warrants is conditional upon (a) the passing of an ordinary resolution by the Shareholders at the SGM approving the issue of the Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants in accordance with the requirements of the Listing Rules; (b) the passing of an ordinary resolution by the Independent Shareholders at the SGM by way of poll to approve the Whitewash Waiver; (c) the Executive granting to the Concert Party Group the Whitewash Waiver; and (d) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

An application will be made by the Concert Party Group to the Executive for the Whitewash Waiver in connection with the exercise by any of them of the subscription rights under the Warrants, pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

An independent committee of the Board has been formed, comprising its independent non-executive Directors, to advise Independent Shareholders in respect of the Whitewash Waiver and what action they should take in response to it. An independent financial adviser will be appointed to advise the independent committee of the Board. An announcement will be made in respect of the appointment of the independent financial adviser as soon as practicable.

A circular containing the information required to be given to Shareholders under the Listing Rules and the Takeovers Code, including a notice of the SGM to approve the Bonus Issue of Warrants, the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants and the Whitewash Waiver, are being prepared and will be despatched to the Shareholders as soon as practicable.

## **PROPOSED BONUS ISSUE OF WARRANTS**

On 18 July 2007, the Company announced the results of the Group for the year ended 31 March 2007 and on the same day, the Board proposed, subject to the satisfaction of the conditions below, the Bonus Issue of Warrants to Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one Warrant for every five Shares held on the Record Date.

## THE SUBSCRIPTION PRICE

The Warrants will entitle the holders thereof to subscribe for new Shares at an initial Subscription Price of HK\$1.62 per Share in cash, subject to adjustment(s), at any time between the date of issue of the Warrants and a date falling on the first anniversary of the date of issue, both dates inclusive. Fractional entitlements to the Warrants will not be issued to the Shareholders. The Subscription Price is subject to adjustment(s) upon occurrence of usual adjustment events arising as a result of changes in the share capital of the Company including consolidation or sub-division of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company. Apart from the adjustments upon occurrence of the usual adjustment events, at the end of each six month period from the date of issue of the Warrants, the Subscription Price is subject to the Reset Adjustment whereby the Subscription Price will be adjusted to become the lower of (a) the then effective Subscription Price immediately preceding such Reset Adjustment; and (b) 95% of the average of the closing prices of each Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of such Reset Adjustment. The Subscription Price will also be subject to a final Reset Adjustment 10 Business Days before the date of expiration of the Warrants. Further announcements will be made upon adjustment of the Subscription Price.

The initial Subscription Price of HK\$1.62 represents:

- a discount of approximately 6% over the closing price of HK\$1.72 per Share as quoted on the Stock Exchange on 17 July 2007, the last trading day immediately prior to the date of approval of the proposed Bonus Issue of Warrants by the Board; and
- a discount of approximately 5% over the average closing price of HK\$1.70 per Share as quoted on the Stock Exchange for the five trading days ended on 17 July 2007 the last trading day immediately prior to the date of approval of the proposed Bonus Issue of Warrants by the Board.

On the basis of 578,576,347 Shares in issue (after the issue of 192,858,782 rights Shares on 30 July 2007 as announced by the Company on 13 June 2007 and disclosed in the circular of the Company dated 6 July 2007), and assuming no further Shares will be issued or repurchased by the Company on or before the Record Date, 115,715,269 Warrants are proposed to be issued. In the event that the Subscription Price is adjusted by the Reset Adjustment, the maximum number of proposed Warrants to be issued will not change.

The following table illustrates the change in the shareholding structure of the Company following the exercise of the subscription rights attaching to the Warrants (a) by the Concert Party Group in full only; and (b) by all the holders of the Warrants in full:

	<b>As at the date of this announcement (assuming completion of the Rights Issue and rights Shares allotted)</b>		<b>Immediately after conversion of the Warrants by Concert Party Group in full only (note)</b>		<b>Immediately after full conversion of the Warrants</b>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Concert Party Group	193,975,489	33.53	232,770,586	37.70	232,770,586	33.53
Others	<u>384,600,858</u>	<u>66.47</u>	<u>384,600,858</u>	<u>62.30</u>	<u>461,521,030</u>	<u>66.47</u>
Total	<u>578,576,347</u>	<u>100</u>	<u>617,371,444</u>	<u>100</u>	<u>694,291,616</u>	<u>100</u>

*Note:* Immediately after conversion of the Warrants by the Concert Party Group in full only, the public float of the Company will be approximately 49.10%.

## USE OF PROCEEDS

Upon full exercise of the 115,715,269 Warrants the Company will receive approximately HK\$187.5 million, before expenses and (assuming that the Subscription Price is not adjusted) issue 115,715,269 new Shares, representing approximately 20% of the issued share capital of the Company (after completion of the Rights Issue) and approximately 16.67% of the issued share capital of the Company (after completion of the Rights Issue) as enlarged by the issue of such Shares. Assuming that the number of Shares in issue remains unchanged prior to the date of issue of the Warrants, the 115,715,269 new Shares will represent approximately 20% of the issued share capital of the Company at the time of issue of the Warrants. As at the date of this announcement, the Company has not planned for any specific use of the proceeds from the Bonus Issue of Warrants other than applying the proceeds for general working capital of the Group.

## **RANKING OF THE SHARES TO BE ISSUED UPON EXERCISE OF THE WARRANTS**

Shares which may fall to be issued upon exercise of the Warrants will rank for any dividends and other distributions and, or, offers of further securities made by the Company, the record date for which is on or after the relevant subscription date and subject thereto, *pari passu* in all respects with the then existing issued Shares on the relevant subscription date. The Warrants will be transferable in whole amounts or integral multiples of the Subscription Price for the time being. No application will be made for the listing of the Warrants on the Stock Exchange or any other exchange. Application will be made to the Stock Exchange for listing of, and permission to deal in, the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

## **OVERSEAS SHAREHOLDERS**

Pursuant to Rule 13.36(2) of the Listing Rules, enquiry will be made by the Board in respect of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places for the Company to extend the Bonus Issue of Warrants to the Overseas Shareholders. If the Board is of the view that, after such enquiry, the exclusion of Overseas Shareholders is necessary or expedient on account of either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places, the Warrants will not be granted to the Excluded Shareholders, if any. In such circumstances, arrangements will be made for the Warrants which would otherwise have been issued to such Excluded Shareholders, if any, to be sold through a private matching service provided by the Company or its agent as soon as practicable, if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Excluded Shareholders, if any, *pro rata* to their respective shareholdings and remittances therefore will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100.00, in which case it will be retained for the benefit of the Company. Details in respect of any exclusion of Overseas Shareholders and the treatment for the Excluded Shareholders (if any) will be set out in the circular to be sent to the Shareholders. The Excluded Shareholders will be entitled to vote at the SGM on the resolution to approve the Bonus Issue of Warrants.

## **CONDITIONS TO THE BONUS ISSUE OF WARRANTS**

The Bonus Issue of Warrants is conditional upon:

- the passing of an ordinary resolution by the Shareholders at the SGM approving the issue of the Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants, in accordance with the requirements of the Listing Rules;
- the passing of an ordinary resolution by the Independent Shareholders at the SGM by way of poll to approve the Whitewash Waiver;
- the Executive granting to the Concert Party Group the Whitewash Waiver; and
- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

Save for the Bonus Issue of Warrants, the Company has no other outstanding equity securities which remain to be issued on exercise of any other subscription rights subject to Chapter 15 of the Listing Rules.

## **CLOSURE OF REGISTER**

The register of members of the Company will be closed from Wednesday, 29 August 2007 to Friday, 31 August 2007 (both dates inclusive) in order to establish entitlements of Shareholders to the Bonus Issue of Warrants, during which period no transfer of Shares will be registered. In order to qualify for the Bonus Issue of Warrants, Shareholders are reminded to ensure that all Share transfers, accompanied by the relevant certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investors Services Limited, situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 28 August 2007.

## **TAKEOVERS CODE IMPLICATIONS AND WHITEWASH WAIVER**

The Concert Party Group currently holds in aggregate 129,316,995 Shares representing approximately 33.53% of the total voting rights of the Company. Upon completion of the Rights Issue which is expected to take place on 30 July 2007, the Concert Party Group will hold in aggregate 193,975,489 Shares representing approximately 33.53% of the total voting rights of the Company. As set out in Note 10 to Rule 26.1 of the Takeovers Code, in general, the acquisition of warrants does not give rise to an obligation under Rule 26 of the Takeovers Code to make a general offer, but the exercise of any subscription rights will be considered to be an acquisition of voting rights for the purpose of Rule 26 of the Takeovers Code. Accordingly, the Bonus Issue of the Warrants will, in and of itself, not result in any Takeovers Code consequences prior to the exercise of the subscription rights under the Warrants.

Under Rule 26 of the Takeovers Code, the exercise of subscription rights attaching to the Warrants by a member of the Concert Party Group which results in an increase of the Concert Party Group's shareholding in the Company by more than 2% from the lowest percentage holding of the Concert Party Group in the 12 month period immediately preceding the exercise date, the Concert Party Group would ordinarily be obliged, as a result of that exercise of subscription rights, to make an unconditional cash offer to acquire all of the Shares other than those already owned by the Concert Party Group.

Based on the Company's issued share capital as at the date of this announcement and taking into account the 192,858,782 new Shares to be issued upon completion of the Rights Issue, if the subscription rights attaching to the Warrants were exercised in full as at the date of completion of the Rights Issue by the Concert Party Group only whilst none of the other holders of Warrants exercised the subscription rights attaching to the Warrants, the Concert Party Group's aggregate voting rights in the Company would increase by approximately 4.17%, from approximately 33.53% to approximately 37.70%. Therefore, in the absence of the Whitewash Waiver, the exercise by the Concert Party Group of the Warrants in full in these circumstances would require a general offer to be made for all the Shares other than those owned by the Concert Party Group. However, if all Shareholders exercised their subscription rights under the Warrants on the same day, the percentage of voting rights held by the Concert Party Group would not change and no general offer obligation would arise.

If the Whitewash Waiver is obtained, the exercise of subscription rights attaching to the Warrants in full by the Concert Party Group would not give rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code.

An application will be made by the Concert Party Group to the Executive for the Whitewash Waiver in connection with the exercise by any of them of the subscription rights attaching to the Warrants, pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. In the event the Whitewash Waiver is granted by the Executive, it will be subject to the approval of the Independent Shareholders on a vote taken by way of poll at the SGM. The Bonus Issue of Warrants described in this announcement is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

On 23 January 2007 and 24 January 2007, Mr. Poon Jing purchased 1,810,000 Shares in aggregate. On 14 February 2007, Mr. Poon Jing and Mr. Fung Siu To, Clement were issued scrip dividends of 2,221,406 Shares and 116,989 Shares, respectively. Upon completion of the Rights Issue, Mr. Poon Jing and Mr. Fung Siu To, Clement and their respective associates will be issued 64,658,494 new Shares. None of the members of the Concert Party Group has acquired any Shares in the six months prior to the date of this announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors (which would include informal discussions) in relation to the proposed Bonus Issue of Warrants, and the Company has not repurchased any Shares during that period.

## **REASON FOR THE BONUS ISSUE OF WARRANTS**

The Board believes that the Warrants will provide the Shareholders with the opportunity to participate further in the future growth of the Group through a security which is expected to be highly dependent on the movements in the price of the Shares. The Bonus Issue of Warrants will also strengthen the equity base of the Company and increase the Company's working capital if and when the subscription rights attaching to the Warrants are exercised.

It is intended that all the Shareholders should be given an opportunity through the Bonus Issue of Warrants to increase their equity interests in the Company whilst preserving their proportional shareholdings in the Company. In the absence of a Whitewash Waiver, the Concert Party Group could not practically exercise the subscription rights under the Warrants held by it without triggering an obligation to make a general offer under Rule 26 of the Takeovers Code, unless such exercise of subscription rights occurred together with the exercise by Independent Shareholder(s) in an amount such that the proportionate shareholding of the Concert Party Group did not increase by more than 2%. Whilst the proportionate shareholding of the Concert Party Group would remain unchanged if the subscription rights attaching to all the Warrants were exercised in full, the Board believes that if the

Whitewash Waiver is not granted, the Concert Party Group would be unfairly hindered from exercising subscription right under the Warrants held by it and would therefore be deprived of the opportunity to maintain its proportionate shareholding in the Company.

## **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.

## **GENERAL**

An independent committee of the Board has been formed, comprising its independent non-executive Directors (being Messrs. Cheung Kwok Wah, Ken, Hung Yat Ming and Wong Chi Keung), to advise Independent Shareholders in respect of the Whitewash Waiver and what action they should take in response to it. Due to possible conflicts of interest arising from the provision of legal and nominee services to the Company and companies controlled by Mr. Poon Jing, Mr. Chan Sze Hung, the non-executive Director, was not appointed a member of the independent committee of the Board. An independent financial adviser will be appointed to advise the independent committee of the Board. An announcement will be made in respect of the appointment of the independent financial adviser as soon as practicable.

A circular containing the information required to be given to Shareholders under the Listing Rules and the Takeovers Code, including a notice of the SGM to approve the Bonus Issue of Warrants, the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants and the Whitewash Waiver, are being prepared and will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

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

“acting in concert”	shall have the meaning ascribed to it by the Takeovers Code
“Asia Orient” or “Company”	Asia Orient Holdings Limited (stock code: 214), an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange, and the controlling shareholder of Asia Standard International

“Asia Standard Hotel”	Asia Standard Hotel Group Limited (stock code: 292), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange and a 67.03% subsidiary of Asia Standard International
“Asia Standard International”	Asia Standard International Group Limited (stock code: 129), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange, and the holding company of Asia Standard Hotel
“associate(s)”	has the meaning ascribed to it by the Listing Rules
“Board”	the board of the Directors
“Bonus Issue of Warrants”	the proposed issue of the Warrants on the basis of one Warrant for every five Shares held by the Shareholders, excluding the Excluded Shareholders, on the Record Date whose names appear on the register of members of the Company at the close of business on the Record Date
“Business Day”	a day (excluding Saturday, public holiday and any day which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Concert Party Group”	Shareholders acting in concert consisting of Mr. Poon Jing , Mr. Fung Siu To, Clement and companies controlled by any of them and parties acting in concert with any of them, excluding for this purpose the Company
“Director(s)”	director(s) of the Company
“Excluded Shareholder(s)”	Overseas Shareholder(s) who are excluded from the Bonus Issue of Warrants by the reason that the Directors, upon making enquiry, consider such exclusion to be necessary or expedient on account of either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than the Concert Party Group
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Overseas Shareholders”	Shareholder(s) whose address(es) as shown on the register of members of the Company at the close of business on the Record Date is(are) outside Hong Kong
“Record Date”	31 August 2007
“Reset Adjustment”	the adjustment to be made to the Subscription Price at the end of each six month period from the date of issue of the Warrants and 10 Business Days prior to the expiry of the Warrants whereby the Subscription Price will be adjusted to become the lower of (a) the then effective Subscription Price immediately preceding such Reset Adjustment; and (b) 95% of the average of the closing prices of each Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of such Reset Adjustment
“Rights Issue”	the issue by way of rights of 192,858,782 rights Shares by the Company on the basis of one rights Share for every two existing Shares as announced by the Company on 13 June 2007
“SFC”	Securities and Futures Commission of Hong Kong

“SGM”	the special general meeting of the Company to be convened by the Board for the purpose of approving the Bonus Issue of Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants by the Shareholders, and the Whitewash Waiver by the Independent Shareholders
“Share(s)”	ordinary shares of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$1.62 per Share (subject to adjustments) in respect of each Warrant
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Warrants”	the warrant(s) to be issued by the Company entitling the holder(s) thereof to subscribe, at any time from the date of issue until the first anniversary of the date of issue, for fully paid Shares at an initial Subscription Price of HK\$1.62 per Share (subject to adjustments)
“Whitewash Waiver”	a waiver by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Concert Party Group to make a mandatory general offer for all the Shares not already owned by it which would otherwise arise as a result of the exercise of the subscription rights falling under any Warrants held by the Concert Party Group

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

Hong Kong, 19 July 2007

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

*\* For identification purposes only*