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ASIA ORIENT HOLDINGS LIMITED

滙漢控股有限公司*

(Incorporated in the Bermuda with limited liability)

(Stock Code: 214)

**PROPOSED BONUS ISSUE OF WARRANTS
AND
WHITEWASH WAIVER**

Financial adviser

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

On 10 July 2008, the Board proposed, subject to the satisfaction of the conditions below, the Bonus Issue of Warrants to the Qualifying Shareholders on the basis of one Warrant for every five Shares held on the Record Date. Each Warrant will entitle the holders thereof to subscribe for one new Share at the Subscription Price at any time between the date of issue of the Warrants and the date immediately preceding the date falling on the first anniversary of the date of issue of the Warrants, both dates inclusive. The Subscription Price for the Warrants will be determined to be at a 5% premium to the average of the closing prices per Share for the three consecutive trading days immediately prior to and including the Record Date, subject to adjustment(s).

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 expiry of the outstanding Old Warrants on 6 September 2008; (c) the passing of an ordinary resolution by the Independent Shareholders at the SGM by way of poll to approve the Whitewash Waiver; (d) the Executive granting to the Concert Party Group the Whitewash Waiver; and (e) 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. None of the conditions above may be waived.

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.

An independent committee of the Board has been formed, comprising its independent non-executive Directors, to advise the Independent Shareholders in respect of the Whitewash Waiver and what action they should take in response to it. In connection therewith, VC Capital Limited has been appointed as independent financial advisor (whose appointment has been approved by the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders on the Whitewash Waiver.

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, is being prepared and will be despatched to the Shareholders as soon as practicable.

PROPOSED BONUS ISSUE OF WARRANTS

On 10 July 2008, the the Company announced the results of the Group for the year ended 31 March 2008 and on the same day, the Board proposed, subject to the satisfaction of the conditions below, the Bonus Issue of Warrants to the Qualifying Shareholders on the basis of one Warrant for every five Shares held on the Record Date. The proposed Bonus Issue of Warrants was also mentioned in the results announcement of the Company dated 10 July 2008 for the year ended 31 March 2008.

THE SUBSCRIPTION PRICE OF THE WARRANTS

Each Warrant will entitle the holders thereof to subscribe for one new Share at the Subscription Price at any time between the date of issue of the Warrants and the date immediately preceding the date falling on the first anniversary of the date of issue of the Warrants, both dates inclusive.

The Subscription Price for the Warrants will be determined to be at a 5% premium to the average of the closing prices per Share for the three consecutive trading days immediately prior to and including the Record Date, 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. The Subscription Price is determined taking into consideration, amongst other things, the past price performance of the Shares and to encourage exercise of the Warrants before expiry. The Directors consider that the Bonus Issue of Warrants, including the Subscription Price, is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Fractional entitlements to either the Warrants will not be issued to the Shareholders.

On the basis of 623,321,940 Shares in issue and assuming no further Shares will be issued or repurchased by the Company on or before the Record Date, 124,664,388 Warrants are proposed to be issued.

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:

	As at the date of this announcement		Immediately after conversion of the Warrants by the Concert Party Group in full only (note)		Immediately after full conversion of the Warrants	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Concert Party Group						
Mr. Poon Jing	235,446,930	37.77	282,536,316	42.00	282,536,316	37.77
Mr. Fung Siu To, Clement	<u>11,260,763</u>	<u>1.81</u>	<u>13,512,915</u>	<u>2.01</u>	<u>13,512,915</u>	<u>1.81</u>
Sub-total	246,707,693	39.58	296,049,231	44.01	296,049,231	39.58
Others						
A substantial Shareholder (note)	84,264,629	13.52	84,264,629	12.53	101,117,554	13.52
Public	<u>292,349,618</u>	<u>46.90</u>	<u>292,349,618</u>	<u>43.46</u>	<u>350,819,541</u>	<u>46.90</u>
Sub-total	<u>376,614,247</u>	<u>60.42</u>	<u>376,614,247</u>	<u>55.99</u>	<u>451,937,095</u>	<u>60.42</u>
Total	<u>623,321,940</u>	<u>100.00</u>	<u>672,663,478</u>	<u>100.00</u>	<u>747,986,326</u>	<u>100.00</u>

Note: As at the date of the announcement, according to the records of the Company, Dalton Investments LLC (“Dalton”), a substantial Shareholder of the Company holds 84,264,629 Shares, representing 13.52% of the Company’s issued Share capital.

As at the date of this announcement, 76,630,501 Old Warrants, none of which is held by the Concert Party Group, remain outstanding and are due to expire on 6 September 2008. The following table illustrates the change in the shareholding structure of the Company if the subscription rights to all the Old Warrants are exercised before the Record Date and 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:

	If conversion of all the Old Warrants before the Record Date		Immediately after conversion of the Warrants by the Concert Party Group in full only		Immediately after full conversion of the Warrants	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Concert Party Group						
Mr. Poon Jing	235,446,930	33.64	282,536,316	37.71	282,536,316	33.64
Mr. Fung Siu To, Clement	<u>11,260,763</u>	<u>1.61</u>	<u>13,512,915</u>	<u>1.80</u>	<u>13,512,915</u>	<u>1.61</u>
Sub-total	246,707,693	35.25	296,049,231	39.51	296,049,231	35.25
Others						
A substantial Shareholder (note)	100,982,608	14.43	100,982,608	13.48	121,179,129	14.43
Public	<u>352,262,140</u>	<u>50.32</u>	<u>352,262,140</u>	<u>47.01</u>	<u>422,714,568</u>	<u>50.32</u>
Sub-total	<u>453,244,748</u>	<u>64.75</u>	<u>453,244,748</u>	<u>60.49</u>	<u>543,893,697</u>	<u>64.75</u>
Total	<u><u>699,952,441</u></u>	<u><u>100.00</u></u>	<u><u>749,293,979</u></u>	<u><u>100.00</u></u>	<u><u>839,942,928</u></u>	<u><u>100.00</u></u>

Note: As at the date of the announcement, according to the records of the Company, Dalton holds 84,264,629 Shares and 16,717,979 Old Warrants, and if all the Old Warrants are converted before the Record Date, Dalton will be holding 14.43% of the Company's then issued Share capital.

USE OF PROCEEDS

For illustration purposes only and assuming that the Subscription Price is fixed at HK\$1.2075 (calculated on the basis of a 5% premium to the average of the closing prices per Share for the last three trading days immediately prior to and including the date of this announcement), on the basis of full exercise of the 124,664,388 Warrants, the Company will receive approximately HK\$150.5 million, before expenses and (assuming that the Subscription Price is not adjusted) issue 124,664,388 new Shares, representing approximately 20 % of the issued share capital of the Company and approximately 16.67 % of the issued share capital of the Company as enlarged by the issue of such 124,664,388 new Shares. The proceeds from the conversion of the Warrants will be used as 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 expiry of the outstanding Old Warrants on 6 September 2008;
- the passing of an ordinary resolution by the Independent Shareholders at the SGM by way of poll vote 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.

None of the conditions above may be waived. Save for the Old Warrants in issue 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. Further, the Company will comply with the requirement under Rule 15.02 (1) of the Listing Rules in respect of the Bonus Issue of Warrants.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Friday, 22 August 2008 to Tuesday, 26 August 2008 (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 registrars and transfer office 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 Thursday, 21 August 2008.

TAKEOVERS CODE IMPLICATIONS AND WHITEWASH WAIVER

The Concert Party Group currently holds in aggregate 246,707,693 Shares representing approximately 39.58% 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 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, if the exercise of subscription rights attaching to the Warrants by a member of the Concert Party Group results in an increase of the Concert Party Group's aggregate 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, if the subscription rights attaching to the Warrants were exercised in full by the Concert Party Group only whilst none of the other holders of the Warrants exercised the subscription rights attaching to the Warrants, the Concert Party Group's aggregate voting rights in the Company would increase by approximately 4.43 %, from approximately 39.58 % to approximately 44.01 %. 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, 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 25 January 2008, Mr. Poon Jing purchased 416,000 Shares in aggregate from the open market. Such purchase of Shares by Mr. Poon Jing was made prior to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the proposed Bonus Issue of Warrants and therefore does not constitute a disqualifying transaction under the Takeovers Code. Save as disclosed above, none of the members of the Concert Party Group has acquired any Shares in the six months prior to and including the date of this announcement and the Company has not repurchased any Shares during that period. The Concert Party Group will not, without the prior consent of the Executive, acquire or dispose of voting rights of the Company during the period between the date of this announcement and the date of issue of the Warrants.

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 rights attaching to 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. In connection therewith, VC Capital Limited has been appointed as independent financial advisor (whose appointment has been approved by the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders on the Whitewash Waiver. 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.

None of the Shareholders are required to abstain from voting at the SGM to approve the Bonus Issue of Warrants. The Concert Party Group is required to be abstained from voting at the SGM to approve the Whitewash Waiver.

As at the date of the announcement, there are 38,721,059 share options outstanding. Under the share options scheme of the Company, the proposed Bonus Issue of Warrants would not result in any adjustment on the existing exercise price of the share options granted.

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 Group Limited (stock code 129) which is the holding company of Asia Standard Hotel Group Limited (stock code 292)
“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 Qualifying Shareholders 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”	Mr. Poon Jing and the parties acting in concert with him, consisting of Mr. Fung Siu To, Clement and companies controlled by any of Mr. Poon Jing and Mr. Fung Siu To, Clement 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 and Shareholders who are interested in the Whitewash Waiver
“Independent Board Committee”	the independent committee of the Board comprising its independent non-executive Directors (being Messrs. Cheung Kwok Wah, Ken, Hung Yat Ming and Wong Chi Keung) formed to advise Independent Shareholders in respect of the Whitewash Waiver
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Old Warrant(s)”	the warrant(s) issued by the Company on 7 September 2007 and due to expire on 6 September 2008
“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

“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
“Qualifying Shareholders”	Shareholder(s) other than the Excluded Shareholders
“Record Date”	26 August 2008
“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 (a) 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 (b) 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”	the initial subscription price in respect of each of the Warrant, which is determined to be at a 5% premium to the average of the closing prices per Share for the three consecutive trading days immediately prior to and including the Record Date, 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.
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Warrant(s) ”	the warrant(s) to be issued by the Company entitling the holder(s) thereof (a) to subscribe, at any time between the date of issue and the date immediately preceding the date falling on the first anniversary of the date of issue of the Warrant(s) (both dates inclusive), for fully paid Shares at the Subscription Price
“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 attaching to any of the Warrants held by the Concert Party Group

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

Hong Kong, 15 July 2008

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.

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.

** For identification purposes only*