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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)

PLACING OF CONVERTIBLE BONDS

THE PLACING AGREEMENT

On 6 October 2011, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent agreed to place, on a best efforts basis during the Placing Period, to Independent Investors up to an aggregate principal amount of HK\$80,000,000 Convertible Bonds bearing an interest of 6.5% per annum attached with rights of conversion to a maximum of 72,727,272 Conversion Shares at an initial Conversion Price of HK\$1.10 per Conversion Share, subject to customary adjustments on the change of capital structure of the Company.

The 72,727,272 Conversion Shares allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds in full represent approximately 10.18 % of the issued share capital of the Company as at the date of this announcement and approximately 9.24 % of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Assuming that all the Convertible Bonds are successfully placed, the net proceeds from the Placing would amount to approximately HK\$78.6 million which will be used by the Company to repay borrowings of the Group.

INTRODUCTION

The Board is pleased to announce that the Company and the Placing Agent entered into the Placing Agreement on 6 October 2011, pursuant to which the Placing Agent agreed to place, on a best efforts basis during the Placing Period, to Independent Investors up to an aggregate principal amount of HK\$80,000,000 Convertible Bonds bearing an interest of 6.5% per annum and attached with rights of conversion to a maximum of 72,727,272 Conversion Shares at an initial Conversion Price of HK\$1.10 per Conversion Share, subject to customary adjustments on the change of capital structure of the Company.

THE PLACING AGREEMENT

Under the Placing Agreement, the Placing Agent has agreed to be appointed as placing agent to procure, on a best efforts basis, subscribers for the Convertible Bonds.

Date:	6 October 2011.
Issuer:	The Company.
Principal Amount:	Up to HK\$80,000,000.
Placing Period:	From 6 October 2011 to 5 November 2011 (both dates inclusive).
Denomination of the Convertible Bonds:	In the principal amount of HK\$500,000 each.
Placing price:	100% of the principal amount.
Interest:	6.5% per annum payable in arrears at the end of each six-month period during the term of the Convertible Bonds.
Number of Conversion Shares:	Up to a maximum of 72,727,272 Conversion Shares will be issued and allotted upon the exercise of the conversion rights attached to the Convertible Bonds in full based on an initial Conversion Price of HK\$1.10 per Conversion Share, representing approximately 10.18% of the issued share capital of the Company as at the date of this announcement and approximately 9.24% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The Conversion Shares allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds will be issued and credited as fully paid up, rank *pari passu* in all respects with the existing Shares in issue as at the date of conversion, include the right to receive all dividends and distributions which may be declared made or paid after the date of conversion, and are free and clear of all liens, encumbrances, equities or other third party rights.

Conversion Price:

HK\$1.10 per Conversion Share, which was agreed after arm's length negotiations between the Company and the Placing Agent after taking into account the prevailing market prices, represents:

- (a) a premium of approximately 2.8% to the closing price of HK\$1.07 per Share as quoted on the Stock Exchange on the date of this announcement;
- (b) a discount of approximately 4.5% to the average closing price of approximately HK\$1.15 per Share as quoted on the Stock Exchange for the last five trading days of the Shares up to and including the date of this announcement; and
- (c) a discount of approximately 8.7% to the average closing price of approximately HK\$1.21 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares up to and including the date of this announcement.

Assuming that all the Convertible Bonds are successfully placed, the net Conversion Price, after taking into account the placing commission and related expenses of the Placing but before any adjustments will be HK\$1.08 per Conversion Share.

**Adjustments to the
Conversion Price:**

The initial Conversion Price of HK\$1.10 per Conversion Share is subject to adjustments upon the occurrence of the following events:

- (a) any alteration to the nominal value of the Shares as a result of consolidation or subdivision;
- (b) issue of Shares by way of capitalisation of profits or reserves (other than Shares issued in lieu of a cash dividend);
- (c) capital distribution to Shareholders;
- (d) rights issue of Shares or options, warrants or other rights to subscribe for or purchase Shares at less than 90% of the then current market price per Share;
- (e) rights issue of other securities of the Company (other than Shares or options, warrants or other rights to subscribe for or purchase Shares);
- (f) issues for cash of Shares or options, warrants or other rights to subscribe for or purchase Shares at less than 90% of the then current market price per Share;
- (g) issues for cash of any securities carrying rights of conversion into, or exchange or subscription for Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 90% of the then current market price per Share;
- (h) where there is any modification made to the rights of conversion, exchange or subscription attached to any such securities issued under sub-paragraph (g) above so that the consideration per Share is less than 90% of the current market price per Share;

- (i) offer of securities in connection with which Shareholders generally (meaning for this purpose holders of at least 70% of the Shares outstanding at the time such offer is made) are entitled to participate whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under sub-paragraph (d) or (e) above); and
- (j) if the Company determines that any adjustment should be made to the Conversion Price as a result of one or more events not referred to in sub-paragraphs (a) to (i) above, the Company shall request its auditors or a financial adviser or a merchant bank to determine what adjustment, if any, to the Conversion Price is fair and reasonable.

No adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered or granted to employees (including Directors) of the Company, its subsidiaries or associated company pursuant to any share option scheme of the Company or any other grantees under such share option scheme.

- Maturity Date:** The third anniversary from the date of issue of the Convertible Bonds.
- Redemption:** Unless previously purchased or converted into Conversion Shares, the Company shall redeem the outstanding principal amount of the Convertible Bonds on the Maturity Date. The redemption price will be 100% of the principal amount.
- Early Redemption:** Early redemption of the Convertible Bonds is not allowed. All Convertible Bonds not converted prior to the Maturity Date may only be redeemed on the Maturity Date.

Right to purchase: The Company or any of its subsidiaries shall have the right at any time and from time to time purchase any of the Convertible Bonds at any price as shall be agreed between the buyer and the holder of the Convertible Bonds, whether by way of private agreement or in the open market or by any other means.

Placing Agent: To the best of the knowledge, information and belief of the Directors after having all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of the Company and its connected persons.

Placing Commission: The Placing Agent will receive a placing commission of 1.5% on the principal amount of the Convertible Bonds actually placed by the Placing Agent. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rates.

Placees: The Convertible Bonds will be placed to not less than six placees, who shall be investors independent of and not connected with the Company and its connected person and not acting in concert with any of them. The Placing Agent will take reasonable steps to ensure that the Placees will not become substantial shareholders of the Company upon the completion of the Placing.

Conditions: The Placing is conditional upon the fulfillment of the following conditions:

- (a) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares which fall to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds;
- (b) the Deed Poll having been executed by the Company on or before Completion; and

(c) none of the warranties contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the Placing Agreement would have otherwise become unconditional and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of the warranties untrue or inaccurate in any material respect if it was repeated as at Completion.

If the conditions above are not fulfilled on or before 5 November 2011 (or such later date as may be agreed by the Company and the Placing Agent), the Placing Agreement will lapse and become null and void and the parties to the Placing Agreement shall be released from all obligations under the Placing Agreement, save the liabilities for any antecedent breaches of the Placing Agreement.

Completion:

Within three Business Days after all the conditions set out above have been fulfilled or the Placing Agent has waived the condition (c) above, or such later date as agreed by the Company and the Placing Agent.

Transfer

The Convertible Bonds are freely transferable in denominations of the principal amount of HK\$500,000.

To the extent that it is aware, the Company will notify the Stock Exchange of any dealings in the Convertible Bonds by any connected person(s) of the Company.

Application will be made to the Stock Exchange for granting the listing of, and permission to deal in, the Conversion Shares that fall to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds. The Conversion Shares will be issued under the General Mandate which is sufficient to cover all the Conversion Shares to be allotted and issued on the conversion of the Convertible Bonds in full, taking into account of the possible adjustments on the Conversion Price. Pursuant to the General Mandate, the Directors are authorised to allot, issue and deal with up to 142,486,344 Shares and the Company has not issued any Shares under the General Mandate before the Placing. Assuming that all the Convertible Bonds are successfully placed and converted into 72,727,272 Conversion Shares based on the initial Conversion Price of HK\$1.10, the Directors may issue up to 69,759,072 Shares under the General Mandate after the Placing.

The Company will make an announcement on the results of the Placing upon the Completion.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the simplified shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon the conversion of the Convertible Bonds in full at the initial Conversion Price, on the assumption that there is no change to the issued share capital of the Company save for the conversion of the Convertible Bonds and no adjustments to the Conversion Price:

Shareholder	As at the date of this announcement		Immediately after conversion of the Convertible Bonds in full	
	Number of Shares	%	Number of Shares	%
Mr. Poon Jing (<i>note 1</i>)	332,413,412	46.55	332,413,412	42.24
Mr. Fung Siu To, Clement (<i>note 2</i>)	14,148,814	1.98	14,148,814	1.80
Subtotal	346,562,226	48.53	346,562,226	44.04
Others				
A substantial Shareholder (<i>note 3</i>)	121,467,993	17.01	121,467,993	15.44
Public	246,127,441	34.46	318,854,713	40.52
Subtotal	367,595,434	51.47	440,322,706	55.96
Total	714,157,660	100.00	786,884,932	100.00

Notes:

- (1) Mr. Poon Jing is the managing director, chief executive and an executive Director of the Company.
- (2) Mr. Fung Siu To, Clement is the chairman and an executive Director of the Company.
- (3) As shown in the register of members of the Company as at the date of this announcement, Dalton Investments LLC, a substantial shareholder of the Company, holds 121,467,993 Shares, representing approximately 17.01% of the total issued share capital of the Company. Dalton Investment LLC has not nominated any Directors to the Board.

INFORMATION ABOUT THE GROUP

The Company 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.

REASONS FOR AND BENEFITS OF THE PLACING

The Directors believe that the Placing will offer an effective way for the Company to raise further funding in a timely manner and enlarge the investor base of the Company, thereby strengthening the financial position of the Group. Furthermore, the three years tenor of the Convertible Bonds of which the proceeds is used to repay the Group's existing short term borrowings, will significantly improve the maturity profile of the Group's existing borrowings as a whole. In addition, to the extent that the Convertible Bonds are converted into Shares, the Company will be able to raise additional fund in the form of equity capital at a Conversion Price higher than the price (which will usually be at a discount to prevailing market price) if a placement of shares is pursued instead, hence the issue of the Convertible Bonds is potentially less dilutive than a placement of shares.

The Directors believe that the terms of the Placing Agreement (including the adjustment mechanism and the commission payable to the Placing Agent) are fair and reasonable so far as the Shareholders are concerned, and that the Placing is in the interests of the Company and the Shareholders as a whole.

Assuming that all the Convertible Bonds are successfully placed, the net proceeds from the Placing would amount to approximately HK\$78.6 million which will be applied by the Company towards repayment of borrowings of the Group.

FUND RAISING ACTIVITIES BY THE COMPANY ON ISSUE OF EQUITY SECURITIES IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

There have not been any fund raising activities of the Company in the 12 months immediately preceding the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“acting in concert”	has the same meaning ascribed to it under the Hong Kong Code on Takeovers and Mergers
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business in Hong Kong
“Company”	Asia Orient Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued Shares (stock code: 214) of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Placing
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“Conversion Price”	HK\$1.10 per Conversion Share, subject to adjustments
“Conversion Shares”	Shares to be issued upon the conversion of the Convertible Bonds
“Convertible Bonds”	the convertible bonds up to an aggregate principal amount of HK\$80,000,000 constituted by the Deed Poll, to be issued by the Company pursuant to the terms of the Placing Agreement
“Deed Poll”	the deed poll constituting the Convertible Bonds to be executed by the Company
“Directors”	directors of the Company

“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 25 August 2011, among other things, to allot, issue and deal with up to 142,486,344 Shares, being 20% of the issued share capital of the Company as at the date of passing of the relevant resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Investors”	investors who are independent of and not connected with the Company or any of its connected persons and not acting in concert with any of them
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the third anniversary from the date of issue of the Convertible Bonds
“Placing”	the offer by way of placing of the Convertible Bonds by or on behalf of the Placing Agent to selected Independent Investors pursuant to the Placing Agreement
“Placing Agent”	Get Nice Securities Limited
“Placing Agreement”	the conditional agreement dated 6 October 2011 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Period”	the period commencing from the execution of the Placing Agreement and ending at 5:00 p.m. on 5 November 2011 or such longer period as may be agreed between the Company and the Placing Agent in writing
“Share(s)”	ordinary shares of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

On behalf of the board of directors of
ASIA ORIENT HOLDINGS LIMITED

Tung Kwok Lui
Company Secretary

Hong Kong, 6 October 2011

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, Mr. Hung Yat Ming and Mr. Wong Chi Keung.

* *For identification purposes only*