

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



# ASIA ORIENT HOLDINGS LIMITED

( 滙漢 控 股 有 限 公 司 ) \*

(Incorporated in Bermuda with limited liability)

Stock Code: 214

## Discloseable transaction Acquisition of a 9.6% effective interest in a commercial property development in Beijing

Financial adviser

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

The Directors of the Company announce that through the acquisition of the entire issued share capital and outstanding shareholder's loan of Upper Level Investments by Asia Orient (BVI), the Company has acquired 48% of the shareholding in Honour Ahead which in turn holds 20% of the registered capital of Equity Joint Venture Company, resulting in the Company acquiring an effective 9.6% interest in the Equity Joint Venture Company which business is the development of a site located at Zone C of Nanying Fang Wei Gai Area, Chaoyang District, Beijing, PRC. The total consideration for the acquisition is HK\$101 million in cash, which will be financed from the internal resources of the Group.

This transaction is a discloseable transaction under the Listing Rules which requires a circular containing details of the transaction to be sent to shareholders. This circular will be despatched to shareholders as soon as practicable.

### The Sale and Purchase Agreement

The Directors of the Company announced on 5 June 2006 that Asia Orient (BVI) has entered into the Sale and Purchase Agreement whereby the Company has acquired 48% of the shareholding in Honour Ahead which in turn holds 20% of the registered capital of Equity Joint Venture Company, resulting in the Company acquiring an effective 9.6% interest in the Equity Joint Venture Company which business is the development of the Property.

Details of the Sale and Purchase Agreement are set out below:

<b>Date</b>	30 May 2006
<b>Parties</b>	(1) The Vendor, as vendor (2) Asia Orient (BVI), as purchaser
<b>Interest to be acquired</b>	the entire issued share capital and outstanding shareholder's loan of Upper Level Investments
<b>Consideration</b>	HK\$101 million
<b>Terms of payment</b>	the consideration is payable in one lump sum in cash within thirty days of the date of the Sale and Purchase Agreement
<b>Post completion undertaking of the Vendor</b>	in the event that the Property is not validly and legally transferred to the Equity Joint Venture Company within eighteen months of the date of the Sale and Purchase Agreement, Asia Orient (BVI) has the right to require the Vendor to repurchase its investment in Upper Level Investments at its original cost together with accrued interest

The Vendor is an individual and an independent third party who is the controlling shareholder of Upper Level Investments.

\* For identification only

### **Basis of determination of the consideration**

The consideration of HK\$101 million was arrived at after arm's length negotiations between the Vendor and Asia Orient (BVI), and represents approximately HK\$5.8 million in outstanding shareholder's loan and the balance of approximately HK\$95.2 million to acquire the entire issued share capital of Upper Level Investments. It will be funded by internal financial resources of the Group. The consideration was calculated on the basis of the share of the net asset value of the Equity Joint Venture adjusted for the Property's market value of HK\$1,330,000,000 assessed by an independent professional property valuer. The consideration (less the amount of shareholder's loan outstanding of approximately HK\$5.8 million) represents a discount of approximately 2.2% to the net asset value adjusted for the Property's market value attributable to the effective 9.6% interest acquired by Asia Orient (BVI) (approximately HK\$97.3 million).

Based on the unaudited management accounts of the Equity Joint Venture Company as at 30 April, 2006, the net asset value of the Equity Joint Venture Company (before taking into account the revaluation surplus of the Property) amounted to approximately RMB64.0 million (equivalent to approximately HK\$61.9 million).

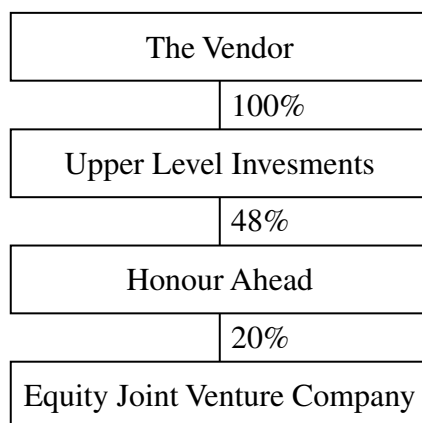
### **Conditions of the Sale and Purchase Agreement**

The completion of the Sale and Purchase Agreement is subject to, inter alia, the following conditions:

- (1) the issue of a PRC legal opinion in respect of, inter alia,:
  - (i) the due establishment and subsistence of the Equity Joint Venture Company under the PRC laws;
  - (ii) the validity and subsistence of the Equity Joint Venture Agreement;
  - (iii) the validity and subsistence of the Land Transfer Agreements, together with a confirmation that the Property can be transferred and, or assigned to the Equity Joint Venture Company free from all encumbrances;
  - (iv) the due approval of the approval plans in respect of the Property by the relevant authorities in the PRC; and
  - (v) the issue of all other relevant approvals, permits and consents for the development of the Property and the carrying on of the business of the Equity Joint Venture Company by the relevant authorities in the PRC.
- (2) the issue of a legal opinion by a firm of lawyers practising the laws of Seychelles confirming the due establishment and subsistence of the Upper Level Investments and that Upper Level Investments is duly permitted under the laws of Seychelles to become the registered and beneficial owner of 48% of the entire issued share capital of Honour Ahead; and
- (3) the issue of a legal opinion by a firm of lawyers practising the laws of the British Virgin Islands confirming the due establishment and subsistence of Honour Ahead and that Honour Ahead is duly permitted under the laws of the British Virgin Islands to become the registered and beneficial owner of 20% of the registered capital of the Equity Joint Venture Company.

### **Ownership structure of the Equity Joint Venture Company**

The chart below illustrates the current shareholding structure in the Equity Joint Venture Company:



To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor, the other shareholder of Honour Ahead and its ultimate beneficial owner and all the parties to the Equity Joint Venture Agreement and their ultimate beneficial owners are independent third parties and are not associated with the Company, its chief executive, its directors, substantial shareholders or any party associated with any of them, as defined by the Listing Rules.

There are no contractual obligations which require either Upper Level Investments or Honour Ahead to advance additional finance to the Equity Joint Venture Company.

### **The Property and the Commercial Building**

The sole asset of the Equity Joint Venture Company is the benefit of, in and under the Land Transfer Agreements, under which the Equity Joint Venture Company has the right to develop the Property. As the Developer is the legal owner of Nanying Fang Wei Gai Area on which the Property is located, the Property is presently registered in the name of the Developer. However, according to the legal opinion dated 23 May, 2006 issued by a PRC law firm to the Company and the Equity Joint Venture Company, the Equity Joint Venture Company is in possession of the beneficial ownership in the Property and the right to develop the Property. The PRC lawyers have reviewed the relevant legal documents provided by the Equity Joint Venture Company and all relevant parties including PRC government authorities and opined that a new land use rights certificate will be issued by the relevant PRC government authorities in accordance with the PRC laws and regulations and upon completion of the relevant legal procedures.

The Developer is currently constructing the Commercial Building on behalf of the Company. It is expected that the construction will be completed in or around the fourth quarter of 2007. The Commercial Building is targeted to be occupied by both local and overseas enterprises and up-market shops selling prestigious domestic branded products. Pre-sales consent has been obtained but pre-sales have not commenced. Presently the basement levels have been substantially completed. Work on the superstructure is anticipated to commence shortly afterwards. It is currently intended that construction cost will be financed through bank loans of the Equity Joint Venture Company and, or, proceeds from pre-sales of the Commercial Building.

### **Reasons for, and benefits, of the acquisition**

The Directors consider that the property market in the PRC has good potential to grow. The Commercial Building is located on Chaoyang District, which is a prime location in Beijing. The Property is in the process of being developed and site foundation works have been nearly completed. Accordingly, the Company can avoid the uncertainties associated with the negotiations with relevant government authorities and the existing tenants in respect of among other things, demolition of buildings and clearance of the site and compensation payable to the tenants for relocation. In addition, pre-sale consent has already been obtained and it is expected that the Equity Joint Venture Company can start to sell the units in the Commercial Building in the near future. It is the current intention of the Equity Joint Venture Company to sell all the units in the Commercial Building.

The Directors believe that the terms of transaction are fair and reasonable and are in the interests of the shareholders of the Company as a whole.

### **Information on the Company**

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.

### **Information on Upper Level Investments and Honour Ahead**

Upper Level Investments is an investment holding company. Its sole asset is its holding of 48% of the entire issued share capital of Honour Ahead.

Honour Ahead is an investment holding company. Its sole asset is its holding of 20% of the registered capital of the Equity Joint Venture Company.

### **Directors**

At the date of this announcement, the board of Directors comprises nine Directors, of which five are executive Directors, namely Mr. Clement Fung Siu To, Dr. Lim Yin Cheng, Mr. Poon Jing, Mr. Lun Pui Kan and Mr. Phileas Kwan Po Lam; one is non-executive Director, namely Mr. Chan Sze Hung; and three are independent non-executive Directors, namely Mr. Ken Cheung Kwok Wah, Mr. Hung Yat Ming and Mr. Wong Chi Keung.

### **General**

A circular in compliance with the Listing Rules is being prepared and will be despatched to shareholders as soon as practicable.

### **Definition**

In this announcement the following words have the following meanings unless the context requires otherwise:

“Asia Orient (BVI)”	Asia Orient Holdings (BVI) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Commercial Building”	the commercial building to be built on the Property, which will comprise a 12 storey, single block over a three level basement covering a total gross floor area of approximately 63,700 square meters
“Company”	Asia Orient Holdings Limited, a company whose securities are listed on the Stock Exchange
“Developer”	an independent third party which is the developer of the Nanying Fang Wei Gai Area
“Directors”	Directors of the Company

“Equity Joint Venture Company”	北京雅寶房地產開發有限公司 (Beijing Yabao Real Estate Development Company Limited*), an equity joint venture company established under the laws of the PRC
“Equity Joint Venture Agreement”	A sino-foreign co-operative agreement entered into on 8th August, 2003 by Honour Ahead and two other shareholders as varied by a supplemental agreement dated 25th March, 2005 entered into by the same parties in addition to another new shareholder whereby the parties agreed to develop the Property
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Honour Ahead”	Honour Ahead Limited, a company incorporated in the British Virgin Islands which has a 20% of the registered capital of the Equity Joint Venture Company
“Land Transfer Agreements”	the land transfer agreements under which the legal ownership of the Property will be transferred to the Equity Joint Venture Company
“PRC”	The People’s Republic of China, excluding for the purposes of this announcement, Hong Kong and Macau
“Property”	a site measuring approximately 8,400 square meters located at Zone C of Nanying Fang Wei Gai Area, Chaoyang District, Beijing, PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 30 May, 2006 entered into between the Vendor and Asian Orient (BVI)
“Upper Level Investments”	Upper Level Investments Limited, a company incorporated in the Seychelles which holds a 48% shareholding interest in Honour Ahead
“Vendor”	the holder of the one issued ordinary share in the capital of Upper Level Investments

By order of the board  
**Asia Orient Holdings Limited**  
**Lim Yin Cheng**  
*Deputy Chairman*

Hong Kong, 5 June, 2006

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the extent 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 statements in this announcement misleading.*