
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Asia Orient Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to Asia Orient Holdings Limited. The Directors of Asia Orient Holdings Limited collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

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ASIA ORIENT HOLDINGS LIMITED

(滙漢 控 股 有 限 公 司) *

(incorporated in Bermuda with limited liability)

(Stock Code: 00214)

ADOPTION OF NEW SHARE OPTION SCHEME

BY

ASIA STANDARD INTERNATIONAL GROUP LIMITED

(泛 海 國 際 集 團 有 限 公 司) *

A SUBSIDIARY

A letter from the Board of Directors of Asia Orient Holdings Limited is set out on pages 4 to 8 of this circular.

A notice convening a special general meeting of Asia Orient Holdings Limited to be held on 27 August 2004 (Friday) at Basement 2, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong at 11:00 a.m. (or immediately after the annual general meeting of Asia Orient Holdings Limited to be held at 10:45 a.m. on the same day) is set out on pages 19 to 20 of this circular.

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are not able to attend such meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal office of Asia Orient Holdings Limited in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

11 August 2004

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DEFINITIONS

In this circular, unless the content otherwise requires, the following expressions have the following meanings:

“AS AGM”	the annual general meeting of Asia Standard to be held on 27 August 2004 to approve, inter alia, the AS Scheme
“AS Board”	the board of directors of Asia Standard
“AS Group”	Asia Standard and its Subsidiaries
“AS Scheme”	the new share option scheme of Asia Standard proposed to be approved and adopted by the AS Shareholders at the AS AGM, a summary of the principal terms of which is set out in the Appendix to this circular
“AS Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Asia Standard
“AS Shareholders”	holders of AS Shares
“Asia Standard”	Asia Standard International Group Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange and a 52.8% direct subsidiary of the Company
“Board”	the board of Directors
“Company”	Asia Orient Holdings Limited
“Directors”	the directors of the Company
“Eligible Participants”	any persons who satisfy the eligibility criteria for participating in the AS Scheme as set out in the AS Scheme
“Grantee”	any Eligible Participant who accepts an offer in accordance with the terms of the AS Scheme or, where the context so permits, a legal personal representative entitled to any such Options in consequence of the death of the original Grantee(s)
“Group”	the Company and its Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which Asia Standard or any of its Subsidiaries holds any interest

DEFINITIONS

“Latest Practicable Date”	9 August 2004, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice of SGM”	the notice convening the SGM as set out on pages 19 to 20 of this circular
“Option”	share option(s) to subscribe for new AS Shares granted pursuant to the AS Scheme
“Option Period”	the period within which the AS Shares must be taken up, as determined and notified by the AS Board to the Grantee;
“SGM”	the special general meeting of the Company to be held at Basement 2, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on 27 August 2004 (Friday) at 11:00 a.m. (or immediately following the annual general meeting of the Company to be held at 10:45 a.m. on the same day)
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	in relation to the Company or Asia Standard, a company which is for the time being and from time to time its subsidiary (within the meaning of the Companies Ordinance and Section 86 of the Companies Act 1981 of Bermuda (as amended)), whether incorporated in Hong Kong or elsewhere, and “ Subsidiaries ” shall be construed accordingly
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Triggering Event”	(a) in respect of the Grantee being a director or employee of Asia Standard, a termination of his employment on the grounds that (i) he has been guilty of persistent or serious misconduct; or (ii) he appears either to be unable to pay or to have no reasonable prospect of being able to pay debts; or (iii) he has committed any act of bankruptcy or has become bankrupt or insolvent or has made any arrangement or composition with his creditors generally; or (iv) he has been convicted of any criminal offence (other than an offence which in the opinion of the AS Board does not bring the Grantee or the AS Group into disrepute); or

DEFINITIONS

- (b) in respect of the Grantee being a consultant, the expiration or termination of his contract of engagement as consultant, whether in accordance with its terms, by agreement between the parties thereto, due to the default of any party thereto or otherwise

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

LETTER FROM THE BOARD



ASIA ORIENT HOLDINGS LIMITED

(滙漢控股有限公司) *

(incorporated in Bermuda with limited liability)

(Stock Code: 00214)

Directors:—

Mr. Fung Siu To, Clement
Mr. Lim Yin Cheng
Mr. Poon Jing
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas

Registered Office:—

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Independent non-executive Directors:—

Mr. Chan Sze Hung
Mr. Cheung Kwok Wah, Ken

Principal Office in Hong Kong:—

30th Floor
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai, Hong Kong

11 August 2004

To the Shareholders

Dear Sirs,

**ADOPTION OF NEW SHARE OPTION SCHEME
BY
ASIA STANDARD INTERNATIONAL GROUP LIMITED
(泛海國際集團有限公司) *
A SUBSIDIARY**

INTRODUCTION

On 30 July 2004, Asia Standard, a 52.8% direct subsidiary of the Company, issued a circular to the AS Shareholders containing, among other things, a proposal for the adoption of the AS Scheme and a notice of the AS AGM to approve, inter alia, the adoption of the AS Scheme.

The purpose of this circular is to give you information regarding the AS Scheme and the Notice of SGM at which an ordinary resolution will be proposed to approve the AS Scheme.

* For identification purpose only

LETTER FROM THE BOARD

ADOPTION OF THE AS SCHEME

(1) General

At the SGM, an ordinary resolution will be proposed for the Company to approve the adoption of the AS Scheme as the new share option scheme of Asia Standard pursuant to which the Eligible Participants may be granted Options to subscribe for AS Shares upon and subject to the terms and conditions of the provisions of the AS Scheme.

A summary of the principal terms of the AS Scheme proposed to be approved by the Company at the SGM is set out in the Appendix to this circular. A copy of the rules of the AS Scheme will be available for inspection at the principal office of the Company at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong during normal business hours from the date of this circular up to and including 27 August 2004 and at the SGM.

On 23 December 1991, Asia Standard adopted a share option scheme (the “**Old AS Scheme**”). Pursuant to the Old AS Scheme, options to subscribe for an aggregate of up to 10% of the issued share capital of Asia Standard from time to time could be granted and accordingly Asia Standard has granted options to subscribe for a total of 2,950,000 AS Shares under the Old AS Scheme to the eligible grantees, of which:–

- (a) options to subscribe for 1,200,000 AS Shares were exercised; and
- (b) options to subscribe for 1,750,000 AS Shares remained outstanding and the exercisable period of such options to subscribe for 1,750,000 AS Shares will expire on 27 March 2005.

The Old AS Scheme expired on 22 January 2002. There is no other share option scheme of Asia Standard apart from the Old AS Scheme.

The AS Scheme is conditional upon (a) the passing of an ordinary resolution at the SGM of the Company approving the AS Scheme; (b) the passing of an ordinary resolution at the AS AGM approving the adoption of the AS Scheme; and (c) the Stock Exchange granting the approval for the listing of, and permission to deal in, the new AS Shares which may be issued upon the exercise of Options to be granted under the AS Scheme.

(2) Reasons for adoption of the AS Scheme

The Board considers that in order to attract, retain and motivate employees, including directors, of Asia Standard to strive for the future development of the AS Group and the Group, it is important that the AS Group should continue to provide them with an additional incentive and encouragement by offering them an opportunity to obtain an ownership interest in Asia Standard and to enjoy the results of Asia Standard attained through their efforts and contributions.

LETTER FROM THE BOARD

The Board further considers that in order to enable the AS Group to motivate the Eligible Participants, other than employees or directors of Asia Standard, to utilise their performance and efficiency for the benefit of the AS Group and therefore the Group and to attract and retain or otherwise maintain an ongoing relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the AS Group and the Group, it is important that the AS Group should be permitted to provide them, where appropriate, with an additional incentive and encouragement by offering them an opportunity to obtain an ownership interest in Asia Standard and to reward them for contributing to the success of the business of the AS Group. By offering the Options to the Eligible Participants upon such terms as may be permitted under the AS Scheme, such Eligible Participants may exercise their Options at any time within the Option Period, where applicable, subject to any terms of the grant of such Options, to acquire a monetary gain or ownership interest in Asia Standard which may in turn provide a further incentive to them for advancing their performance.

(3) How the terms of the AS Scheme will serve the purpose of the AS Scheme

The AS Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be satisfied or achieved before an Option can be exercised. However, the AS Scheme provides that the directors of Asia Standard may determine, at their sole discretion, such terms on the grant of an Option. The determination may vary on a case by case basis depending on the basis of the Eligible Participants' contribution to the development and growth of the AS Group. The basis for determining the subscription price is also specified precisely in the AS Scheme. The directors of Asia Standard consider that the aforesaid criteria and rules will serve to preserve the value of Asia Standard and encourage the Eligible Participants to acquire proprietary interests in Asia Standard.

(4) Maximum number of AS Shares available for subscription

As at the Latest Practicable Date, the issued share capital of Asia Standard was 4,109,249,990 AS Shares and there is a total of 1,750,000 AS Shares which may be issued upon exercise of outstanding options granted and yet to be exercised under the Old AS Scheme. Assuming that there is no change in the issued share capital of Asia Standard between the Latest Practicable Date and the date of the adoption of the AS Scheme, the number of AS Shares that may be issued pursuant to the AS Scheme on the date of its adoption and any other share option scheme(s) of Asia Standard will be 410,924,999 AS Shares, representing 10% of Asia Standard's issued share capital as at the date of passing of the ordinary resolution to approve the AS Scheme.

Pursuant to the Listing Rules, the AS Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Old AS Scheme, the AS Scheme on the date of its adoption and any other share option scheme(s) of Asia Standard at any time will not exceed 30% of the AS Shares in issue from time to time. No options shall be granted under any share option schemes of Asia Standard if this will result in the 30% limit being exceeded.

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(5) Valuation of the Options

The directors of Asia Standard consider that it is inappropriate to state the value of all new Options that can be granted under the AS Scheme as if they had been granted at the Latest Practicable Date prior to the approval of the AS Scheme, given that the variables which are crucial for the calculation of the value of such Options cannot be determined. The variables which are critical for the determination of the value of such Options include (a) the subscription price for the AS Shares upon the exercise of the Options; (b) whether or not Options will be granted under the AS Scheme and the timing of the granting of such Options; (c) the period during which the subscription rights may be exercised; (d) the discretion of the AS Board to impose any performance target that has to be achieved before the subscription right attaching to the Options can be exercised and any other conditions that the Board imposed on the Options; and (e) whether or not such Options if granted will be exercised by the Grantees. In addition, the subscription price payable for the AS Shares depends on the price of the AS Shares as quoted on the Stock Exchange, which in turn depends on when the AS Board will grant Options under the AS Scheme. It is also difficult to ascertain with accuracy the subscription price of the AS Shares given the volatility the price of the AS Shares may be subject to during the ten year life span of the AS Scheme. On these premises, the AS Board is of the view that the value of new Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical basis and speculative assumptions. Accordingly, the directors of Asia Standard believed that any calculation of the value of the Options will not be meaningful and may be misleading to the AS Shareholders in the circumstances.

(6) Application for Listing

Application will be made by Asia Standard to the Listing Committee of the Stock Exchange for granting the listing of, and permission to deal in, the new AS Shares not exceeding 10% of the issued share capital as the date of approval, which may be issued upon the exercise of any Options to be granted under the AS Scheme.

(7) Trustees of the AS Scheme

None of the directors of Asia Standard is a trustee of the AS Scheme or has a direct or indirect interest in the trustees.

(8) Compliance with the Listing Rules

Asia Standard will comply with the relevant requirements under Chapter 17 of the Listing Rules with respect to the operation of the AS Scheme. Asia Standard will publish an announcement on the results of the AS AGM on the business day following the AS AGM with respect to whether or not the resolution for the adoption of the AS Scheme has been passed by the AS Shareholders.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors believe that the proposed ordinary resolution set out in the Notice of SGM is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of such resolution at the SGM.

PROCEDURE BY WHICH A POLL MAY BE DEMANDED

Pursuant to bye-law 70 of the bye-laws of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) be demanded:–

- (a) by the Chairman of the meeting; or
- (b) by at least three Shareholders present in person or by a duly authorized corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person or by a duly authorized corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person or by a duly authorized corporate representative or by proxy and holding shares of the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

SPECIAL GENERAL MEETING

The Notice of SGM (as appearing on pages 19 to 20 of this circular) sets out the proposed ordinary resolution for the adoption of the AS Scheme.

A form of proxy is herewith enclosed for use at the SGM. If you are not able to attend the SGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's principal office in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the SGM. Completion and deposit of the form of proxy will not preclude you from attending and voting at the SGM if you so wish.

Yours faithfully,
For and on behalf of
ASIA ORIENT HOLDINGS LIMITED
Fung Siu To, Clement
Chairman

SUMMARY OF THE AS SCHEME

The following is a summary of the principal terms of the AS Scheme.

1. PURPOSE OF THE AS SCHEME

The AS Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions which the Eligible Participants (as defined in paragraph 2 below) have made or will make to the AS Group. The AS Scheme will provide the Eligible Participants with an opportunity to have a personal stake in Asia Standard with a view to motivating the Eligible Participants to utilise their performance and efficiency for the benefit of the AS Group and attracting and retaining or otherwise maintaining an ongoing relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the AS Group.

2. ELIGIBLE PARTICIPANTS

- (a) The AS Board may at its discretion grant Options to the following persons or companies:
 - (i) any director (whether executive, non-executive or independent non-executive director), employee (whether full time or part time employee), consultant, customer, supplier, agent, partner or advisers of or contractor to the AS Group or any Invested Entity;
 - (ii) any discretionary trust whose discretionary objects include any director (whether executive, non-executive or independent non-executive director), employee (whether full time or part time employee), consultant, customer, supplier, agent, partner or adviser of or contractor to the AS Group or any Invested Entity; and
 - (iii) a company beneficially owned by any director (whether executive, non-executive or independent non-executive director), employee (whether full time or part time employee), consultant, customer, supplier, agent, partner or adviser of or contractor to the AS Group or any Invested Entity.
- (b) The basis of eligibility of any of the above classes of Eligible Participants to the grant of any Options shall be determined by the AS Board from time to time on the basis of their contribution to the development and growth of the AS Group or any Invested Entity.
- (c) Any person or company whom or which the AS Board has resolved is qualified to be an Eligible Participant must remain eligible during the period when any Option granted to him or it remains outstanding.
- (d) In the event that the AS Board has resolved that a Grantee fails or otherwise is unable to meet the continuing eligibility criteria if any of such criteria is approved by the AS Shareholders at a general meeting under this AS Scheme, Asia Standard is entitled to cancel any outstanding Option or part thereof granted to such Grantee to the extent not already exercised.

- (e) The alteration of the above-mentioned eligibility criteria relating to the Eligible Participants must be approved by the AS Shareholders at a general meeting.

3. MAXIMUM NUMBER OF NEW AS SHARES AVAILABLE FOR SUBSCRIPTION UNDER THE AS SCHEME

- (a) 30% limit

The overall limit on the number of AS Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the AS Scheme and any other share option scheme for the time being of Asia Standard shall not, in aggregate, exceed such number of AS Shares as equals 30% of the AS Shares in issue from time to time (the “**AS Scheme Limit**”).

- (b) 10% limit

In addition to the AS Scheme Limit, the total number of AS Shares which may be issued upon exercise of all options to be granted under the AS Scheme and any other share option scheme of Asia Standard must not, in aggregate, exceed 10% of the AS Shares in issue as at the date of approval of the AS Scheme by the AS Shareholders (the “**AS Scheme Mandate Limit**”), unless approval of AS Shareholders and, for so long as Asia Standard remains a Subsidiary of the Company, approval of the Shareholders have been obtained pursuant to the following sub-paragraphs (i) and (ii). Options lapsed in accordance with the terms of the AS Scheme will not be counted for the purpose of calculating the AS Scheme Mandate Limit.

- (i) The AS Scheme Mandate Limit may be refreshed by the AS Shareholders and, for so long as Asia Standard remains a Subsidiary of the Company, the Shareholders in general meeting from time to time provided that the total number of AS Shares which may be issued upon exercise of all options to be granted under the AS Scheme and other share option scheme of Asia Standard under the AS Scheme Mandate Limit as refreshed must not exceed 10% of the AS Shares in issue as at the date of the aforesaid shareholders’ approvals to refresh the AS Scheme Mandate Limit. Options previously granted under such AS Schemes (including those outstanding, cancelled or lapsed in accordance with the AS Scheme or exercised options) prior to the approval of such refreshment shall not be counted for the purpose of calculating the AS Scheme Mandate Limit as refreshed. A circular shall be issued to the AS Shareholders and, for so long as Asia Standard remains a Subsidiary of the Company, the Shareholders containing such information from time to time required by the Stock Exchange.
- (ii) Asia Standard may seek separate approval by the AS Shareholders and, for so long as Asia Standard remains a Subsidiary of the Company, the Shareholders in general meeting to grant Options beyond the AS Scheme Mandate Limit or the refreshed limit referred to in sub-paragraph (i) above (as the case may be), provided that the Options

in excess of the AS Scheme Mandate Limit or the refreshed limit referred to in subparagraph (i) above (as the case may be) shall be granted only to the Eligible Participants specifically identified by Asia Standard before such approval is sought and a circular shall be issued to the AS Shareholders and, for so long as Asia Standard remains a Subsidiary of the Company, the Shareholders containing such information from time to time required by the Stock Exchange in relation to any such proposed grant to such Eligible Participants.

4. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

Unless separately approved by the AS Shareholders in general meeting and, for so long as Asia Standard remains a Subsidiary of the Company, the Shareholders in general meeting of the Company with the Eligible Participant concerned and his Associates abstaining from voting, no Eligible Participant shall be granted Options in any twelve (12)-month period up to and including the date of such further grant which would result in the total number of AS Shares issued and to be issued upon exercise of the Options granted to such Eligible Participant (including both exercised and outstanding Options) exceeding 1% of the AS Shares in issue as at the date of such further grant (the “**Individual’s Limit**”).

A circular must be sent to the AS Shareholders and, for so long as Asia Standard remains a Subsidiary of the Company, the Shareholders containing such information from time to time required by the Stock Exchange. The number and terms (including the Subscription Price (as defined in paragraph 7 below)) of the Options to be granted to such Eligible Participant must be fixed before shareholders’ approval(s) is (are) sought and the date of the AS Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the Subscription Price.

5. PERFORMANCE TARGET

Unless otherwise determined by the AS Directors at their sole discretion, there is no performance target which must be satisfied or achieved before the Options can be exercised.

6. MINIMUM PERIOD FOR WHICH AN OPTION MUST BE HELD

Unless otherwise determined by the AS Directors at their sole discretion, there is no minimum period for which an Option must be held before such an Option can be exercised under the terms of the AS Scheme.

7. SUBSCRIPTION PRICE OF AS SHARES

Subject to any adjustments made pursuant to a reorganization of capital structure of Asia Standard and at the discretion of the AS Board, the price per AS Share at which a Grantee may subscribe for AS Shares on the exercise of an Option (the “**Subscription Price**”) shall be not less than the highest of (a) the closing price of an AS Share as shown in the daily quotations sheet of the Stock Exchange on the relevant date of grant which must be a business day; and (b) the average of the closing prices of the AS

Shares as shown in the daily quotations sheet of the Stock Exchange for the five business days immediately preceding the relevant date of grant; and (c) the nominal value of an AS Share.

8. AMOUNT PAYABLE UPON ACCEPTANCE OF OPTION

HK\$1.00 is payable by each Eligible Participant to Asia Standard on acceptance of an offer of an Option, which shall be paid within 21 days from the date of the offer.

9. TERM OF THE AS SCHEME

The AS Scheme shall commence on the date on which it becomes unconditional and shall continue in force until the tenth anniversary of such date.

10. RIGHTS PERSONAL TO THE OPTION HOLDER

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do.

11. TIME OF EXERCISE OF OPTION

An Option may be exercised at any time during such period(s) to be notified by the AS Board to each Grantee, save that no Option may be exercised later than 10 years from the date of Grant.

12. GRANT OF OPTION TO CONNECTED PERSON

- (a) Any grant of Options to a Director, chief executive or substantial Shareholder (as defined in the Listing Rules) (the “**Substantial Shareholder**”) or any of their respective associates (as defined in the Listing Rules) (the “**Associates**”) must, for so long as Asia Standard remains a Subsidiary of the Company, be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee).
- (b) Where Options are proposed to be granted to a Substantial Shareholder or an independent non-executive Director or any of their respective Associates, and where the total number of AS Shares issued and to be issued upon exercise of all Options already granted or to be granted to such person under the AS Scheme (including Options exercised, cancelled and outstanding) in the 12-month period up to and including the date of such grant to such person:
 - (i) represents in aggregate over 0.1% of the AS Shares in issue as at the date of such grant, and
 - (ii) at the date of such grant has an aggregate value in excess of HK\$5,000,000, based on the closing price of the AS Shares at the date of each grant;

then the proposed grant must be subject to the approval by the Shareholders at general meeting. All connected persons (as defined in the Listing Rules) (the “**Connected Persons**”) of the Company must abstain from voting in favour at such general meeting (save that a Connected Person may vote against the proposed grant provided that his intention to do so has been stated in the circular mentioned in this paragraph). Any vote taken at the meeting to approve the grant of such Options must be taken on a poll. A circular shall be issued to the Shareholders explaining the proposed grant, disclosing the number and terms (including the Subscription Price) of the Options to be granted to each Grantee and containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee) on whether or not to vote in favour of the proposed grant and including all the information required under the Listing Rules.

13. RIGHTS ON CEASING TO BE AN ELIGIBLE PARTICIPANT

- (a) In the event of the Grantee (being an individual) ceasing to be an Eligible Participant by reason of his death before exercising his Option in full and none of the Triggering Events then exists with respect to such Grantee, his personal representative(s) may exercise such Option (to the extent not already exercised) in whole or in part within a period of 6 months (or such other period as the AS Board may determine) from the date of his death and any Option not so exercised shall lapse and determine at the expiry of such period.
- (b) In the event of the employing company of a Grantee who is a director (whether executive, non-executive or independent non-executive director) or an employee (whether full time or part time employee) ceasing to be a member of the AS Group or an Invested Entity or in the event of the termination of employment of the Grantee by reason of retirement or resignation whether with notice in accordance with the provisions of his contract of employment or with pay in lieu of such notice, then the Grantee may exercise his option in whole or in part at any time within a period of 3 months (or such other period as the AS Board may determine) commencing on the date of the cessation or termination and any Option not so exercised shall lapse and determine at the end of such period.
- (c) In the event of the Grantee who is a director (whether executive, non-executive or independent non-executive director) or an employee (whether full time or part time employee) of the AS Group or an Invested Entity ceasing to be such a director or employee of the AS Group or an Invested Entity (and therefore ceasing to be an Eligible Participant) upon occurrence of any Triggering Events before exercising his Option in full, such Option (to the extent not already exercised) shall lapse on the date of cessation and not be exercisable. The AS Board may within one month from the date of such cessation otherwise determine that such Option shall become exercisable within such period as the AS Board may determine following the date of such cessation.
- (d) In the event of the Grantee ceasing to be an Eligible Participant for any reason other than as described in sub-paragraphs (a) to (c) above, then all his Options (to the extent not already exercised) shall lapse and determine on the date he so ceases.

14. EFFECT ON TAKEOVER

If, in consequence of any general offer made to all the AS Shareholders (or all such AS Shareholders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) (including an offer made in the first instance on a condition such that, if it is satisfied, the offeror will have control of Asia Standard) or otherwise, and such offer becomes or is declared unconditional, then the directors of Asia Standard shall as soon as practicable thereafter notify every Grantee accordingly and each Grantee shall be entitled at any time within the period of 21 days of the notice given by the offeror, to exercise all of his outstanding Option, and such Option shall, to the extent not having been exercised, lapse and determine upon the expiry of such period.

15. EFFECT ON WINDING UP

In the event a notice is given by Asia Standard to the AS Shareholders to convene an AS Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution for the voluntary winding up of Asia Standard, Asia Standard shall forthwith give notice thereof to every Grantee and the Grantee shall be entitled by notice in writing to Asia Standard (such notice to be received by Asia Standard not later than four business days prior to the proposed AS Shareholders' meeting) to exercise his Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and Asia Standard shall as soon as possible and in any event not later than the day immediately prior to the date of the proposed AS Shareholders' meeting, allot and issue such number of AS Shares to the Grantee which falls to be issued on such exercise and all Options shall, to the extent not having been exercised, lapse and determine.

16. EFFECT ON RECONSTRUCTION

If a compromise or arrangement between Asia Standard and the AS Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of Asia Standard or its amalgamation with any other company or companies, Asia Standard shall give notice thereof to every Grantee on the same day as it despatches to each AS Shareholder or creditor of Asia Standard a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee shall be entitled by notice in writing to Asia Standard accompanied by the remittance for the Subscription Price in respect of his Option (such notice to be received by Asia Standard not later than two business days prior to the proposed meeting) to exercise his Option (to the extent not already exercised) to its full extent. With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent not having been exercised, thereupon lapse and determine. The directors of Asia Standard shall endeavor to procure that the AS Shares issued as a result of the exercise of Options under this paragraph shall for the purposes of such compromise or arrangement form part of the issued share capital of Asia Standard on the effective date thereof and that such AS Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court having jurisdiction (the "**Court**") (whether upon the terms presented to the Court or upon any other terms as may be approved by such Court), the rights of the Grantees to

exercise their respective Options shall with effect from the date of the making of the order by the Court be restored in full and shall thereupon become exercisable (but subject to the other terms of the AS Scheme) as if such compromise or arrangement had not been proposed by Asia Standard and no claim shall lie against Asia Standard or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

17. RANKING OF NEW AS SHARES

The AS Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the bye-laws of Asia Standard for the time being in force and will rank *pari passu* in all respects with the existing fully paid AS Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of Asia Standard is closed, the first day of the re-opening of the register of members of Asia Standard (the “**Exercise Date**”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions (including distributions made upon the liquidation of Asia Standard) paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. An AS Share allotted and issued upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of Asia Standard as the holder thereof.

18. EFFECT OF ALTERATION TO CAPITAL

In the event of a capitalisation issue, rights issue, subdivision, consolidation or reduction of the share capital of Asia Standard, the number of AS Shares to be issued on exercise of the Options and/or the Subscription Price shall be adjusted accordingly; provided that no such adjustment shall be made in respect of an issue of securities by Asia Standard as consideration in a transaction, any such adjustments must be made so that each Grantee is given the same proportion of the equity capital of Asia Standard as that to which he was previously entitled and no such adjustments shall be made which would result in the Subscription Price for an AS Share being less than its nominal value. In respect of any such adjustment, other than any made on a capitalisation issue, an independent financial adviser or Asia Standard’s auditors must confirm to the AS Board in writing that the adjustments satisfy the above requirements.

19. CANCELLATION OF OPTION

Any Option granted but not exercised may not be cancelled except with the prior sanction of the AS Board or by an ordinary resolution of the AS Shareholders. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of the AS Scheme. For the avoidance of doubt, new Options may only be issued to the same Option holder in place of its cancelled Options if there are available unissued Options (excluding the cancelled Option) within the AS Scheme Mandate Limit.

20. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

No offer for grant of Options shall be made by the AS Board (a) after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers pursuant to the requirements of the Listing Rules; and (b) during the period commencing one month immediately preceding the earlier of:

- (i) the date of the AS Board meeting for the approval of Asia Standard's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for Asia Standard to publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) under the Listing Rules;

and ending on the date of the results announcement.

21. LAPSE OF OPTIONS

The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall lapse on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs 13-16 above;
- (c) the date on which the Grantee ceases to be an Eligible Participant by reason of the occurrence of any of the Triggering Events. A resolution of the directors of Asia Standard to the effect that the employment or contract of engagement of a Grantee has or has not been terminated as a result of the occurrence of any of the Triggering Events shall be conclusive;
- (d) the date of commencement of the winding up of Asia Standard;
- (e) the date on which the Grantee sells, transfers, charges, mortgages, encumbrances or creates any interest in favour of any other party, over or in relation to any Option in breach of the rules of the AS Scheme;
- (f) the date on which any of the following events, unless otherwise waived by the AS Board, happen:
 - (i) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the assets or undertaking of the Grantee (being a corporation);

- (ii) the Grantee (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts (within the meaning of Section 178 of the Companies Ordinance or any similar laws or regulations) or otherwise become insolvent;
- (iii) there is unsatisfied judgement, order or award outstanding against the Grantee;
- (iv) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in subparagraphs (i), (ii) and (iii) above;
- (v) a bankruptcy order has been made against any director of the Grantee (being a corporation) in any jurisdiction; or
- (vi) a petition for bankruptcy has been presented against any director of the Grantee (being a corporation) in any jurisdiction;
- (g) the date on which the Grantee commits a breach of any condition attached to the grant of its Option, if the AS Board shall exercise Asia Standard's right to cancel the Option; or
- (h) the date on which the AS Board considers that the Grantee fails to meet the continuing eligibility criteria as provided in the AS Scheme, if the AS Board shall exercise Asia Standard's right to cancel the Option.

22. TERMINATION AND ALTERATION OF THE AS SCHEME

- (a) Asia Standard by an ordinary resolution in a general meeting or by a resolution of the AS Board may at any time terminate the operation of the AS Scheme and in such event no further Options will be offered but in all other respects the provisions of the AS Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the AS Scheme and any Options granted prior to such termination shall continue to be valid and exercisable in accordance with the AS Scheme.
- (b) The AS Scheme may be altered in any respect by a resolution of the AS Board except that the provisions of this AS Scheme relating to matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of any Grantees or prospective Grantees except with the prior sanction of a resolution of Asia Standard in a general meeting and, for so long as Asia Standard remains a Subsidiary of the Company, a resolution of the Company in a general meeting with the Eligible Participants and their Associates abstaining from voting.
- (c) Any alteration to the terms and conditions of the AS Scheme which are of a material nature or any change to the terms of the Options granted prior to such alteration shall be approved by the AS Shareholders and, for so long as Asia Standard remains a Subsidiary of the Company,

the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the AS Scheme. The amended terms of this AS Scheme and all Options shall continue to comply with the relevant requirements of the Listing Rules.

- (d) The AS Board shall be entitled to amend the terms of the AS Scheme so as to comply with any future changes in the Listing Rules applicable to the AS Scheme, provided that such amendments are allowed by the Listing Rules from time to time applicable.
- (e) Any change to the authority of the AS Board in relation to any alteration to the terms of the AS Scheme must be approved by the AS Shareholders and, for so long as Asia Standard remains a Subsidiary of the Company, the Shareholders in general meeting.
- (f) Where a change is proposed to the terms of any Options granted to an Eligible Participant who is a Substantial Shareholder or an independent non-executive Director or any of their respective Associates, then the proposed change must be subject to the approval of the Company taken on a poll at a general meeting and to such other requirements of the Listing Rules. The Connected Person involved in such proposed change and all other Connected Persons of the Company must abstain from voting in favour at such general meeting (save that any Connected Person may vote against the proposed change provided that his intention to do so has been stated in the circular mentioned in this paragraph). A circular shall be issued to the Shareholders explaining the proposed change and disclosing the original terms of the Options and containing a recommendation from the independent non-executive Directors (excluding an independent non-executive Director who is the holder of the Options which terms are to be changed) on whether or not to vote in favour of the proposed change and containing such information required under the Listing Rules to be set out in the circular.

NOTICE OF SPECIAL GENERAL MEETING



ASIA ORIENT HOLDINGS LIMITED

(滙 漢 控 股 有 限 公 司) *

(incorporated in Bermuda with limited liability)

(Stock Code: 00214)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders of Asia Orient Holdings Limited (the “**Company**”) will be held at Basement 2, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on 27 August, 2004 (Friday) at 11:00 a.m. (or immediately following the annual general meeting of the Company to be held at 10:45 a.m. on the same day) for the purpose of considering and, if thought fit, passing the following Resolution as an Ordinary Resolution :

“**THAT** conditional upon (a) the shareholders of Asia Standard International Group Limited (“**Asia Standard**”), a subsidiary of the Company, approving at a general meeting the adoption of a new share option scheme referred to in the circular dispatched to the shareholders of the Company on the same day as the notice convening this meeting (the “**AS Scheme**”), and subject to such amendments to the AS Scheme as The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) may request; and (b) the Stock Exchange granting the approval for the listing of, and permission to deal in, the new shares of Asia Standard which may be issued upon the exercise of share options to be granted under the AS Scheme, the AS Scheme be and is hereby approved for adoption by Asia Standard as a new share option scheme of Asia Standard and that the Board of Directors of the Company be and is hereby authorized to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the AS Scheme, notwithstanding that they or any of them may be interested in the same.”

By Order of the Board

Chiu Yuk Ching

Secretary

Hong Kong, 11 August 2004

Registered Office:—

Canon’s Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Office in Hong Kong:—

30th Floor
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

* For identification purpose only

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. *Every member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.*
2. *A form of proxy for use at the above meeting is enclosed herewith.*
3. *Where there are joint holders of any shares of the Company, any one of such persons may vote at the meeting, personally or by proxy or by a duly authorized corporate representative (as defined in the Bye-Laws of the Company), in respect of such shares as if he was solely entitled thereto provided that if more than one of such joint holders be present at the meeting personally or by proxy or by a duly authorized corporate representative, the person whose name stands first on the register of members in respect of such shares shall alone be entitled to vote in respect thereof.*
4. *To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's principal office in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof).*
5. *Members are recommended to read the circular of the Company containing information concerning the Resolution proposed in this notice.*

As at the date hereof, the board of Directors of the Company comprises Mr. Fung Siu To, Clement, Mr. Lim Yin Cheng, Mr. Poon Jing, Mr. Lun Pui Kan and Mr. Kwan Po Lam, Phileas as executive Directors, and Mr. Chan Sze Hung and Mr. Cheung Kwok Wah, Ken as independent non-executive Directors.

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