

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about 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 all your shares in Asia Orient Holdings Limited, you should at once hand this circular and proxy form to the purchaser or to the banker or stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.

This circular does not constitute an offer of securities nor is it calculated to invite offers for securities and it must not be used for the purposes of offering or inviting offers for any securities.



ASIA ORIENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

PLACING OF CONVERTIBLE NOTES

Placing agent



Financial adviser



A notice convening a special general meeting of Asia Orient Holdings Limited to be held at Empire Hotel, Basement 2, 33 Hennessy Road, Wanchai, Hong Kong on 23rd December, 2002 at 10:00 a.m. is set out on pages 9 to 10 of this circular.

Whether or not you intend to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than forty-eight hours before the time of the meeting or any adjournment thereof. Completion and return of the relevant forms of proxy will not preclude you from attending and voting at the meeting should you wish.

Tai Fook Securities Company Limited is entitled, on the occurrence of certain events (as detailed in this circular), to terminate the Placing Agreement (as defined in this circular) by giving notice to Asia Orient Holdings Limited on or before the date of completion of the Placing Agreement (as defined in this circular).

4th December, 2002

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DEFINITIONS

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

“associates”	Has the meaning ascribed to in the Listing Rules
“Board”	The board of Directors
“Company”	Asia Orient Holdings Limited, an exempted company incorporated in Bermuda with limited liability
“Convertible Notes”	Convertible notes to be issued by the Company up to a maximum principal amount of HK\$60,000,000
“Conversion Shares”	New ordinary shares of HK\$0.10 each in the Company falling to be issued upon conversion of the Convertible Notes
“Directors”	Directors of the Company
“Group”	The Company and its subsidiaries
“Latest Practicable Date”	28th November, 2002, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	Not less than six investors who will be independent of and not connected with the Company or any of the directors, chief executive or substantial shareholders of the Company and any of its subsidiaries or any of their respective associates
“Placing”	The placing of the Convertible Notes through the Placing Agent
“Placing Agent”	Tai Fook Securities Company Limited
“Placing Agreement”	The placing agreement entered into between the Company and the Placing Agent dated 21st November, 2002
“SGM”	Special general meeting of the Company to be held on 23rd December, 2002 for the purpose of approving the Placing by the Shareholders
“Shareholders”	Holders of the Shares
“Share(s)”	Share(s) of nominal value of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



ASIA ORIENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Executive directors:

Fung Siu To, Clement (*Chairman*)
Lim Yin Cheng (*Deputy Chairman*)
Poon Jing
Lun Pui Kan
Kwan Po Lam, Phileas

Independent non-executive directors:

Chan Sze Hung
Cheung Kwok Wah, Ken

Registered Office:

Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

*Principal place of business
in Hong Kong:*

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

4th December, 2002

*To the shareholders and, for information purpose only,
to the holders of existing convertible notes of the Company*

Dear Sir or Madam,

PLACING OF CONVERTIBLE NOTES

INTRODUCTION

The Board announced on 21st November, 2002 that the Company has entered into the Placing Agreement with the Placing Agent.

PLACING AGREEMENT

1. **Date**

21st November, 2002

2. **Placing Agent**

Tai Fook Securities Company Limited

LETTER FROM THE BOARD

3. **Placing**

The Convertible Notes will be placed to not less than six independent Placees through the Placing Agent on a best efforts basis.

4. **Principal terms of the Convertible Notes**

The principal terms of the Convertible Notes are summarised in the Appendix to this circular.

Upon conversion of the Convertible Notes in full and based on the conversion price of HK\$1.10 per Share, up to a maximum number of 54,545,454 Conversion Shares will be issued, which represent approximately 36.4% of the issued share capital of the Company as at the Latest Practicable Date and approximately 26.7% of the issued share capital of the Company as enlarged by such conversion. Based on the conversion price of HK\$1.20 per Share, a maximum number of 50,000,000 Conversion Shares will be issued, which represent approximately 33.4% of the issued share capital of the Company as at the Latest Practicable Date and approximately 25.0% of the issued share capital of the Company as enlarged by such conversion.

5. **Placees**

Not less than six Placees (which will be independent individuals, corporate and/or institutional investors) who will be independent of and not connected with the Company or any of the directors, chief executive or substantial shareholders of the Company and any of its subsidiaries or any of their respective associates.

6. **Independence of the Placing Agent**

The Placing Agent is an independent third party and not connected with, any of the directors, chief executive or substantial shareholders of the Company and any of its subsidiaries or any of their respective associates.

7. **Conditions and completion of the Placing**

Completion of the Placing is conditional upon the fulfillment of the following conditions:-

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares and such listing and permission not having been withdrawn or revoked;
- (ii) the Bermuda Monetary Authority granting approval to the issue of the Convertible Notes and the allotment and issue of the Conversion Shares, if necessary; and
- (iii) the approval of the Placing Agreement, the transactions contemplated therein, the terms and issue of the Convertible Notes and the issue of any Conversion Shares upon the exercise of the conversion rights of the Convertible Notes by the Shareholders at the SGM.

LETTER FROM THE BOARD

If the conditions are not fulfilled on or before 10th January, 2003 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement will lapse.

Completion of the Placing is expected to take place on or before 15th January, 2003 (or such other date as may be agreed between the Company and the Placing Agent).

8. Termination of the Placing Agreement

The Placing Agent is entitled, on the occurrence of certain events as detailed below, to terminate the Placing Agreement by giving notice to the Company on or before the date of completion of the Placing Agreement. The Placing is subject to rescission on the occurrence of certain events at any time before completion of the Placing Agreement there develops, occurs or comes into force which would materially and adversely affect the success of the Placing:

- (i) the occurrence of any event, development or change (whether or not local, national or international) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material adverse change in, or which may result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which; or
- (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (iii) any material adverse change in conditions of local, national or international securities markets occurs; or
- (iv) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if such new law or change may materially and adversely affect the business or financial prospects of the Group; or
- (v) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere; or
- (vi) any litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group.

9. Reasons for the Placing and use of Proceeds

The Directors believe that the Placing will enlarge the Company's investor base. If the principal amount of the Convertible Notes successfully placed is HK\$60,000,000, the estimated net proceeds to be received by the Company will be approximately HK\$58,400,000, which will be used by the Company to repay most of the outstanding amount of its existing convertible notes due in January 2003.

LETTER FROM THE BOARD

SHAREHOLDING OF THE EXISTING CONTROLLING SHAREHOLDER

As at the Latest Practicable Date, Mr. Poon Jing and his associates, the controlling shareholder of the Company, is interested in approximately 47.5% of the issued share capital of the Company as at the Latest Practicable Date. Upon the conversion of the Convertible Notes in full and assuming all conversion is made on the conversion price of HK\$1.10, a total of 54,545,454 Conversion Shares will be issued and the shareholding of Mr. Poon Jing and his associates will be reduced to approximately 34.8% of the issued share capital of the Company as enlarged by such conversion. Upon the conversion of the Convertible Notes in full and assuming all conversion is made on the conversion price of HK\$1.20, a total of 50,000,000 Conversion Shares will be issued and the shareholding of Mr. Poon Jing and his associates will be reduced to approximately 35.6% of the issued share capital of the Company as enlarged by such conversion.

GENERAL

The Company is an investment holding company. The Group is principally engaged in hotel holding and operation, property development and investment, travel business and investment holding.

No application will be made for a listing of, or permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Further announcement will be made by the Company in relation to the actual principal amount of the Convertible Notes successfully placed.

Attached to this circular is a notice convening the SGM at which an ordinary resolution will be proposed to approve, inter alia, the entry into and performance of the Placing Agreement and the issue of the Convertible Notes by the Company.

A proxy form for use at the SGM is enclosed. Whether or not you are able to attend the SGM in person, you are requested to complete and return the proxy form in accordance with the instructions printed thereon to the Company's principal place of business 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 forty-eight hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the SGM should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors have considered the terms of the Placing Agreement and are of the opinion that the terms of the Placing Agreement are fair and reasonable and are in the best interests of the Company. Accordingly, the Directors recommend you to vote in favour of the ordinary resolution in connection with the Placing Agreement and the issue of the Convertible Notes as well as the Conversion Shares upon conversion of the Conversion Notes to be proposed at the SGM.

RESPONSIBILITY STATEMENT

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

By Order of the Board
Fung Siu To, Clement
Chairman

APPENDIX SUMMARY OF THE TERMS OF THE CONVERTIBLE NOTES

The principal terms of the Convertible Notes are summarised below:

Issuer	:	The Company
Principal amount	:	Up to a maximum principal amount of HK\$60,000,000
Conversion price	:	HK\$1.10 per Share during the period commencing from the date of issue of the Convertible Notes but before the first anniversary of the date of issue of the Convertible Notes and HK\$1.20 after the first anniversary of the date of issue of the Convertible Notes to the second anniversary of the date of issue of the Convertible Notes, subject to adjustments (including bonus issue, rights issue or other events which have a dilutive effect on the issued share capital of the Company), representing (i) a premium of approximately 15.8% and 26.3% respectively to the closing price of the Shares as quoted on the Stock Exchange of HK\$0.95 per Share on 21st November, 2002; (ii) a premium of approximately 6.1% and 15.7% respectively to the 30-day average closing price of the Shares as quoted on the Stock Exchange of approximately HK\$1.037 per Share for the period from 10th October, 2002 up to and including 21st November, 2002; (iii) a premium of approximately 7.6% and 17.4% respectively to the 10-day average closing price of the Shares as quoted on the Stock Exchange of approximately HK\$1.022 per Share for the period from 8th November, 2002 up to and including 21st November, 2002; (iv) a premium of approximately 20.9% and 31.9% respectively to the closing price of the Shares as quoted on the Stock Exchange of HK\$0.91 per Share as at the Latest Practicable Date; and (v) a premium of approximately 14.8% and 25.3% respectively to the 10-day average closing price of the Shares as quoted on the Stock Exchange of approximately HK\$0.958 per Share for the period from 15th November, 2002 up to and including the Latest Practicable Date
Interest	:	5% per annum payable annually in arrears
Conversion period	:	The Convertible Notes may be converted in whole or in part at any time following the date of issue of the Convertible Notes until maturity

APPENDIX SUMMARY OF THE TERMS OF THE CONVERTIBLE NOTES

- Maturity** : The Company shall repay the outstanding principal amount of the Convertible Notes, together with interest accrued from the last interest payment date up to and including the date of repayment, on the business day last preceding the second anniversary of the date of issue of the Convertible Notes. Save for repayment on maturity, the Convertible Notes cannot be redeemed
- Shares to be issued upon conversion** : The Conversion Shares to be issued upon conversion of the Convertible Notes will rank pari passu in all respects with the Shares in issue on the date of conversion
- Voting rights** : The holders of the Convertible Notes will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Convertible Notes
- Transfer** : The Convertible Notes may not be assigned or transferred without the prior written consent of the Company except to the subsidiaries or the holding company of the holders of the Convertible Notes and may not be assigned or transferred to connected persons (as defined under the Listing Rules) of the Company without the prior written consent of the Company, where such consent can only be given if all the requirements under the Listing Rules have been fully complied with to the satisfaction of the Stock Exchange. The Company will ensure that each of the connected persons of the Company will not subscribe for any of the Convertible Notes at the issue of such securities and that, after the issue of the Convertible Notes, the Company will disclose to the Stock Exchange any dealings by any of the connected persons of the Company from time to time in the Convertible Notes immediately upon the Company becoming aware of such dealings
- Listing** : No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made for the listing of the Conversion Shares to be issued on exercise of the conversion rights attaching to the Convertible Notes



ASIA ORIENT HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

Notice is hereby given that a special general meeting of Asia Orient Holdings Limited (the “Company”) will be held at Empire Hotel, Basement 2, 33 Hennessy Road, Wanchai, Hong Kong on 23rd December, 2002 at 10:00 a.m. for the purposes of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:—

ORDINARY RESOLUTION

“THAT:

- (a) the placing agreement (the “Placing Agreement”) dated 21st November, 2002 entered into between Tai Fook Securities Company Limited (the “Placing Agent”) and the Company whereby, inter alia, the Placing Agent has agreed to procure places on a best efforts basis to subscribe for convertible notes to be issued by the Company up to a maximum principal amount of HK\$60,000,000 (the “Convertible Notes”) (a copy of which is tabled before this meeting marked “A” and signed by the chairman of this meeting for identification) be and is hereby approved, ratified and confirmed and that the directors of the Company (the “Directors”) be and are hereby authorised to do all such things and to execute all such documents as they in their absolute discretion consider necessary or desirable to give effect to the Placing Agreement;
- (b) the terms and conditions of the Convertible Notes substantially in the form tabled before this meeting (marked “B” and signed by the chairman of this meeting for identification) be and are hereby approved, and that the Convertible Notes be created and issued thereto; that any two Directors be and are hereby authorised to execute the Convertible Notes on behalf of the Company and affix the Company seal thereon and to do all such things and to execute all such documents as they in their absolute discretion consider necessary or desirable to give effect to the creation and issue of the Convertible Notes; and
- (c) the allotment and issue of the ordinary shares in the Company on conversion of the Convertible Notes (the “Conversion Shares”) according to the terms and conditions of the Convertible Notes be and is hereby approved and the Directors be and are hereby authorised to do all such things including but not limited to making any amendments to the terms and conditions of the Convertible Notes and to execute all such documents as they in their absolute discretion consider necessary or desirable for the purposes of or in connection with the allotment and issue of the Conversion Shares.”

By Order of the Board
Chiu Yuk Ching
Company Secretary

Hong Kong, 4th December, 2002

NOTICE OF THE SGM

Principal place of business in Hong Kong

30th Floor, Asia Orient Tower

Town Place

33 Lockhart Road

Wanchai

Hong Kong

Notes:

- (1) Every member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
- (2) A pink form of proxy for use at the above meeting is enclosed herewith.
- (3) Where there are joint holders of any shares, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if they are solely entitled thereto, provided that if more than one of such joint holders be present at the meeting personally or by proxy, 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 or office copy of such power of attorney must be deposited at the principal place of business of the Company in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, not later than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.