



ORIENT INDUSTRIES HOLDINGS LIMITED  
東方工業控股有限公司\*

(formerly known as Jackley Holdings Limited)  
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 353)

PROPOSED OPEN OFFER OF NEW SHARES ON THE BASIS OF ONE OFFER SHARE  
FOR EVERY TWO NEW SHARES HELD ON RECORD DATE  
UPON THE CAPITAL REORGANISATION HAVING BECOME EFFECTIVE

Financial adviser to the Company



KINGSTON CORPORATE FINANCE LIMITED

Underwriter



KINGSTON SECURITIES LIMITED

PROPOSED OPEN OFFER

The Company proposes to raise HK\$13.9 million before expenses, by issuing 69,500,000 Offer Shares at the price of HK\$0.20 per Offer Share by way of the Open Offer, payable in full on application, on the basis of one Offer Share for every two New Shares held on the Record Date.

The Open Offer will not be available to the Excluded Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar, Tengis Limited, by 4:00 p.m. on Monday, 7 March 2005.

Each of Prime Orient and Mr. Choi has undertaken to take up all its/his respective entitlements under the Open Offer (being 25,586,250 and 2,375,000 Offer Shares respectively).

The estimated net proceeds from the Open Offer will be approximately HK\$13 million, of which approximately HK\$ 9.1 million will be applied to the repayment of outstanding indebtedness and the remaining balance of approximately HK\$ 3.9 million will be used as general working capital of the Group.

**The Open Offer is conditional. In particular, it is subject to the Capital Reorganisation having become effective and the Underwriter not terminating the Underwriting Agreement (see “Termination of the Underwriting Agreement” below). Accordingly, the Open Offer may or may not proceed.**

**Trading of Shares on ex-entitlement basis is expected to commence on Friday, 4 March 2005. Any person contemplating buying or selling of the Shares from now up to the date on which all conditions of the Open Offer are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Investors should seek professional advice regarding dealings in Shares if they are in any doubt.**

The Prospectus containing, among other things, details of the Open Offer and the Application Form will be despatched to the Qualifying Holders (and the Prospectus only to the Excluded Shareholders for information purpose) as soon as possible.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Thursday, 17 February 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Tuesday, 22 February 2005.

PROPOSED OPEN OFFER

Issue statistics:

Basis of the Open Offer	: One Offer Share for every two New Shares held on the Record Date
Number of Offer Shares to be offered for subscription upon the Capital Reorganisation having become effective	: 69,500,000 New Shares (for ease of reference, every ten Shares in issue as at the date of this announcement will be consolidated into one New Share upon completion of the Capital Reorganisation)
Number of New Shares in issue upon completion of the Open Offer	: 208,500,000 New Shares
Number of Offer Shares undertaken to be taken up by Prime Orient	: 25,586,250 Offer Shares, being the full entitlement of Prime Orient under the Open Offer
Number of Offer Shares undertaken to be taken up by Mr. Choi	: 2,375,000 Offer Shares, being his full entitlement under the Open Offer
Number of Offer Shares underwritten by the Underwriter	: 41,538,750 Offer Shares

As at the date of this announcement, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares or New Shares.

Qualifying Holders:

The Company will send (i) the Prospectus Documents to the Qualifying Holders; and (ii) the Prospectus, for information only, to the Excluded Shareholders. To qualify for the Open Offer, Shareholders must be registered as members of the Company on the register of members of the Company on the Record Date and not be Excluded Shareholders.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfer of Shares (with the relevant Share certificates) for registration with the Registrar by 4:00 p.m. on Monday, 7 March 2005. The Registrar is:

Tengis Limited  
Ground Floor, Bank of East Asia Harbour View Centre  
56 Gloucester Road, Wanchai, Hong Kong

The invitation to subscribe for the Offer Shares to be made to the Qualifying Holders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange and the Qualifying Holders will not be entitled to subscribe for any Offer Shares in excess of their respective entitlements to subscribe for the Offer Shares. The Directors consider that such structure of the Open Offer, which will involve less administrative work and costs, is in the best interests of the Company and the Shareholders as a whole.

Closure of register of members:

The register of members of the Company will be closed from Tuesday, 8 March 2005 to Thursday, 10 March 2005 (both dates inclusive) to determine the eligibility of Shareholders to the Open Offer. No transfer of Shares will be registered during this period.

Subscription Price:

HK\$0.20 per Offer Share (equivalent to HK\$0.02 per Share before completion of the Capital Reorganisation), payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 60% to the closing price of HK\$0.05 per Share as quoted on the Stock Exchange on 16 February 2005, being the last trading day before the suspension of trading in the Shares pending the publication of this announcement;
- (ii) a discount of approximately 50% to the theoretical ex-entitlement price of approximately HK\$0.04 per Share based on the aforesaid closing price per Share; and
- (iii) a discount of approximately 63.24 % to the average closing price of HK\$0.0544 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including 16 February 2005.

The Subscription Price has been determined based on arm’s length negotiations between the Company and the Underwriter, with reference to the prevailing market prices of the Shares. The Board considers that the terms of the Open Offer are fair and reasonable and the discount of the Subscription Price as compared to the recent market prices of Shares would encourage Shareholders to participate in the Open Offer and accordingly the future growth of the Group.

Status of the Offer Shares:

The Offer Shares, when allotted and issued, will rank pari passu in all respects with the New Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid in respect thereof on or after the date of allotment and issue of such Offer Shares.

Certificates for the Offer Shares:

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before Wednesday, 6 April 2005 to those Qualifying Holders who have validly applied and paid for the Offer Shares by ordinary post and at their own risks.

Rights of Excluded Shareholders:

Based on the Company’s register of members as at the date of this announcement, there are two Shareholders holding a total of 71,777,000 Shares (equivalent to 7,177,700 New Shares assuming the Capital Reorganisation has become effective) and with registered addresses outside Hong Kong (one with a registered address in the PRC holding 2,000 Shares (equivalent to 200 New Shares assuming the Capital Reorganisation has become effective) and another with a registered address in the British Virgin Islands holding 71,775,000 Shares (equivalent to 7,177,500 New Shares assuming the Capital Reorganisation has become effective)).

The Company will comply with all necessary requirements specified in Rule 13.36(2)(a) (including notes 1 & 2) of the Listing Rules and will only exclude from the Open Offer those Shareholders whose addresses on the register of members of the Company on the Record Date are outside Hong Kong and who the Directors, after making enquiry regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges, consider it necessary or expedient to do so. The basis of exclusion of such Shareholders (if any, on the Record Date) from the Open Offer, if any, will be disclosed in the Prospectus.

The Company will send the Prospectus to the Excluded Shareholders for their information only. The Company will not send the Application Form to the Excluded Shareholders. Those entitlements of the Excluded Shareholders under the Open Offer will be taken up by the Underwriter.

Application for listing:

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares will be subject to the payment of stamp duty in Hong Kong.

Underwriting Agreement:

Pursuant to the Underwriting Agreement, the Underwriter has agreed to underwrite 41,538,750 Offer Shares.

The Underwriter and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and are independent of the Company and its connected persons (as defined in the Listing Rules). The Company will pay to the Underwriter an underwriting commission calculated at 2.5 % of the aggregate Subscription Price of the 41,538,750 Underwritten Shares.

Undertakings of Prime Orient and Mr. Choi:

Prime Orient is beneficially interested in 511,725,000 Shares (or 51,172,500 New Shares assuming the Capital Reorganisation has become effective) as at the date of this announcement (representing about 36.81% of the entire issued share capital of the Company). Prime Orient has undertaken to the Company and the Underwriter that it will up to and inclusive of the latest date for application of the Offer Shares remain the beneficial owner of 511,725,000 Shares and following the Capital Reorganisation, 51,172,500 New Shares and will subscribe for its entitlement in full in respect of such New Shares under the Open Offer.

Mr. Choi is beneficially interested in 47,500,000 Shares (or 4,750,000 New Shares assuming the Capital Reorganisation has become effective) as at the date of this announcement (representing about 3.42% of the entire issued share capital of the Company). Mr. Choi has undertaken to the Company and the Underwriter that he will up to and inclusive of the latest date for application of the Offer Shares remain the beneficial owner of 47,500,000 Shares and following the Capital Reorganisation, 4,750,000 New Shares and will subscribe for his entitlement in full in respect of such New Shares under the Open Offer.

Termination of the Underwriting Agreement:

**The Underwriter may terminate the Underwriting Agreement by notice in writing to the Company if, prior to 4:00 p.m. on the second business day immediately after the latest date for acceptance of the Offer Shares, any of the following grounds of termination happens:**

- (1) **in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:**
  - (a) **the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or**

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any suspension in the trading of securities generally or the Company’s securities on the Stock Exchange for a period of more than five consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Capital Reorganisation and/or the Open Offer.

If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed.

CONDITIONS OF THE OPEN OFFER

The Open Offer is conditional upon, among other things,:

- (a) the Capital Reorganisation having become effective;
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Offer Shares;
- (c) the posting of the Prospectus Documents to the Qualifying Holders on or before 15 March 2005; and
- (d) compliance with the undertakings to take up all its/his respective entitlement under the Open Offer given by each of Prime Orient and Mr. Choi referred to above,

in each case, on or before 4:00 p.m. on the second business day immediately after the latest date for acceptance of the Offer Shares.

WARNING OF RISKS OF DEALING IN SHARES OR NEW SHARES

The Open Offer is conditional upon the obligations of the Underwriter under the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Shareholders and potential investors should therefore exercise caution when dealing in Shares or New Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

Shareholders should note that Shares will be dealt in on an ex-entitlement basis commencing from Friday, 4 March 2005 and that dealings in Shares will take place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or other person dealing in Shares or New Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be Friday, 1 April 2005), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares who is in any doubt about his/her/its position is recommended to consult his/her/its own professional adviser.

Shareholding structure of the Company:

The following is the shareholding structure of the Company immediately before and after completion of the Open Offer:

	Existing shareholding structure		Immediately after completion of the Capital Reorganisation but before completion of the Open Offer		Immediately after completion of the Capital Reorganisation and the Open Offer (assuming all Qualifying Holders take up their respective entitlements under the Open Offer)		Immediately after completion of the Capital Reorganisation and the Open Offer (assuming no Qualifying Holder takes up his/her /its entitlement under the Open Offer except for Prime Orient and Mr. Choi)	
	Shares	Per cent. (approximately)	New Shares	Per cent. (approximately)	New Shares	Per cent. (approximately)	New Shares	Per cent. (approximately)
Prime Orient (Note 1)	511,725,000	36.81	51,172,500	36.81	76,758,750	36.81	76,758,750	36.81
Underwriter	0	0.00	0	0.00	0	0.00	41,538,750	19.92
Public: Mr. Choi (Note 2)	47,500,000	3.42	4,750,000	3.42	7,125,000	3.42	7,125,000	3.42
Other public Shareholders	830,775,000	59.77	83,077,500	59.77	124,616,250	59.77	83,077,500	39.85
Total	<u>1,390,000,000</u>	<u>100.00</u>	<u>139,000,000</u>	<u>100.00</u>	<u>208,500,000</u>	<u>100.00</u>	<u>208,500,000</u>	<u>100.00</u>

- Notes:
1. Prime Orient is a company incorporated in the British Virgin Islands and beneficially wholly owned by Mr. Lam Shu Chung, a Director.
2. Save for the holding of the 47,500,000 Shares (or 4,750,000 New Shares upon completion of the Capital Reorganisation) by Mr. Choi, Mr. Choi and his associates are not connected persons (as defined in the Listing Rules) of the Company and are independent of and not connected with the Company or any connected person (as defined in the Listing Rules) of the Company.

Reasons for the Open Offer and use of proceeds:

The Group is principally engaged in the design, manufacture and sale of a wide range of carpets under its own brand name and the trading of carpets of various brands names.

In view of the financial needs of the Company for repaying certain outstanding indebtedness due to certain bankers and independent third parties, the Board considers that it is a suitable time to raise funds for the above purposes through the Open Offer, which is an appropriate means through which the Group can raise funds with no dilutive effects on the shareholding of the Shareholders.

The estimated net proceeds from the Open Offer will be approximately HK\$13 million, of which approximately HK\$9.1 million will be applied to the repayment of outstanding indebtedness and the remaining balance of approximately HK\$3.9 million will be used as general working capital of the Group. The Board considers that, compared with debt financing, the Open Offer is a better way to raise funds without incurring any interest expenses to the Company.

The estimated expenses of the Open Offer is about HK\$0.9 million, which will be borne by the Company. The estimated expenses will include the underwriting commission, professional fees and all other expenses relating to the Open Offer.

Fund raising activities of the Company during the 12 months ended the date of this announcement:

There has not been any rights issue or open offer of Shares or other fund raising activities of the Company for the past 12 months ended the date of this announcement save for i) the proposed open offer of the Company announced by the Company on 17 November 2004 but which was not approved by the Shareholders at the extraordinary general meeting of the Company on 31 December 2004; and ii) the subscription of 200,000,000 Shares by an independent third party as set out in the announcement of the Company dated 8 March 2004 but which was subsequently terminated on 11 May 2004 as detailed in the announcement of the Company dated 5 July 2004.

EXPECTED TIMETABLE

Reference is made to the Company’s announcement and circular dated 17 November 2004 and 6 December 2004, respectively, regarding the timetable of the Capital Reorganisation. The revised timetable for the Capital Reorganisation and the respective trading arrangement together with the expected timetable of the Open Offer is set out below:

Last day of dealings in Shares on cum-entitlement basis ..... Thursday, 3 March 2005  
First day of dealings in Shares on ex-entitlement basis .....Friday, 4 March 2005

Latest time for lodging transfers of Shares in order to be entitled to the

Open Offer ..... 4:00 p.m. on Monday, 7 March 2005  
Register of members closes (both dates inclusive) ..... Tuesday, 8 March 2005  
to Thursday, 10 March 2005

Anticipated effective date of the Capital Reorganisation ..... Close of business of Thursday, 10 March 2005  
Record Date ..... Thursday, 10 March 2005  
Register of members reopens ..... Friday, 11 March 2005  
First day of availability of odd lot facility ..... Friday, 11 March 2005  
Free exchange of existing share certificates for new share certificates commences ..... Friday, 11 March 2005  
Existing counter for trading in existing Shares in board lots of 2,000 existing  
Shares temporarily closes ..... 9:30 a.m. on Friday, 11 March 2005  
Temporary counter for trading in existing Shares in board lots of  
200 New Shares (in form of existing share certificates) opens ..... 9:30 a.m. on Friday, 11 March 2005  
Despatch of the Prospectus Documents ..... Tuesday, 15 March 2005  
Existing counter for trading in New shares in board lot of 2,000 New Shares  
reopens ..... 9:30a.m. on Tuesday, 29 March 2005  
Parallel trading in the New Shares and existing Shares commences ..... Tuesday, 29 March 2005  
Latest time for lodging application for the Offer Shares and  
payment ..... 4:00 p.m. on Wednesday, 30 March 2005  
Latest time for the Open Offer to become unconditional ..... 4:00 p.m. on Friday, 1 April 2005  
Announcement of results of the Open Offer ..... Wednesday, 6 April 2005  
Despatch of certificates for the Offer Shares ..... Wednesday, 6 April 2005  
Dealings in Offer Shares commence ..... Friday, 8 April 2005  
Parallel trading in the New Shares (in the form of existing shares and  
new shares certificates) ends ..... Wednesday, 20 April 2005  
Temporary counter for trading in existing Shares in board lots of  
200 New Shares (in form of existing share certificates) ends ..... 9:30 a.m. on Wednesday, 20 April 2005  
Last day of availability of odd lot facility ..... Wednesday, 20 April 2005  
Free exchange of existing share certificates for new share certificates ends ..... Monday, 25 April 2005

Dates stated in this announcement for events mentioned in the timetable are indicative only and may be extended or varied. Any change to the expected timetable for the Open Offer will be announced as appropriate.

GENERAL

The Prospectus containing, among other things, details of the Open Offer and Application Form, will be despatched to the Qualifying Holders (and the Prospectus only to the Excluded Shareholders for information purpose) as soon as possible in accordance with the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Thursday, 17 February 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Tuesday, 22 February 2005.

DEFINITIONS

“Application Form(s)”	the application form(s) for use by the Qualifying Holders to apply for the Offer Shares
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Capital Reorganisation”	the capital reduction, the share subdivision and the share consolidation of the Company approved at the extraordinary general meeting of the Company on 31 December 2004, details of which were set out in the Company’s announcements dated 17 November 2004 and 31 December 2004 and the Company’s circular to Shareholders dated 6 December 2004, and the completion of which is expected to be on or about 10 March 2005
“Company”	Orient Industries Holdings Limited, a company incorporated in Cayman Island with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company, including the independent non-executive directors of the Company
“Excluded Shareholders”	the Shareholders who are excluded from the Open Offer as mentioned in the section headed “Rights of Excluded Shareholders” in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Choi”	Mr. Choi Hok Ya
“New Share(s)”	New Share(s) of HK\$0.01 each in the share capital of the Company after the Capital Reorganisation having become effective
“Offer Shares”	69,500,000 New Shares to be issued under the Open Offer
“Open Offer”	the proposed issue of the Offer Shares by way of open offer to the Qualifying Holders on the terms to be set out in the Prospectus Documents and summarised herein
“PRC”	the People’s Republic of China
“Prime Orient”	Prime Orient International Limited, a company incorporated in British Virgin Islands with limited liability, which is wholly and beneficially owned by Mr. Lam Shu Chung, being an executive Director
“Prospectus”	the Open Offer prospectus
“Prospectus Documents”	the Prospectus and the Application Form
“Qualifying Holders”	the Shareholders whose names appear on the register of members of the Company on the Record Date and not being the Excluded Shareholders
“Record Date”	Thursday, 10 March 2005
“Registrar”	Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, the Company’s branch share registrar in Hong Kong
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation having become effective
“Shareholder(s)”	holder(s) of Shares or New Shares (as is the case)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.20 per Offer Share under the Open Offer
“Underwriter”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 16 February 2005 entered into amongst the Company, the Underwriter, Prime Orient and Mr. Choi in relation to the Open Offer
“Underwritten Shares”	41,538,750 Offer Shares underwritten by the Underwriter
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Lam Shu Chung**  
Director

Hong Kong, 21 February 2005

\* For identification purposes only

As at the date of this announcement, the executive directors of the Company are Mr. Lam Shu Chung and Mr. Law Fei Shing and the independent non-executive directors are Mr. Liu Ngai Wing, Mr. Lee Siu Leung and Mr. Ha Chun, Michael.