



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

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 353)

ANNOUNCEMENT

The Directors announce that on 24th February, 2006, the Company entered into the non-legally binding Agreement with Liaoning Hengrong and the Vendor pursuant to which the parties have agreed, in principle, to the acquisition of 70% of the registered capital of Liaoning Hengrong by a wholly-owned subsidiary of the Company, Aurora Logistic Capital Assurance Limited, at a consideration of RMB70,000,000 (approximately HK\$67,308,000), within 12 months from the date of the Agreement.

The consideration for the Acquisition may be satisfied in cash and/or new Shares and/or convertible bonds issued by the Company, depending on market conditions at the time of negotiating the terms of a formal acquisition agreement.

The Acquisition will be subject to the terms and conditions of a formal acquisition agreement to be entered into between the parties. A further announcement will be made as and when applicable with respect to any development of the Acquisition.

Shareholders and/or investors should note that the proposed acquisition pursuant to the non-legally binding Agreement may or may not proceed and no formally binding documentation have been executed. Accordingly, shareholders of the Company are therefore advised to exercise caution when trading in the Company's shares.

Since the suspension of the Shares on 29th November, 2005, the Company had been in negotiations with an independent third party with respect to the acquisition of a 70% interest in the capital of Guangdong Huaxia. However the transaction has since failed to materialise.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 10:00 a.m. on 29th November, 2005 pending the release of an announcement regarding a price sensitive matter. On 1st December, 2005, the Company announced the termination of the Acquisition Agreement. The Shares remained suspended pending the announcement of a proposed transaction which may be price sensitive. On 1st January, 2006, the Company announced that it had entered into an agreement for the sale and purchase of the Logistic and Financial Management System. Trading in the Shares remained suspended pending the release of an announcement regarding a very substantial acquisition. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 1st March, 2006.

The Directors announces that on 24th February, 2006, the Company entered into the non-legally binding Agreement with Liaoning Hengrong and the Vendor pursuant to which the parties have agreed, in principle, to the acquisition of 70% of the registered capital of Liaoning Hengrong by a wholly-owned subsidiary of the Company, Aurora Logistic Capital Assurance Limited, within 12 months from the date of the Agreement.

The Agreement merely encompasses the business proposals proposed to be conducted by the parties and concrete detailed terms and conditions will be in a formal acquisition agreement to be entered into between the parties. The Acquisition, if progressed by the Company, is expected to constitute a very substantial acquisition for the Company under the Listing Rules. The Acquisition may or may not proceed depending on the terms and conditions of a formal acquisition agreement to be entered into between the parties and a further announcement will be made as and when applicable with respect to any development of the Acquisition.

Shareholders should therefore exercise caution when trading in the Shares.

THE AGREEMENT

Date: 24th February, 2006

Parties: (1) The Company
(2) Liaoning Hengrong
(3) The Vendor

To the best of the Directors' knowledge, information and belief having made an reasonable enquiry, each of the Vendor and Liaoning Hengrong is a third party independent of and not connected with the Company and its Connected Persons.

The Agreement is not legally binding.

Assets to be acquired:

70% of the registered capital of Liaoning Hengrong will be acquired by Aurora Logistic Capital Assurance Limited, a wholly-owned subsidiary of the Company. Liaoning Hengrong carries on the business of acting as guarantor for borrowers in the PRC.

Consideration:

The consideration for the Acquisition shall be the sum of RMB70,000,000 (approximately HK\$67,308,000) which may be satisfied in cash payable and/or new Shares and/or convertible bonds issued by the Company, depending on market conditions at the time of negotiating the terms of a formal acquisition agreement.

The consideration for the Acquisition was preliminarily arrived at after arm's length negotiations between the parties to the Agreement.

After execution of the Agreement, the Company shall arrange registered valuers and lawyers in Hong Kong or the PRC to conduct a full due diligence and analysis on Liaoning Hengrong. In the event that any problems arises after completion of the due diligence and analysis, the parties to the Agreement shall further negotiate the terms of the Acquisition. Either party shall have the absolute right not to proceed with the Acquisition and neither party shall have any claim against the other arising therefrom.

The Acquisition shall be subject to the terms and conditions of a formal acquisition agreement including, inter alia, the consideration and the payment terms to be agreed upon by the parties.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company from 10:00 a.m. on 29th November, 2005 pending the release of an announcement regarding a price sensitive matter. On 1st December, 2005, the Company announced the termination of the Acquisition Agreement. The Shares remained suspended pending the announcement of a proposed transaction which may be price sensitive. On 1st January, 2006, the Company announced that it had entered into an agreement for the sale and purchase of the Logistic and Financial Management System. Trading in the Shares remained suspended pending the release of an announcement regarding a very substantial acquisition. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 1st March, 2006. The Shares had been continuously suspended given the price sensitive nature of the discussions regarding the various proposed transactions.

The Acquisition, if progressed by the Company, is expected to constitute a very substantial acquisition pursuant to Rule 14.06(5) of the Listing Rules.

MISCELLANEOUS

The Company had since 3rd January, 2006 been in negotiations with an independent third party with respect to the acquisition of a 70% interest in the capital of Guangdong Huaxia. Guangdong Huaxia carries on the business of acting as guarantor for borrowers in the PRC. However the transaction has since failed to materialise. The reason being that immediately prior to signing and before material due diligence could be conducted on Guangdong Huaxia, the vendor had requested payment of certain non-refundable deposits in connection with such acquisition regardless of whether the transaction proceeds. Negotiations had been ongoing with respect to the amount and mechanism of the payment. Despite protracted negotiations, the Company could not reach agreement with that vendor on an amount acceptable to the Company and which would be beneficial to Shareholders as a whole. Accordingly, the Company terminated negotiations with that vendor on 20th February, 2006. The Company confirms that despite its entering into of a legally binding agreement with respect to the acquisition of an interest in Guangdong Huaxia, the counterparty never executed any agreement and as such no legally binding contract had been made.

Shareholders and investors should note that the proposed very substantial acquisition referred to in the Company's announcement dated 3rd January, 2006 relates to the Guangdong Huaxia transaction and not Liaoning Henggrong transaction mentioned herein.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Acquisition”	the proposed acquisition by Aurora Logistic Capital Assurance Limited of 70% of the registered capital of Liaoning Hengrong subject to and upon the terms and conditions of the Agreement and a formal acquisition agreement to be entered into between the parties
“Acquisition Agreement”	the agreement dated 20th October, 2005 for the sale and purchase of 70% of the registered and paid up capital of Guangzhou Haoyida Software Development Limited
“Agreement”	the co-operation agreement dated 24th February, 2006 and made between the Company, Liaoning Hengrong and the Vendor for the acquisition of 70% of the registered capital of Liaoning Hengrong by Aurora Logistic Capital Assurance Limited
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Orient Industries Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Connected Person”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Guangdong Huaxia”	Guangdong Huaxia Chuangye Rongzi Danbao Company Limited (廣東華夏創業融資擔保有限公司)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Liaoning Hengrong”	Liaoning Hengrong Medium and Small-sized Enterprises Investment Guarantee Company Limited (遼寧恒融中小企業擔保投資有限公司), a company established in the PRC and having a registered capital of RMB100 million and which carries on the business of acting as guarantor for borrowers in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Logistic and Financial Management System”	the Logistic and Financial Management System of CMST Guangzhou Corp. including seven management systems and software, namely the Integrated Logistics Management System, Domestic Transportation and Distribution System, Container Transportation Management System, Warehouse and Security Management System, Bonded Area Warehouse Management System, Inventory Control System, Delivery Management System
“PRC”	the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Xiuyan Manzu Zizhixian Yefeng Marble Mine (岫岩滿族自治縣義峰理石礦), being the holder holding in aggregate 70% of the registered capital of Liaoning Hengrong
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.04 to HK\$1.00.

By Order of the Board
Orient Industries Holdings Limited
Pang Man Kin Nixon
Executive Director

Hong Kong, 28th February, 2006

As at the date of this announcement, the executive Directors are Mr Pang Man Kin Nixon, Mr Tsao Ke Wen Calvin, Mr Lam Shu Chung, Mr Law Fei Shing and Mr So Chi Keung; the non-executive Director is Dr Ma Chung Wo Cameron and the independent non-executive Directors are Mr Poon Chiu, Mr Lum Pak Sum and Mr Li Chak Hung.

* For identification purposes only