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ORITRON
ORIENT POWER HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code : 615)
(the “Company”)

**DISPOSAL OF ASSET
DISCLOSEABLE TRANSACTION**

The Vendor, a wholly owned subsidiary of the Company, entered into an agreement on 28th September, 2004 for the disposal of 49% of the issued share capital of Clarion Orient to the Purchaser for an aggregate cash consideration of HK\$50 million.

The Purchaser is the owner of 51% of the issued share capital of Clarion Orient, and is independent of and not connected with the Company, any directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

The Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

A circular giving details of the Agreement will be sent to shareholders within 21 days from the date of this announcement.

Unconditional Agreement dated 28th September, 2004 (the “Agreement”)

Parties:

Vendor: Orient Power Car Stereos Limited (the “Vendor”), a wholly owned subsidiary of the Company

Purchaser: Clarion (H.K.) Industries Co., Limited (the “Purchaser”)

Asset disposed:

49% of the issued share capital of Clarion Orient Co., Limited (“Clarion Orient”). The balance of the issued share capital of Clarion Orient is owned by the Purchaser.

Clarion Orient is a company incorporated in Hong Kong on 27th October, 1994 and wholly owns Dongguan Clarion Orient Electronics Company Limited (東莞歌樂東方電子有限公司), a wholly foreign-owned enterprise established in the People’s Republic of China on 8th April, 1995 (together the “CO Group”). The CO Group is principally engaged in the manufacture and trading of car audio and video systems and accessories.

The audited total assets values of the CO Group as at 31st March, 2003 and 31st March, 2004 were HK\$256,502,380 and HK\$301,384,756 respectively and its unaudited total assets values and net asset value as at 30th June, 2004 were HK\$432,743,295 and HK\$101,006,478 respectively.

For each of the two years ended 31st March, 2004, the audited turnover of the CO Group were HK\$1,083,962,030 and HK\$1,282,605,184 respectively.

For each of the two years ended 31st March, 2004, the audited consolidated net profits before taxation of the CO Group were HK\$15,048,561 and HK\$15,423,615 respectively, and its audited consolidated net profits after taxation were HK\$13,210,995 and HK\$13,046,637 respectively. It had no extraordinary items during the two years ended 31st March, 2004.

For the three months ended 30th June, 2004, the unaudited turnover of the CO Group was about HK\$379,592,000 while the unaudited consolidated net profits before taxation and consolidated net profits after taxation of the CO Group were about HK\$3,408,000 and about HK\$2,931,000 respectively.

The Company has adopted an equity method of accounting for its 49% interests in Clarion Orient. After the disposal, the Company will cease to have any shareholding in Clarion Orient.

Consideration:

HK\$50 million in cash

The consideration was arrived at after arm's length negotiations and with reference to the audited consolidated net asset value of Clarion Orient of HK\$98,075,187 as at 31st March, 2004. Based on the consideration of the disposal and the audited consolidated net profits after taxation of Clarion Orient for the year ended 31st March, 2004, the disposal has price/earnings ratio of about 7.82.

The directors of the Company consider that the terms of disposal are fair and reasonable and in the interests of the shareholders as a whole.

Based on the carrying value of Clarion Orient of HK\$49,166,010 as at 30th June, 2004 in the books of the Company, there will be a gain of HK\$833,990 arising from the disposal. Under the Agreement, the parties have agreed that Clarion Orient shall declare payment of dividends in the total sum of HK\$8,575,000 to the Vendor on the business day immediately prior to completion and shall pay such dividends to the Vendor on the completion date. There will be a gain of HK\$9,408,990 over the said carrying value after deduction of such dividends.

For comparison of price/earnings ratio, the directors of the Company are not aware of any company listed in Hong Kong which principally engages in the manufacture and trading of car audio and video systems and accessories except subsidiaries of the Company. The Company has a price/earnings ratio of 2.98 as at the date of this announcement. They consider the price/earnings ratio and the premium (represented by the gain of disposal) of the disposal stated above are fair and reasonable.

Payment terms:

The purchase price is due in cash on completion.

Use of proceeds:

The proceeds of the disposal will be used as additional working capital of the Company and its subsidiaries (the "Group"). Presently the Group has not designated any specific use of such proceeds.

Re-designation and resignation of director:

Parties to the Agreement have agreed to the arrangement that Mr. Leung Chun Pong will change from being an executive director to a non-executive director of the Company on completion and commence his new employment with the CO Group as managing director of Clarion Orient thereafter. He shall resign as a non-executive director of the Company on 22nd December, 2006.

Completion date:

The Agreement is scheduled to be completed on 21st December, 2004 (or such other date as the parties may agree).

Reasons for the transaction:

Two major subsidiaries of the Group are engaged in the development, manufacture and sale of in-car video and digital products. The products of the Group and the CO Group in their own respective brands are increasingly competing in the same market segments. The Vendor effects the disposal so that the Group can concentrate on the development of its own in-car video and digital products.

Connection between the parties:

The Company confirms that, to the best of the directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner (whose details are stated below) are independent third parties not connected with the Company, any directors, chief executive officer or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

Information for shareholders:

The Group is principally engaged in the development, manufacture, sale and distribution of information and entertainment products for home and automobiles, the development and provision of networking technology services, and the provision of integrated solutions and services for the cable TV industry. As at the date of this announcement, the board of directors of the Company comprise Messrs. Poon Ka Hung, Wu Lai Ping, Lin Hoo Fun and Leung Chun Pong as executive directors; Ms. Jennifer Cheung Mei Ha and Mr. Edward Fung Chi Kong as non-executive directors; and Messrs. Joseph Chan Wing Tai, Tay Chee Hung and Tang Tin Ying as independent non-executive directors.

The Purchaser is a wholly owned subsidiary of Clarion Co., Limited, a company incorporated in Japan on 18th December, 1940 and whose shares are listed on the Tokyo Stock Exchange. The principal activity of Clarion Co., Limited is manufacturing of car equipments, including car audios and car navigation systems, and it has operations or subsidiaries in many countries (collectively the "Clarion Group"). The Purchaser is principally responsible for, among other things, the operational control of all those companies within the Clarion Group that operate in Hong Kong and the People's Republic of China and has strategic control over the car audio business of the Clarion Group.

For the Company, the disposal is a discloseable transaction under the Listing Rules.

A circular giving details of the Agreement will be sent to shareholders within 21 days from the date of this announcement.

By Order of the Board
Poon Ka Hung
Chairman

Hong Kong, 6th October, 2004

"Please also refer to the published version of this announcement in China Daily"