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ORITRON

ORIENT POWER HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 615)

(the “Company”)

ANNOUNCEMENT

LITIGATIONS WITH PHILIPS

Philips has taken legal action in Hong Kong against the Company and 13 subsidiaries for alleged infringement of their patent rights. They will defend the action.

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:39 a.m. on 25th May, 2005 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the shares with effect from 9:30 a.m. on 26th May, 2005.

The Company refer to press articles (“Articles”) relating to a legal action taken out by Koninklijke Philips Electronics N.V. (“Philips”) against it, 13 of its subsidiaries (the “Subsidiaries”), 2 directors and 1 senior executive in Hong Kong.

Orient Power Electronics Limited (“OPE”) and Orient Power Multimedia Limited (“OPMM”), 2 wholly owned subsidiaries of the Company, had respectively entered into license agreements with Philips for the use of Philips’ patents.

The Company, 13 subsidiaries (including OPE and OPMM), Mr. Poon Ka Hung (the Chairman of the Company), Mr. Wu Lai Ping (the Vice-Chairman of the Company) and Mr. James Yeung (the director of administration of the Company) have been served with a writ issued on 23rd May, 2005 by Philips in the Court of First Instance of Hong Kong. Philips’ claim is based on allegations of infringement of their patent rights, mainly for CD and DVD technologies. Philips claims that OPE and OPMM have breached such license agreements for failing to submit statements in respect of licensed products and pay royalties. Although OPE and OPMM are separate legal entities, Philips is further alleging that by virtue of the said license agreements, the other defendants (the “Non-Licensed Parties”), are also accountable for payments due under the said license agreements entered into by OPE and OPMM respectively. Alternatively, Philips is claiming that if the Non-Licensed Parties are not accountable under the license agreements, the Non-Licensed Parties are liable for damages for infringement of the patents of Philips. Apart from this, Philips is alleging against the Company and/or the Subsidiaries misrepresentation, inducing breach of contract and conspiracy to cause damage to Philips. Philips is therefore seeking relief against the Company and/or the Subsidiaries in the form of an injunction, an account for royalties and/or, damages for breach of contract, etc., interest and costs. Philips’ claim has not set out a figure for damages. The sum of US\$60 million mentioned in the Articles is merely an estimate (for which no basis has been given) by Philips of unpaid royalties due to them. The Company has received legal advice that based on a preliminary consideration of the Statement of Claim in these proceedings, Philips has raised complex issues of law and facts (the factual basis for Philips’ claim is disputed by the Company and the Subsidiaries (including OPE and OPMM)). Further, the claim based on patent infringement would very likely involve challenges of its validity (which challenge have already been lodged in other proceedings mentioned below). The Company and the Subsidiaries will defend the claims in these proceedings.

In California, the United States of America (the “US”), Orient Power (Wuxi) Digital Technology Company Limited (“OP Wuxi”), a 77.5% owned subsidiary of the Company, is a plaintiff in a class action against Philips and others (who are independent third parties) (the “Defendants”). OP Wuxi claims that the Defendants have misused the rights they have as patent holders in respect of DVD technologies by their combinations and conspiracies in violation of the US Sherman Act (antitrust law). OP Wuxi acts as a class representative for all those companies that have had licenses with the Defendants for the purpose of seeking a refund of all royalties paid by companies worldwide under the illegal licensing scheme. The claim can exceed US\$1 billion (but OP Wuxi’s entitlement cannot be ascertained at the moment). OP Wuxi is asking for a tripling of the damages. Under the doctrine of patent misuse, the plaintiffs are seeking a judicial declaration that all of the patents for certain DVD technologies held by the Defendants are invalid inasmuch as they are being used in violation of the Sherman Act to further the monopoly that Philips and the other Defendants enjoy over the DVD/optical business. The Defendants are defending the action and the action is now proceeding.

It is difficult to assess the impact of the above proceedings on the Company pending the receipt of detailed opinions from its legal advisers. Further announcement(s) will be made as soon as possible after receipt of such legal opinions by the Company.

Shareholders and potential investors are advised to exercise caution when dealing in shares of the Company.

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By Order of the Board
Poon Ka Hung
Chairman

Hong Kong, 25th May, 2005

As at the date of this announcement, the directors of the Company comprise Messrs. Poon Ka Hung, Wu Lai Ping and Lin Hoo Fun as executive directors; Ms. Jennifer Cheung Mei Ha, Mr. Edward Fung Chi Kong and Mr. Leung Chun Pong as non-executive directors; and Messrs. Joseph Chan Wing Tai, Tay Chee Hung and Tang Tin Ying as independent non-executive directors.

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