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Asia Alliance Holdings Limited

亞洲聯盟集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

TERMINATION OF ONGOING CONNECTED TRANSACTION AGREEMENT

The Company has terminated the Agreement on 3 November 2005 as Top Star has commenced creditors' voluntary liquidation under section 228(A) of the Companies Ordinance.

Reference is made to the circular issued by the Company dated 26 July 2004 ("Circular") which provided shareholders of the Company ("Shareholders") with information in relation to, amongst other things, the agreement entered into between the Company and Mr. Louie Tsz Chung ("Mr. Louie") on 15 June 2004 ("Agreement").

Under the Agreement, the Company and its subsidiaries ("Group") agreed to sell fabrics and provide bleaching and dyeing services to companies controlled by Mr. Louie ("Customer"). Since Mr. Louie is the nephew of Ms. Lui Yuk Chu, a director of the Company, the transactions under the Agreement constituted "non-exempt continuing connected transactions" of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and approval was obtained from the independent Shareholders at the special general meeting of the Company held on 25 August 2004.

The Company has terminated the Agreement in accordance with its terms on 3 November 2005 as Top Star Garment Limited ("Top Star"), being the Customer, has commenced creditors' voluntary liquidation under section 228(A) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) ("Companies Ordinance"). As at the date of this announcement, Top Star does not owe the Group any outstanding sum.

At the date of this announcement, the board of directors of the Company comprises Mr. Koon Wing Yee, Mr. Tsang Yiu Kai and Ms. Lui Yuk Chu as executive directors and Mr. Kan Ka Hon, Mr. Kwong Jimmy Cheung Tim and Mr. Lau Sin Ming as independent non-executive directors.

By order of the board
Asia Alliance Holdings Limited
Koon Wing Yee
Chairman and Chief Executive Officer

Hong Kong, 3 November 2005

** for identification only*

Please also refer to the published version of this announcement in The Standard.