

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy of completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



China United
International Holdings Limited
互聯控股有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code 273)

**COMPLETE THE PLACING OF CN
AND
PLACING OF NEW SHARES UNDER
GENERAL MANDATE
AND
RESUMPTION OF TRADING**

Complete The Placing Of CN

References are made to the announcement and circular of the Company dated 11th June 2004 and 2nd July 2004 respectively regarding the placing of the CN. Unless otherwise stated, all capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 2nd July 2004. On 23rd July 2004, the Company has agreed with the Placing Agent and the Financial Adviser after arm's length negotiation to reduce the placing amount of the CN from HK\$80 million to HK\$55 million by means of a confirmation letter and will complete the placing of the CN as soon as practicable. Other terms of the placing of the CN remain unchanged. The net proceed from the placing of the CN will be approximately HK\$53.7 million and the Board will totally apply the net proceed for the reducing of the borrowing of the Company. The change in the use of proceed from the placing of the CN will not have any material financial impact to the Company. The Board considers that the Company can utilize the internal resources and or the proceed from the Placing of Shares under the General Mandate as mentioned at below to reduce the borrowing and fulfill the capital requirements in working capital and potential joint venture investments.

Placing of New Shares Under General Mandate

In order to cover the shortfall of the fund raised through the placing of the CN as mentioned in above, the Company entered into the Placing Agreement on 23rd July 2004 with the Placing Agent and the Financial Adviser after arm's length negotiation in relation to the Placing up to 90,000,000 Placing Shares at the Placing Price of HK\$0.3 per Share on a best effort basis by the Placing Agent. The net placing price per Share is approximately HK\$0.295. The Placing Shares represent approximately 7.92% of the existing issued share capital of the Company and approximately 7.34% of the issued share capital of the Company as enlarged by the issue of the Placing Shares. The Placing Shares will be issued under the General Mandate and will rank equally with the existing Shares.

If the Placing Shares are fully placed, the net proceeds from the Placing of approximately HK\$26.5 million will be used as HK\$10.5 million, HK\$8 million and HK\$8 million respectively to reduce borrowing, working capital and to finance the Company's possible future investments in Macau and China. The Company is studying the potential joint venture investments in Macau and China. Neither the percentage of interest in the joint venture nor any formal and binding verbal or written agreements have been concluded yet.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended at 9:30 am on 23rd July 2004 pending the release of this announcement. Application has been made to the Stock Exchange to resume trading in the Shares with effect from 9:30 am on 26th July 2004.

Complete The Placing Of CN

References are made to the announcement and circular of the Company dated 11th June 2004 and 2nd July 2004 respectively regarding the placing of the CN. Unless otherwise stated, all capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 2nd July 2004.

In view of the current stock market conditions, the Placing Agent considers that it is difficult to procure placees for the whole amount of the CN of HK\$80 million. As on 23rd July 2004, the Placing Agent has procured not less than six placees, who are independent third parties and not connected persons of the Company as defined under the Listing Rules for the subscription of the CN in the amount of HK\$55 million. The conversion price of the CN of HK\$0.5 per Share (subject to adjustment as provided in the terms and conditions of the CN) represents (i) a premium of approximately 53.85% to the closing price of HK\$0.325 per Share quoted on the Stock Exchange on 22nd July 2004, the last trading day before the issue of this announcement; and (ii) a premium of approximately 35.5% to the average closing price of HK\$0.369 per Share as quoted on the Stock Exchange from 16th July 2004 to 22nd July 2004, both dates inclusive, being the last five full trading days immediately before and up to the issue of this announcement. Hence, on 23rd July 2004, the Company has agreed with the Placing Agent and the Financial Adviser after arm's length negotiation to reduce the placing of the CN from HK\$80 million to HK\$55 million by means of a confirmation letter and will complete the placing of the CN as soon as practicable. Other terms of the placing of the CN remain unchanged. The Placing Agent will receive HK\$825,000 as the placing commission being 1.5% on the gross proceeds of the CN successfully placed. The Financial Adviser will receive a fee of HK\$400,000 being the documentation fee in relation to the placing of the CN. The net proceed of the placing of the CN will be approximately HK\$53.7 million and the Board will totally apply the net proceed for the reducing of the borrowing of the Company. The change in the use of proceed from the placing of the CN will not have any material financial impact to the Company. The Board considers that the Company can utilize the internal resources and/or the proceed from the Placing of Share under the General Mandate as mentioned at below to reduce the borrowing and fulfill the capital requirements in working capital and potential joint venture investments.

The Board considers that the placing of the CN is an appropriate means of raising long-term capital for the Company and will not have an immediate dilution effect on the shareholding of the existing Shareholders. In view of the depressed prices of Shares recently trading on the Stock Exchange, it is fair and reasonable and is in the interest of the Shareholders and the Company as a whole to reduce the placing of the CN from HK\$80 million to HK\$55 million and complete the placing of the CN as soon as practicable.

Placing Of New Shares Under General Mandate

THE PLACING AGREEMENT DATED 23rd JULY 2004

In order to cover the shortfall of the fund raised through the placing of CN as mentioned in above, the Company entered into the Placing Agreement on 23rd July 2004 with the Placing Agent and the Financial Adviser after arm's length negotiation in relation to the Placing up to 90,000,000 Placing Shares at the Placing Price of HK\$0.3 per Share on a best effort basis by the Placing Agent.

Number Of Placing Shares

Up to 90,000,000 Placing Shares are to be placed, representing approximately 7.92% of the issued share capital of the Company of 1,136,335,913 Shares and approximately 7.34% of the issued share capital of the Company as enlarged by the Placing Shares, if fully placed. The Placing Agent will place the Placing Shares on a best effort basis. The Placing Shares will be issued under the General Mandate and will rank equally with the existing Shares. If the number of Shares being placed was less than 90,000,000 Placing Shares, the Company will make further announcement to inform Shareholders and potential investors as soon as practicable.

Placing Price

The Placing Price is HK\$0.3 per Placing Share. The Placing Price was agreed after arm's length negotiation between the Company, the Financial Adviser and the Placing Agent that represents (i) a discount of approximately 7.69% to the closing price of HK\$0.325 per Share quoted on the Stock Exchange on 22nd July 2004, the last trading date before the issue of this announcement; and (ii) a discount of approximately 18.7% to the average closing price of HK\$0.369 per Share as quoted on the Stock Exchange from 16th July 2004 to 22nd July 2004, both dates inclusive, being the last five full trading days immediately before and up to the issue of this announcement. The net placing price per Share is approximately HK\$0.295.

The Board considers that the Placing Price of the Placing Shares was agreed after arm's length negotiations between the Placing Agent, the Financial Adviser and the Company that is fair and reasonable and is in the interests of the Shareholders and the Company as a whole. The Board also considers that the timing of the Placing to be appropriate after taking into account of the sentiment of the stock market, the current stock price of the Shares and the availability of potential placees.

Placing Fees

The Placing Agent will receive a fee of 1.5% on the gross proceeds of the Shares successfully placed as the placing commission. The Financial Adviser will receive a fee of HK\$50,000 as the documentation fee irrespective of the amount of the Shares being placed. The placing commission and the documentation fee for the Placing will not be more than HK\$455,000 if the Shares are fully placed. These fees were agreed after arm's length negotiations between the Company, the Placing Agent and the Financial Adviser. The Board considers that these fees are in line with the market. The net proceeds of the Placing are approximately HK\$26.5 million if the Shares are fully placed.

Placees

Not less than six individual, institutional and/or professional investors, who are independent third parties and not connected persons of the Company as defined under the Listing Rules.

Condition of the Placing

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares. The Company will make the application to the Stock Exchange for the listing of and permission to deal in the Placing Shares.

TERMINATION

The Placing is subject to termination on the occurrence of certain events before 9:30a.m. (Hong Kong time) on the dates for completion of the Placing Agreement including:

1. any material breach of any of the representations and warranties set out in the Placing Agreement; or
2. the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
3. the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
4. the imposition of any moratorium suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

5. a change or development involving prospective change in taxation in Hong Kong or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Company and its subsidiaries (as a whole) or its present or prospective shareholders in their capacity as such; or
6. any change or deterioration in the conditions of local, national or international securities markets occurs.

The Board is not aware of the occurrence of any of such events as at the date of this announcement.

Completion

The Placing is to be completed on the second business day (or such other date as may be agreed between the Company, the Placing Agent and the Financial Adviser) after satisfaction of the condition as stated under the paragraph headed "**Condition of the Placing**" above. The Placing Agreement will lapse if the condition is not satisfied by 31st August 2004, or such other date as may be agreed between the Company, the Placing Agent and the Financial Adviser. If the Placing Agreement was lapsed, neither parties shall have any claims against the others save for any prior breaches of the Placing Agreement.

General Mandate

The Placing Shares will be issued under the General Mandate. As at the date of this announcement, no Shares have been issued and allotted under the General Mandate.

USE OF PROCEEDS

If the Placing Shares are fully placed, the net proceeds of approximately HK\$26.5 million will be used as HK\$10.5 million, HK\$8 million and HK\$8 million for reducing of borrowing, working capital and possible investments in Macau and China respectively. The Company is studying the potential joint venture investments in Macau and China. However, no concrete, formal and binding agreements have been concluded yet. The Company does not have any existing business in Macau as at the date of this announcement.

REASONS FOR THE PLACING

In order to cover the shortfall of fund raised through the placing of the CN as mentioned in above and taking into consideration of the current stock market sentiment and the stock price of the Shares as well as the availability of potential placees, the Board considers that the Placing represents an opportunity for the Company to raise capital while broadening the shareholders base without any interest burden to the Company.

The Board considers that the terms of the Placing Agreement, which were arrived at after arm's length negotiations between the Placing Agent, the Financial Adviser and the Company, are fair and reasonable and are in the interests of the Shareholders and the Company as a whole.

FUNDS RAISED BY THE COMPANY DURING THE 12 MONTHS ENDED 30TH JUNE 2004

Save and except the placing of the CN as mentioned in above, the Company has not raised any fund for the 12 months period ended on 30th June 2004. Since the placing of the CN is pending for completion, the net proceed from the placing of the CN has not been utilized and the Board will assign the net proceed to reduce the borrowing of the Company.

PRINCIPLE BUSINESS OF THE GROUP

The Group is principally engaged in investment holding. The principle activities of the Group include property investments, investment holding, investment in trading securities and provision of brokerage and financial services.

Shareholding Structure

	Before the Placing		Complete the Placing of CN and fully conversion of the CN		Placing of shares	
	Shares	% of shareholding	Shares	% of shareholding	Shares	% of shareholding
Radford Developments Limited	287,147,175	25.27%	287,147,175	23.04%	287,147,175	21.49%
Golden Resources Development International Limited	100,000,000	8.80%	100,000,000	8.02%	100,000,000	7.48%
Radford Capital Investment Limited	86,348,512	7.60%	86,348,512	6.93%	86,348,512	6.46%
Heritage International Holdings Limited	73,863,785	6.50%	73,863,785	5.93%	73,863,785	5.53%
Public	588,976,441	51.83%	588,976,441	47.25%	678,976,441	50.81%
Conversion of CN	—	—	110,000,000	8.83%	110,000,000	8.23%
Total	<u>1,136,335,913</u>	<u>100.00%</u>	<u>1,246,335,913</u>	<u>100.00%</u>	<u>1,336,335,913</u>	<u>100.00%</u>

General

The Placing Agent and the Financial Adviser are the associate companies of the Company and are deemed as connected persons to the Company pursuant to Rule 1.01 of the Listing Rules. Hence, the Placing shall be regarded as the connected transaction as defined under Rule 14A.13 of the Listing Rules. The aggregate amount of the placing commission and the documentation fee paid to the Placing Agent and the Financial Adviser will not more than approximately HK\$455,000 if the Placing Shares are fully placed. Such connected transaction is on normal commercial terms and the aggregate placing fees fall within the de minimis transactions pursuant to the Rule 14A.31(2) of the Listing Rules that is exempt from the reporting, announcement and the independent Shareholders' approval.

The Board considers that the terms of the Placing Agreement as well as the placing commission and the documentation fee pay to the Placing Agent and the Financial Adviser respectively in relation to the Placing were entered after arm's length negotiation between the Company, the Placing Agent and the Financial Adviser which were in the ordinary course of business of the Company, on normal commercial terms and on terms no less favourable to the Company than terms available from independent third parties, and the terms of that are fair and reasonable and in the interest of the Shareholders and the Company as a whole.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended at 9:30 am on 23rd July 2004 pending the release of this announcement. Application has been made to the Stock Exchange to resume trading in the Shares with effect from 9:30 am on 26th July 2004.

DEFINITIONS

“Board”	the board of directors of the Company
“Company”	China United International Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are traded on the Stock Exchange
“CN”	the 7.8% convertible redeemable notes for an aggregate principal amount of up to HK\$80 million due on the fifth anniversary from the date of issue
“Financial Adviser”	CU Corporate Finance Limited, a company incorporated in Hong Kong with limited liability and a deemed licensed corporation registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“General Mandate”	the general mandate granted to the Board to issue Shares of the Company dated 31st May 2004
“Group”	the Company and its subsidiaries and associated companies
“HK\$”	Hong Kong dollars
“Placing”	placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Chung Nam Securities Limited, a limited liability company incorporated in Hong Kong and a deemed licensed corporation registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement between the Placing Agent, the Financial Adviser and the Company dated 23rd July 2004 in relation to the Placing
“Placing Price”	HK\$0.3 per Placing Share
“Placing Shares”	90,000,000 Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company

“Shareholder(s)” holder of the Share(s)

“Stock Exchange” The Stock Exchange of Hong Kong Limited

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Chuang Yueheng, Henry, Mr. Chung Wilson, Mr. Lo Kan Sun and Mr. Wong Ying Seung, Asiong and three independent non-executive directors, namely Mr. Lam Ping Cheung, Mr. Ong Peter and Mr. Miu Frank H.

By Order of the Board
China United International Holdings Limited
Chung Wilson
Managing Director

Hong Kong 23rd July 2004