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BONUS ISSUE OF SHARES

The Board proposes to make the Bonus Issue to the Shareholders. Each Shareholder will be issued Bonus Shares on the basis of one Bonus Share for every ten Shares held on the Record Date. The Bonus Issue is conditional upon approval by Shareholders at the EGM and the Stock Exchange granting listing of and permission to deal in the Bonus Shares. A circular containing, inter alia, details of the Bonus Issue and notice of the EGM will be despatched to the Shareholders as soon as possible.

BONUS ISSUE OF SHARES

The Board proposes to make the Bonus Issue of Shares, on the basis of one new Bonus Share, credited as fully paid, for every ten existing Shares held by the Shareholders on the Record Date, subject to the conditions detailed below.

Based on the 1,140,335,913 Shares in issue as at the date of this announcement and assuming no further Shares are issued or purchased from the date hereof until the Record Date, 114,033,591 Bonus Shares would be issued under the Bonus Issue of Shares and approximately HK\$11.4 million of the amount standing to the credit balance in the share premium account of the Company would be capitalized. There are sufficient amount in the share premium account for the purpose of the capitalization to effect the Bonus Issue of Shares. The Company still retains credit balance in the share premium account after the Bonus Issue of Shares.

As at the date of this announcement, there are 16,847,797 warrants outstanding with exercise price of HK\$0.15 and 53 convertible notes outstanding in the amount of HK\$53 million with the conversion price of HK\$0.5 issued by the Company on 19th August 2004. Both the exercise price and the conversion price of the warrants and the convertible notes may be adjusted for the Bonus Issue of Shares, for which the Company will make further announcement to inform the public as soon as practicable if any adjustment is required. However, if all the warrants and the convertible notes being exercised and converted on or before the Record Date, the Company will have 122,847,797 additional issued Shares. As a result, there are additional 12,284,779 Bonus Shares would be issued and approximately HK\$1.2 million of the amount standing to the credit balance in the share premium account of the Company would be capitalized. There are sufficient amount in the share premium account for the purpose of the capitalization to effect the Bonus Issue of Shares and taken into account the exercise of all outstanding warrants and full conversion of all outstanding convertible notes. The Company will still retain credit balance in the share premium account after such additional Bonus Issue of Shares.

The Bonus Shares will rank pari passu in all respects with the existing Shares.

Fractional Entitlements

Fractional entitlements to the Bonus Issue will not be granted to Shareholders but will be aggregated and sold (if a net premium, in excess of all expenses of sale, could be obtained) for the benefit of the Company.

Conditions of the Bonus Issue

The Bonus Issue is conditional upon:-

- (i) approval of Shareholders at the EGM; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Bonus Shares to be issued pursuant to the Bonus Issue.

Subject to the conditions being satisfied, dealings in the Bonus Shares are expected to commence on Friday, 12th November 2004.

Certificates for Bonus Shares

It is expected that certificates for the Bonus Shares will be posted on or around Wednesday, 10th November 2004 at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company.

Reasons for the Bonus Issue

The Board considers that the Bonus Issue will provide the Shareholders with the opportunity to participate in the growth of the Company by way of capitalization of a portion of the share premium account of the Company.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 25th October 2004 to Wednesday, 27th October 2004 (both dates inclusive) in order to determine entitlements to the Bonus Issue. **To qualify for the Bonus Issue, investors must ensure that all forms of transfers of Shares accompanied by the relevant Share certificates are lodged with the Registrar not later than 4:00 p.m. on Thursday, 21st October 2004.**

Expected Timetable for Bonus Issue

Last day of dealings in Shares
cum-entitlements to the Bonus Shares Tuesday, 19th October 2004

First day of dealings in Shares
ex-entitlements to the Bonus Shares Wednesday, 20th October 2004

Latest time for lodging transfers of
 Shares for entitlements to the Bonus Shares 4:00 p.m. on Thursday,
 21st October 2004

Closure of register of members of the Company Monday, 25th October 2004 to
 Wednesday, 27th October 2004
 (both dates inclusive)

Latest time for lodging proxy forms for EGM 9:00 a.m. on Monday,
 25th October 2004

Record Date Wednesday, 27th October 2004

EGM 9:00 a.m. on Wednesday, 27th October 2004

Despatch of the certificates for
 the Bonus Shares Wednesday, 10th November 2004

Commencement of dealings in
 the Bonus Shares 9:30 a.m. on Friday, 12th November 2004

General

A circular containing details of, inter alia, the Bonus Issue and notice of the EGM will be despatched to the Shareholders as soon as possible. Application will be made to the Listing Committee of the Stock Exchange for the granting listing of and permission to deal in the Bonus Shares.

Business of the Group

The Group is principally engaged in the business of investment in trading securities, provision of brokerage and financial services and property investment.

DEFINITIONS

“Board”	board of directors of the Company
“Bonus Issue”	the Bonus Issue of Shares
“Bonus Issue of Shares”	the conditional issue of Bonus Shares to Shareholders as described herein
“Bonus Shares”	new Shares to be issued under the Bonus Issue of Shares
“Company”	China United International Holdings Limited
“EGM”	an extraordinary general meeting of the Company to be held on Wednesday, 27th October 2004 to approve matters related to the Bonus Issue

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Record Date”	Wednesday, 27th October 2004 being the date for determination of entitlements to the Bonus Issue
“Registrar”	the share registrar of the Company, Computershare Hong Kong Investor Services Limited, Shop 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Share(s)”	share(s) of HK\$0.1 each in the capital of the Company
“Shareholders”	holders of Shares
“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
Chuang Yueheng, Henry
Chairman

Hong Kong, 17th September 2004