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China United
International Holdings Limited

五聯控股有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 273)

DISCLOSEABLE TRANSACTION

On 23rd December, 2004, Pleasure Developments entered into the Verbal Agreement with Ms. Ng to (i) dispose of its entire interest in Wide Asia to Ms. Ng and (ii) procure the termination of the Call Option Agreement with Wide Asia and the termination of certain undertakings given under the S/P Agreement by Mr. Chau and Pleasure Developments to each other.

The Verbal Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Formal Agreements will be despatched to shareholders as soon as possible.

Reference is made to the Company's announcement dated 29th November, 2004 and circular dated 20th December, 2004 in relation to the acquisition of the Sale Shares in Wide Asia by Pleasure Developments from Mr. Chau at the consideration of HK\$17,472,000 pursuant to the S/P Agreement dated 22nd November, 2004, which transaction was completed on 7th December, 2004. The S/P Agreement contained certain undertakings given by Mr. Chau and Pleasure Developments to each other. On 7th December, 2004, the Call Option Agreement was entered into between Wide Asia and Pleasure Developments whereby Wide Asia granted an option to Pleasure Developments to require Wide Asia to issue new shares to Pleasure Developments at a consideration of US\$5,000,000. As set out in the Company's announcement dated 10th December, 2004, Pleasure Developments procured an in principle agreement (subject to contract) from Ms. Ng to provide a loan of HK\$40 million to Wide Asia. The Company wishes to announce that it has entered into the Verbal Agreement (described below) as a result of negotiations which commenced in the evening of 22nd December, 2004.

THE VERBAL AGREEMENT

Date: 23rd December, 2004

Parties to the Agreement: Pleasure Developments as Vendor
Ms. Ng as Purchaser

Cancellation fee: HK\$38,000,000 payable by delivery of cheques addressed to Pleasure Developments as follows:-

- HK\$8,000,000 on signing of the Formal Agreements
- three consecutive monthly instalments after the signing of the Formal Agreements of HK\$10,000,000 each

Terms:

- (i) The Vendor agreed to sell and the Purchaser agreed to purchase 28 Sale Shares in Wide Asia, representing 28% of the issued share capital of Wide Asia and Pleasure Development's entire interest in Wide Asia;
- (ii) Pleasure Developments agreed to terminate:-
 - (a) the Call Option Agreement with Wide Asia; and
 - (b) certain undertakings given by Mr. Chau and Pleasure Developments to each other in the S/P Agreement being:-
 - (i) Mr. Chau's undertaking to procure the execution of:-
 - (a) the ship operating contract ("Ship Operating Contract") between Wide Asia and the Ship Operating Company whereby a bare boat charter fee of HK\$100,000 per day will be paid by the Ship Operating Company to Wide Asia on a weekly basis for the lease of the Vessel from Wide Asia (owner of the Vessel) to the Ship Operating Company; and
 - (b) the casino operating contract between the Ship Operating Company and the Casino Operating Company in relation to the Ship Operating Company's share of profit from the Casino Operating Company; and
- (iii) Pleasure Developments' undertaking to use reasonable endeavours to procure that a loan of HK\$40 million is made to Wide Asia and in return Mr. Chau agreeing to procure that Pleasure Developments is entitled to a share in the Casino Operating Company Profits.

It is expected that the Formal Agreements recording the Verbal Agreement will be signed in the last week of December 2004. Completion will take immediately after signing of the Formal Agreements. If the terms of the Formal Agreements are materially different from the Verbal Agreement, the Company will make a further announcement on the terms of the Formal Agreements.

Wide Asia:

Wide Asia is a sole purpose vehicle established for the purpose of holding the title to the Vessel. Wide Asia will lease the Vessel to the Ship Operating Company and it will not be engaged in the operation and management of the casino and entertainment business on board the Vessel. The Vessel is intended to engage in the casino and entertainment business in international waters from around April 2005.

Consideration:

Wide Asia has not conducted any business nor made any profit or incurred any losses for the period from the date of incorporation on 3rd May, 2004 to the date of this announcement. The net asset value attributable to the Sale Shares is US\$1.638 million (based on the acquisition cost of the Vessel by Wide Asia of US\$5.85 million), equivalent to approximately HK\$12,776,400. The sole asset of Wide Asia is the Vessel.

The Cancellation Fee payable by the Purchaser is HK\$38,000,000, which was arrived at after arms length negotiations between the Vendor and the Purchaser based on Pleasure Development's acquisition price of HK\$17,472,000 for the Sale Shares from Mr. Chau pursuant to the S/P Agreement and the future business potential of Wide Asia.

The Company will recognise in its income statement a gain on disposal of approximately HK\$20,000,000, calculated by subtracting the carrying value of Wide Asia, goodwill and expenses for acquisition incurred from the Cancellation Fee.

REASONS FOR THE TRANSACTION

The Company is of the view that the Disposal is a good opportunity for the Company to realise its investment at an attractive profit in a short period of time and also allows the Company to focus more time and resources on its investment in Macau related gaming and entertainment businesses. The consideration represents 3.7 times of the Company's share of the estimated annual gross revenue of Wide Asia of approximately HK\$10,220,000 (calculated by taking into account only the bare boat charter fees per day of HK\$100,000 agreed to be paid by the Ship Operating Company to Wide Asia under the Ship Operating Contract). The Directors (including the independent non-executive directors) are of the view that the transaction is fair and reasonable and in the interest of the Company and shareholders as a whole.

The Company intends to use HK\$28 million of the proceeds received under the Formal Agreement for investment in Macau related gaming and entertainment businesses and the balance of HK\$10 million for general working capital. As at the date of the announcement, there are no identified investment targets other than (i) the initial "Investment Target" of a casino with hotel operations in Macau as referred to in the Company's announcement dated 12th November, 2004 and (ii) the Company's investment in Found Macau Investments International Limited as referred to in the Company's announcement dated 10th December, 2004.

GENERAL INFORMATION

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is not a Connected Person of the Company and is otherwise independent of the Company and Connected Persons of the Company.

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

The Verbal Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Formal Agreements will be despatched to shareholders as soon as possible.

Definitions

The following terms are used in this announcement within the meanings set opposite them:-

“Call Option Agreement”	the conditional call option agreement dated 7th December, 2004 entered into between Pleasure Developments and Wide Asia whereby Wide Asia granted an option to Pleasure Developments to require Wide Asia to issue and allot the new shares to Pleasure Developments;
“Cancellation Fee”	HK\$38,000,000;
“Casino Operating Company”	Artune Limited, a company incorporated in the British Virgin Islands;
“Casino Operating Company Profits”	means the profit before tax and extraordinary items of the Casino Operating Company as set out in its audited profit and loss accounts;
“Company”	China United International Holdings Limited, a company incorporated in Hong Kong, whose shares are listed on the Stock Exchange;
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Directors”	the directors of the Company;
“Formal Agreements”	the formal agreements to be entered into between Pleasure Developments and Ms. Ng to record the Verbal Agreement and other related termination agreements to be entered into between Pleasure Developments with each of Mr. Chau and Wide Asia to terminate the Call Option Agreement and certain undertakings given by each of Pleasure Developments and Mr. Chau to each other under the S/P Agreement;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	a loan in the amount of HK\$40,000,000 which Pleasure Developments agreed with Mr. Chau to procure to be made available to Wide Asia under the S/P Agreement;
“Mr. Chau”	Mr. Chau Tuk Shun;
“Ms. Ng”	Ms. Ng Chor Har;
“Pleasure Developments”	Pleasure Developments Limited, a company incorporated in the British Virgin Islands, and an indirect wholly-owned subsidiary of the Company;
“Shares”	shares of a par value of HK\$0.10 in the Company;
“Ship Operating Company”	Wide Asia Limited, a company incorporated in Hong Kong;

“Ship Operating Contract”	the ship operating contract to be entered into between Wide Asia and the Ship Operating Company as described in the section headed “The Verbal Agreement” of this announcement;
“S/P Agreement”	the conditional sale and purchase agreement dated 22nd November, 2004 entered into by the Vendor and Mr. Chau in relation to sale and purchase of the Sale Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sale Shares”	28 Shares, representing 28% of the issued share capital of Wide Asia;
“Verbal Agreement”	the verbal agreement entered into by Pleasure Developments and the Purchaser on 23rd December, 2004 as described in this announcement;
“Vessel”	CT Neptune, Ex. Oliva; and
“Wide Asia”	Wide Asia Shipping S.A., a company incorporated in Republic of Panama.

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 of directors of
China United International Holdings Limited
Chung Wilson
Managing Director

Hong Kong, 23rd December, 2004