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**China United**  
International Holdings Limited

互聯控股有限公司

*(incorporated in Hong Kong with limited liability)*

(Stock Code: 273)

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 9th March 2005, the Company entered into Placing Agreement with the Placing Agent and the Financial Adviser after arm's length negotiation in relation to the Placing up to 274,000,000 Placing Shares at the Placing Price of HK\$0.168 per Share on a best effort basis by the Placing Agent. The net placing price per Share is approximately HK\$0.165. The Placing Shares represent approximately 18.13% of the existing issued share capital of the Company and approximately 15.35% 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\$45.3 million will be used as approximately HK\$15.3 million and HK\$30 million as working capital and properties investments in Macau respectively. However, no targets have been identified yet.

### **Placing Agreement Dated 9th March 2005**

On 9th March 2005, the Company entered into the Placing Agreement with the Placing Agent and the Financial Adviser after arm's length negotiation in relation to the Placing up to 274,000,000 Placing Shares at the Placing Price of HK\$0.168 per Share on a best effort basis by the Placing Agent.

### **Number Of Placing Shares**

Up to 274,000,000 Placing Shares are to be placed, representing approximately 18.13% of the existing issued share capital of the Company of 1,511,322,252 Shares and approximately 15.35% 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.

## **Placing Price**

The Placing Price is HK\$0.168 per Placing Share. The Placing Price has taken into consideration of the closing price of HK\$0.179 per Share quoted on the Stock Exchange on 9th March 2005 and was fixed and agreed after arm's length negotiation between the Company, the Financial Adviser and the Placing Agent that represents (i) a discount of approximately 6.15% to the closing price of HK\$0.179 per Share quoted on the Stock Exchange on 9th March 2005, the last trading date before the issue of this announcement; and (ii) a discount of approximately 8.1% to the average closing price of HK\$0.1828 per Share as quoted on the Stock Exchange from 3rd March 2005 to 9th March 2005, 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\$0.165.

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\$38,000 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\$730,000 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\$45.3 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 March 2005, 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 and the documentation fee for the Financial Adviser.

## **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\$45.3 million will be used as approximately HK\$15.3 million and HK\$30 million as working capital and properties investments in Macau respectively. The Board considers that the property markets in Macau possess substantial upside potential. However, no targets have been identified yet.

## **Reasons for the Placing**

In view of the current stock market sentiment and the stock price of the Shares, 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, which 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 Past 12 Months**

The Company issued Old Convertible Notes on 19th August 2004, details of which are mentioned in the announcement of the Company dated 11th June, 23rd July and 9th November 2004. The net proceeds was approximately HK\$53.7 million and were used for the reducing of the borrowing of the Company.

The Company placed 17,640,000 new Shares at HK\$0.24 per Share as referred to the announcement of the Company dated 29th November 2004. The net proceeds of the placing was HK\$4 million and were used for general working capital purposes.

The Company issued Convertible Notes and the FM Convertible Notes in the amount of HK\$100 million each on 28th February 2005. The net proceeds of the Convertible Notes has been applied to redeem the Old Convertible Notes and fund the cash portion of the New Found Macau Loan as mentioned in the Circular. The FM Convertible Notes have already issued to satisfy the balance of the New Found Macau Loan as mentioned in the Circular.

Save as mentioned in above, the Company has not raised any fund for the past 12 months.

## **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, provision of brokerage and financial services and the investment in gambling, entertainment and related business in Macau through the investment in Found Macau. However, to the best knowledge of the Board, Found Macau has not made any investment in Macau yet.

## Shareholding Structure

Name of Shareholders	Shareholding before the Placing		Shareholding after the Placing	
	Shares	% of shareholding	Shares	% of shareholding
<b>Name of Shareholders</b>				
Radford Developments Limited (Notes 1 and 2)	250,000,000	16.54%	250,000,000	14.00%
<b>Public Shareholders</b>				
Heritage International Holdings Limited (Notes 1 and 3)	140,998,163	9.33%	140,998,163	7.90%
Radford Capital Investment Limited (Notes 1 and 3)	138,275,363	9.15%	138,275,363	7.75%
Unity Investments Holdings Limited (Notes 1 and 3)	130,400,000	8.63%	130,400,000	7.30%
Others (Note 3)	<u>851,648,726</u>	<u>56.35%</u>	<u>1,125,648,726</u>	<u>63.05%</u>
Total	<u>1,511,322,252</u>	<u>100%</u>	<u>1,785,322,252</u>	<u>100%</u>

*Note 1:* Based on the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance as at the date of this announcement

*Note 2:* These shares were held by Radford Developments Limited which is controlled by a trust with the son of Mr. Chuang Yueheng, Henry, the Chairman of the Company, currently named as the beneficiary.

*Note 3:* Heritage International Holdings Limited (Stock Code: 412) and Radford Capital Investments Limited (Stock Code: 901) and Unity Investments Holdings Limited (Stock Code: 913) are public shareholders, with the meaning of the Listing Rules.

## General

The Placing Agent and the Financial Adviser are the wholly owned subsidiaries of HMI which is the associated company of the Company. The Placing Agent is principally engaged in the provision of the brokerage business. The Financial Adviser is principally engaged in the provision of the corporate finance advisory services. The Placing Agent and the Financial Adviser have been appointed by the Company to place the Old Convertible Notes and have received HK\$825,000 and HK\$400,000 as the placing commission and the documentation fee respectively. The aggregate amount of the placing commission and the documentation fee paid to the Placing Agent and the Financial Adviser for the placing of the Old Convertible Notes and this Placing will be approximately HK\$1,955,000 if the Placing Shares are fully placed. Both transactions are on normal commercial terms.

The Board (including the independent non-executive directors) considers that the terms of the Placing Agreement as well as the aggregate placing commission and the documentation fee pay to the Placing Agent and the Financial Adviser respectively in relation to the placing of the Old Convertible Notes and this Placing were entered after arm's length negotiation

between the Company, the Placing Agent and the Financial Adviser which was 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.

## **Definitions**

“Alpha Aim”	Alpha Aim International Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“Board”	the board of directors of the Company
“Circular”	the circular of the Company dated 4th February 2005
“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
“Convertible Notes”	a series of non-interest bearing convertible redeemable notes issued by the Company in an aggregate principal amount of HK\$100 million to independent investors due on the fifth anniversary from the date of issue as mentioned in the Circular
“Financial Adviser”	CU Corporate Finance Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“FM Convertible Notes”	a series of non-interest bearing convertible redeemable notes in an aggregate principal amount of HK\$100 million of the same terms of the Convertible Notes issued by the Company to Found Macau as mentioned in the Circular
“Found Macau”	Found Macau Investments International Limited, a company incorporated in the British Virgin Islands
“General Mandate”	the general mandate granted to the Board to issue Shares of the Company at the extraordinary general meeting of the Company held on 17th January 2005
“Group”	the Company and its subsidiaries and associated companies

“HMI”	Hennabun Management International Limited, a company incorporated in the British Virgin Islands and an associated company of the Company for which the Company is holding approximately 42% interest in HMI and the remaining shareholders of HMI are not connected persons of the Company
“HK\$”	Hong Kong dollars
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Found Macau Loan”	a shareholders loan in the amount of HK\$150 million made by Alpha Aim to Found Macau as mentioned in the Circular
“Old Convertible Notes”	the convertible notes issued by the Company on 19th August 2004 in the aggregate principal amount of HK\$55 million to independent investors for which HK\$2 million has been converted and the balance was redeemed by the Company on 28th February 2005
“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 9th March 2005 in relation to the Placing
“Placing Price”	HK\$0.168 per Placing Share
“Placing Shares”	274,000,000 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 four independent non-executive directors, namely Mr. Lam Ping Cheung, Mr. Miu Frank H., Mr. Nakajima Toshiharu and Ms. Lin Wai Yi.

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

Hong Kong, 9th March 2005