
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China United International Holdings Limited, you should at once hand this circular with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

BONUS ISSUE OF SHARES
GRANT OF GENERAL MANDATES
AND
AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

An AGM will be held on Monday, 31st May, 2004 at 9:00 a.m. and an EGM will be held on the same day at 9:15 a.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day) both at Function Room III, Ground Floor, City Garden Hotel, North Point, Hong Kong.

A notice convening the EGM is set out on pages 12 to 15 of this circular. Whether or not Shareholders are able to attend the EGM, Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the registered office of the Company at 32nd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM should Shareholders so wish.

13th May, 2004

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“AGM”	an annual general meeting of the Company to be held at 9:00 a.m. on Monday, 31st May 2004 at Function Room III, Ground Floor, City Garden Hotel, North Point, Hong Kong to approve matters as stipulated on the press announcement and the AGM notice on 22nd April 2004 of the Company
“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
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be held at 9:15 a.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day) on Monday, 31st May, 2004 at Function Room III, Ground Floor, City Garden Hotel, North Point, Hong Kong to approve matters related to the Bonus Issue and the grant of the General Mandates
“General Mandates”	the general mandates to issue and repurchase Shares proposed to be granted at the EGM
“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
“Issue Date”	the date of issue of the Bonus Shares, currently expected to be on Monday, 14th June 2004
“Latest Practicable Date”	11th May, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited

DEFINITIONS

“Radford”	Radford Developments Limited, a company incorporated in the British Virgin Islands which is controlled by a trust of which the son of Mr. Chuang Yueheng, Henry, the Chairman of the Company, is currently named as the beneficiary and which is also a substantial Shareholder
“Record Date”	Monday, 31st May, 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, Room 1901-5, 19th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

EXPECTED TIMETABLE

The expected timetable is set out below:-

Last day of dealings in Shares cum-entitlements to the Bonus Shares	Friday, 21st May 2004
First day of dealings in Shares ex-entitlements to the Bonus Shares	Monday, 24th May 2004
Latest time for lodging transfers of Shares for entitlements to the Bonus Shares	4:00 p.m. on Tuesday, 25th May 2004
Closure of register of members of the Company	Thursday, 27th May 2004 to Monday, 31st May 2004 (both dates inclusive)
Latest time for lodging proxy forms for EGM	9:15 a.m. on Saturday, 29th May, 2004
Record Date	Monday, 31st May 2004
EGM	9:15 a.m. on Monday, 31st May 2004 (or immediately after the conclusion or adjournment of the AGM of the Company to be held on the same day)
Despatch of the certificates for the Bonus Shares	Monday, 14th June 2004
Commencement of dealings in the Bonus Shares	9:30 a.m. on Wednesday, 16th June 2004

LETTER FROM THE BOARD



China United
International Holdings Limited
互聯控股有限公司

(Incorporated in Hong Kong with limited liability)

Directors:

Mr. Chuang Yueheng, Henry (*Chairman*)
Mr. Chung Wilson (*Managing Director*)
Mr. Lo Kan Sun
Mr. Wong Ying Seung, Asiong
Mr. Lam Ping Cheung*
Mr. Ong Peter*
Mr. Miu Frank H*

* *independent non-executive director*

**Registered office and
principal place of business:**

32nd Floor, China United Centre
28 Marble Road
North Point
Hong Kong

13th May, 2004

*To the Shareholders and, for information only,
holders of Warrants*

Dear Sir/Madam,

**BONUS ISSUE OF SHARES
GRANT OF GENERAL MANDATES
AND
AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

INTRODUCTION

It was announced by the Company on 22nd April, 2004 that the Board intended to put forward the Bonus Issue and grant of General Mandates and amendment of Articles of Association for approval by the Shareholders.

The purpose of this circular is to provide you with further details of the Bonus Issue, grant of General Mandates and amendment of Articles of Association and to give you notice of the EGM at which resolutions will be proposed to consider and if thought fit, approve, the Bonus Issue and the grant of General Mandates at EGM and amendment of Articles of Association at AGM.

BONUS ISSUE OF SHARES

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

LETTER FROM THE BOARD

Based on the 452,136,397 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued or purchased from the date hereof until the Record Date, 678,204,595 Bonus Shares would be issued under the Bonus Issue of Shares and approximately HK\$67.8 million of the amount standing to the credit balance in the share premium account of the Company would be capitalised. There are sufficient amount in the share premium account for the purpose of the capitalisation to effect the Bonus Issue of Shares. The Company still retain credit balance in the share premium account after the Bonus Issue of Shares.

As at the Latest Practicable Date, there are 9,017,950 warrants outstanding with exercise price of HK\$0.38 and 350 convertible notes outstanding in the amount of HK\$58.8 million with the conversion price of HK\$1.48. 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, there are additional 73,121,518 Bonus Shares would be issued and approximately HK\$7.3 million of the amount standing to the credit balance in the share premium account of the company would be capitalised. There are sufficient amount in the share premium account for the purpose of the capitalisation 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 but will be aggregated and sold 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 Stock Exchange granting listing of and permission to deal in the Bonus Shares.

Certificates for Bonus Shares

It is expected that certificates for the Bonus Shares will be posted on or around Monday, 14th June 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 Directors believe that the Bonus Issue will provide the Shareholders with the opportunity to participate in the growth of the Company by way of capitalisation of a portion of the share premium account of the Company.

LETTER FROM THE BOARD

Closure of register of members

The register of members of the Company will be closed from Thursday, 27th May 2004 to Monday, 31st May 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 Tuesday, 25th May 2004.**

Listing and dealings

Application will be made to the Listing Committee of the Stock Exchange for the granting of listing of, and permission to deal in, the Bonus Shares. Dealings in the Bonus Shares on the Stock Exchange are expected to commence on Wednesday, 16th June 2004 .

Subject to the granting of the listing of and permission to deal in the Bonus Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Bonus Shares on the Stock Exchange or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the share capital of the Company is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought. The Bonus Shares will not be listed or traded on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or proposed to be sought. Dealings in the Bonus Shares will be subject to the payment of stamp duty in Hong Kong.

In order to alleviate the difficulties arising from the existence of odd lots of the Bonus Shares, the Company has procured an agent to arrange to match the sale and purchase of odd lots of the Bonus Shares. Holders of odd lots of the Bonus Shares who wish to take advantage of this facility should contact Mr. Chan Kwok On of Chung Nam Securities Limited at 31st Floor, China United Centre, 28 Marble Road, North Point, Hong Kong (telephone no. 3198 0888) during trading hours from 9:30 a.m. to 4:00 p.m. from Wednesday, 16th June 2004 to Friday, 16th July 2004.

GRANT OF GENERAL MANDATES

As the general mandate granted to Directors of the Company at the extraordinary general meeting of the Company held on 29th October 2003 to issue new Shares will be expired on 31st May 2004, the Directors are seeking the passing of an ordinary resolution at the EGM to grant general mandates to the Board to exercise the powers of the Company to (i) allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing such resolutions at the EGM; and (ii) to purchase Shares not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing such resolution at the EGM.

LETTER FROM THE BOARD

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF THE COMPANY

The Board proposed, amongst other things, to the Shareholders for their approval by way of a special resolution at the annual general meeting of the Company (the “AGM”) for the amendments (the “Proposed Amendments”) to the articles of association of the Company (the “Articles of Association”) in order to align the Articles of Association with certain amendments to the Listing Rules (which became effective on 31 March 2004) and the Companies (Amendment) Ordinance 2003 (which came into effect on 13 February 2004) and the Securities and Futures Ordinance (the “SFO”) (the Securities and Futures (Clearing House) Ordinance was repealed upon the commencement of the SFO on 1st April 2003).

Notice of AGM (the “AGM Notice”) containing, amongst others, particulars of the Proposed Amendments to the Articles of Association have been published on the press announcement and posted on the web-site of the Stock Exchange on 23rd April 2004. Please also refer to the annual report of the Company for the year ended 31 December 2003 despatched to the Shareholders on or about 30th April, 2004 in which the AGM Notice is set out on pages 4 to 7. A summary of the proposed amendments to the Articles of Association of the Company is set out below:

- (i) Article 2 to conform with the change in the reference to the SFO. Any recognized clearing house under the repealed ordinance shall be deemed to have been recognised as a clearing house under the SFO.
- (ii) Article 16(A) and 16(B) to comply with certain provisions in the Companies (Amendment) Ordinance 2003 with respect to, inter alia, issue of share certificates within 10 business days after lodgment of a transfer and removal of any Director by an ordinary resolution of the Company.
- (iii) Article 86(c) to conform with the amended Appendix 3 to the Listing Rules which requires where any member is, under the Listing Rules required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.
- (iv) Article 107(A)(viii) and Article 111 to conform with the amended Companies Ordinance that removal of any Director before the expiration of his period of office can be made by Ordinary Resolution instead of Special Resolution.
- (v) Article 108(B) to conform with the provisions of the amended Appendix 3 to the Listing Rules so that, inter alia, subject to certain exceptions, a Director is not allowed to vote on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting.
- (vi) Article 123 to conform with the amended Appendix 3 to the Listing Rules which requires, inter alia, that there be a minimum period during which notice may be given by a member (other than the Director to be proposed) of his intention to propose a person for election as

LETTER FROM THE BOARD

a Director and during which notice is also given by such person of his willingness to be elected. The minimum period must be fixed for at least seven days and the period for lodgment of such notice(s) should commence no earlier than the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting.

- (vii) Article 178(B) to conform with the amended Companies Ordinance that the Company may purchase and maintain for any officer of the Company insurance against any liability and in defending any proceedings to the Company or a related company.

GENERAL

The notice of the EGM is set out on page 12 to page 15 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not Shareholders are able to attend the EGM, Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the registered office of the Company at 32nd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM should Shareholders so wish.

RECOMMENDATION

The Board is of the opinion that the proposed Bonus Issue and grant of General Mandates and amendment of Articles of Association are in the best interests of the Company and the Shareholders as a whole, and so recommends Shareholders to vote in favour of the resolutions to be proposed at the AGM and the EGM.

Your attention is also drawn to the additional information set out in the appendix to this circular.

By order of the Board
Chung Wilson
Managing Director

This section includes explanatory statements required by the Stock Exchange to be presented to Shareholders concerning the mandate to purchase securities of the Company proposed to be granted to the Board at the EGM (the “Purchase Mandate”).

1. STOCK EXCHANGE RULES FOR PURCHASES OF SECURITIES

The Listing Rules provide that all proposed purchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a general mandate or by a specific approval of a particular transaction and that the securities to be purchased must be fully paid up.

2. FUNDING OF PURCHASES

Any purchases will be made out of funds which are legally available for the purpose in accordance with the memorandum and articles of association of the Company.

As compared with the financial position of the Company as at 31st December, 2003 (being the date to which the latest published audited accounts of the Group were made up), the Board considers that there would not be a material adverse impact on the working capital and gearing position of the Company in the event that the Purchase Mandate, if so approved, was to be carried out in full during the proposed purchase period.

The Board does not propose to exercise the Purchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or the gearing ratio which in the opinion of the Board is from time to time appropriate for the Company.

3. SHARE CAPITAL

As at the Latest Practicable Date, the issued and fully paid up share capital of the Company comprised of 452,136,397 Shares.

Assuming that (i) no further Shares are issued or purchased between the Latest Practicable Date and the date of EGM, and (ii) resolutions numbered 3 set out in the notice of EGM on page 14 of this circular is duly passed at the EGM, the Company would be allowed under the Purchase Mandate to purchase a maximum of 45,213,639 Shares.

4. REASONS FOR PURCHASES

The Board believes that it is in the best interests of the Company and the Shareholders to have a general authority from the Shareholders to enable the Board to purchase securities of the Company on the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value of the Company and/or its earning per Share and will only be made when the Board believes that such purchases will benefit the Company and the Shareholders.

5. UNDERTAKING OF THE BOARD

The Board has undertaken to the Stock Exchange to exercise the Purchase Mandate in accordance with the Listing Rules, the memorandum and articles of association of the Company and all applicable laws of Hong Kong.

6. EFFECT OF THE TAKEOVERS CODE

As at the Latest Practicable Date, Radford held approximately 25.39% of the issued share capital of the Company, was the only substantial Shareholder holding 10% or more of the issued share capital of the Company. On the basis that no new Shares will be issued after the completion of the issue of the Bonus Shares, in the event the Purchase Mandate, if so approved, is exercised in full, the shareholding of Radford in the Company would be increased to approximately 28.21% of the issued share capital of the Company. Radford will therefore not have any obligation to make a mandatory offer in accordance with the Takeovers Code. The Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchase made under the Purchase Mandate.

The Board has no present intention to exercise in full the power to purchase securities of the Company if the proposed Purchase Mandate is approved and to such an extent that the obligation to make a mandatory offer will be triggered. In the event that the Directors exercise in full the power to repurchase Shares pursuant to the Purchase Mandate, the number of Shares held by the public would not fall below 25%.

7. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of the knowledge and belief of the Directors, having made all reasonable enquiries, any of their respective associates has notified the Company of any present intention, in the event that the Purchase Mandate is approved by the Shareholders, to sell securities of the Company to the Company.

No connected person (as defined under the Listing Rules) of the Company has notified the Company that he/she has a present intention to sell securities of the Company to the Company nor has he/she undertaken not to sell any of the securities of the Company held by him/her to the Company in the event that the Company is authorised to make purchases of securities of the Company.

8. GENERAL

No purchase of Shares has been made by the Company during the last six months (whether on the Stock Exchange or otherwise) prior to the Latest Practicable Date.

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months immediately prior to the Latest Practicable Date were as follows:

	Price/Share	
	Highest HK\$	Lowest HK\$
2003		
May	1.360	1.050
June	1.250	0.700
July	1.170	0.920
August	1.200	0.950
September	1.330	1.030
October	1.290	0.747
November	1.200	0.900
December	1.100	0.950
2004		
January	1.380	0.940
February	1.950	1.100
March	2.000	1.550
April	1.950	1.700

9. RIGHT TO DEMAND ON POLL

Article 81 of the Company's Articles of Association sets out the procedure by which Shareholders may demand a poll:

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:- (i) by the chairman of such meeting; (ii) by at least three members present in person or by proxy and entitled to vote at the meeting; (iii) by any member or members present in person or by proxy and representing not less than one tenth of the total voting rights of all the members having the right to vote at the meeting; (iv) by a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all the shares conferring that right.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



China United
International Holdings Limited

互聯控股有限公司

(incorporated in Hong Kong with limited liability)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China United International Holdings Limited (the “Company”) will be held at Function Room III, Ground Floor, City Garden Hotel, North Point, Hong Kong at 9:15 a.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day) on Monday, 31st May 2004 for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as Ordinary Resolutions:-

ORDINARY RESOLUTIONS

1. **“THAT** subject to and conditional upon the Listing Committee of the Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the Bonus Shares (as defined below),:-
 - (A) (i) a sum of approximately HK\$67,830,000, being part of the amount standing to the credit balance of the share premium account of the Company, or such larger sum as may be necessary to give effect to the bonus issue of Shares pursuant to this resolution, be capitalised for distribution amongst shareholders of the Company (“Shareholders”) on the condition that such sums shall not be paid in cash but be applied in paying up in full at par not less than 678,204,595 Shares (“Bonus Shares”), and that such Bonus Shares be issued and allotted credited as fully paid and distributed by way of bonus to Shareholders whose names appear on the register of members of the Company at 5:00 p.m. on 31st May 2004 (the “Record Date”) in the proportion of three Bonus Shares for every two Shares held on the Record Date (the “Bonus Issue”) and otherwise on the basis set out in the circular to shareholders of the Company dated 13th May, 2004 (“Circular”), a copy of which has been tabled to this meeting marked “A” and initialled by the Chairman of the meeting for identification purpose and the directors of the Company (“Directors”) be and they are hereby authorised to give effect to such capitalisation and distribution;
 - (ii) no fractional Bonus Shares shall be allotted to Shareholders but the fractional entitlements shall be aggregated and sold in the market for the benefit of the Company;
 - (iii) the new Bonus Shares to be issued pursuant to paragraphs (i) and (ii) above shall rank in all respect *pari passu* with the existing issued Shares as at the date of issuing such Bonus Shares; and
- (B) the Directors be and are hereby authorised to (i) issue and allot the Bonus Shares; and (ii) to do all such acts and things as they may, in their absolute discretion, consider necessary, desirable or expedient to effect, implement and complete any or all other transactions contemplated in this resolution.”

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

2. “THAT:-

- (A) subject to paragraph (C) below, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (B) the Directors be and are authorised during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such powers during or after the end of the Relevant Period;
- (C) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs 2(A) and (B), otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to the exercise of any options granted under the share option scheme adopted by the Company or an issue of shares upon the exercise of subscription rights attached to the warrants which might be issued by the Company or an issue of shares in lieu of the whole or part of a dividend on shares or any scrip dividend scheme or similar arrangement in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue, as at the date of passing this resolution and the said approval shall be limited accordingly; and
- (D) for the purposes of this resolution:-

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any applicable law of Hong Kong to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange).”

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

3. “THAT:-

- (A) subject to paragraph (C) below, the exercise by the directors of the Company (“Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase securities in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, and that the exercise by the Directors of all powers of the Company to purchase such securities are subject to and in accordance with all applicable laws, be and is hereby, generally and unconditionally approved;
- (B) the approval in paragraph (A) shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its securities at a price determined by the Directors;
- (C) the aggregate nominal amount of securities in the capital of the Company purchased or agreed conditionally or unconditionally to be purchased by the Company pursuant to the approval in paragraph (A) during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the time of passing this resolution and the said approval shall be limited/accordingly; and
- (D) for the purposes of this resolution:-

“Relevant Period” means the period from the time of the passing of this resolution until whichever is the earliest of:-

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the memorandum and articles of association of the Company or any applicable law of Hong Kong to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

4. “**THAT** conditional upon the passing of the ordinary resolutions numbered 2 and 3 in the notice convening the meeting dated 13th May, 2004, the aggregate nominal amount of the shares in the capital of the Company which are purchased by the Company pursuant to and in accordance with the said resolution numbered 3 shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the ordinary resolution numbered 2 set out in the notice of the meeting dated 13th May, 2004.”

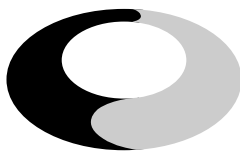
By order of the Board
China United International Holdings Limited
Chung Wilson
Managing Director

Dated 13th May, 2004

Registered Office:
32nd Floor, China United Centre
No. 28 Marble Road
North Point
Hong Kong

Notes:

1. A form of proxy to be used for the meeting is enclosed.
2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
3. To be valid, the instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority must be deposited at the registered office of the Company at 32nd Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong not less than 48 hours before the time for holding the meeting, and in default the instrument of proxy shall not be treated as valid.
5. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.



China United
International Holdings Limited

互聯控股有限公司

(incorporated in Hong Kong with limited liability)

Form of proxy for use at the extraordinary general meeting

I/We¹ _____

of _____

being the registered holder(s) of² _____

shares of HK\$0.10 each in the capital of China United International Holdings Limited (the "Company"),

HEREBY APPOINT³ the chairman of the extraordinary general meeting, or _____

of _____

as my/our proxy to attend for me/us at the extraordinary general meeting (and at any adjournment thereof) to be held at Function Room III, Ground Floor, City Garden Hotel, North Point, Hong Kong at 9:15 a.m. (or immediately after the conclusion or adjournment of the Annual General Meeting of the Company to be held on the same day) on Monday, 31st May 2004 for the purpose of considering and, if thought fit, passing the ordinary resolution as set out in the notice convening the said meeting and at such meeting (or at any adjournment thereof) to vote for me/us and in my/our name(s) in respect of the said resolution as hereunder indicated.

	FOR ⁴	AGAINST ⁴
ORDINARY RESOLUTION 1		
ORDINARY RESOLUTION 2		
ORDINARY RESOLUTION 3		
ORDINARY RESOLUTION 4		

Signature(s)⁶ _____

Date _____

NOTES:

- Full name(s) and address(es) must be inserted in BLOCK CAPITALS.
- Please insert the number of shares registered in your name(s) to which the proxy relates. If no number is inserted, this form of proxy will be deemed to relate to all the shares of the Company registered in your name(s).
- If any proxy other than the chairman is preferred, please strike out "the chairman of the extraordinary general meeting, or" and insert the name and address of the proxy desired in the space provided. A member may appoint one or more proxies to attend and vote in his stead. ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALED BY THE PERSON(S) WHO SIGN(S) IT.
- IMPORTANT: IF YOU WISH TO VOTE FOR THE RESOLUTION, TICK THE BOX MARKED "FOR". IF YOU WISH TO VOTE AGAINST THE RESOLUTION, TICK THE BOX MARKED "AGAINST". Failure to tick a box will entitle your proxy to cast your vote or abstain at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the said meeting other than that referred to in the notice convening the meeting.
- Any member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
- To be valid, the instrument appointing a proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority must be deposited at the registered office of the Company at 32nd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong not less than 48 hours before the time for holding the meeting, and in default the instrument of proxy shall not be treated as valid.
- Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.