
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, 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 to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser.

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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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF WIDE ASIA SHIPPING S.A.

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DEFINITIONS

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

“Announcement”	the announcement dated 23rd December, 2004 in relation to, inter alia, the Verbal Agreement;
“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 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;
“Completion”	completion of the Disposal Agreement;
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Directors”	the directors of the Company;
“Disposal Agreement”	the disposal agreement dated 3rd January, 2005 entered into between Pleasure Developments and Ms. Ng to dispose of the Sale Shares;
“First Termination Deed”	the termination deed dated 3rd January, 2005 entered into between Pleasure Developments and Wide Asia to terminate the Call Option Agreement;
“Formal Agreements”	the Disposal Agreement, the First Termination Deed and the Second Termination Deed;
“Group”	the Company and its subsidiaries;
“Latest Practicable Date”	11th January, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;

DEFINITIONS

“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;
“Second Termination Deed”	the termination deed dated 3rd January, 2005 entered into between Pleasure Developments and Mr. Chau to terminate certain undertakings given by each of Pleasure Developments and Mr. Chau to each other under the S/P Agreement;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“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 “Second Termination Deed” in the Letter from the Board in this circular;
“S/P Agreement”	the conditional sale and purchase agreement dated 22nd November, 2004 entered into by Pleasure Developments 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 the Announcement;
“Vessel”	CT Neptune, Ex. Oliva; and
“Wide Asia”	Wide Asia Shipping S.A., a company incorporated in Republic of Panama.

LETTER FROM THE BOARD



China United
International Holdings Limited

互聯控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 273)

Executive Directors

Mr. Chuang Yueheng, Henry
Mr. Chung Wilson
Mr. Lo Kan Sun
Mr. Wong Ying Seung, Asiong

Registered Office and Head Office:

32/F., China United Centre
28 Marble Road
North Point
Hong Kong

Independent Non-executive Directors

Mr. Lam Ping Cheung
Mr. Ong Peter
Mr. Miu Frank H.
Mr. Nakajima Toshiharu

14th January, 2005

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

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

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. The purpose of this circular is to provide you with further details of the Formal Agreements which have been entered into to record the terms of the Verbal Agreement. The terms of the Formal Agreements are identical to those in the Verbal Agreement.

DISPOSAL OF WIDE ASIA

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

LETTER FROM THE BOARD

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 entered into the Formal Agreements described below to record the Verbal Agreement.

(1) THE DISPOSAL AGREEMENT

Date: 3rd January, 2005

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 Completion
- three consecutive monthly instalments of HK\$10,000,000 each on 5th February, 2005, 5th March, 2005 and 5th April, 2005

Terms:

- (i) The Vendor agreed to sell and Ms. Ng agreed to purchase 28 Sale Shares in Wide Asia, representing 28% of the issued share capital of Wide Asia and Pleasure Developments' entire interest in Wide Asia;
- (ii) Pleasure Developments agreed to deliver to Ms. Ng the First Termination Deed and the Second Termination Deed on completion. Completion took place on 5th January, 2005.

(2) FIRST TERMINATION DEED

Date: 3rd January, 2005

Parties to the Deed: Pleasure Developments
Wide Asia

Terms:

Pleasure Developments and Wide Asia agreed to terminate the Call Option Agreement.

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(3) SECOND TERMINATION DEED

Date: 3rd January, 2005

Parties to the Deed: Pleasure Developments
Mr. Chau

Terms:

Mr. Chau and Pleasure Developments agreed to terminate certain undertakings given 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
- (ii) 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.

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 Latest Practicable Date. 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.

LETTER FROM THE BOARD

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 Developments' 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.

There will be an increase in the Group's current assets upon receipt of the proceeds of HK\$38,000,000 from the Disposal Agreement. The Company will recognise in its income statement an unaudited 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.

The excess of the Cancellation Fee of HK\$38,000,000 over the net asset value attributable to the Sale Shares of US\$1.638 million (equivalent to approximately HK\$12,776,400) is approximately HK\$25,000,000.

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 Latest Practicable Date, 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, Ms. Ng, Mr. Chau and Wide Asia are not Connected Persons of the Company and are otherwise independent of the Company and Connected Persons of the Company.

LETTER FROM THE BOARD

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.

Your attention is drawn to the general information regarding the Group which is required to be included in this circular under the Listing Rules as set out in the Appendix of this circular.

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained herein the omission of which would make any statement contained in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO were as follows:

Long positions in Shares

Name	Capacity	Total number of Shares	Approximate % shareholding
Chuang Yueheng, Henry ^{Note}	Family	270,861,892	19.72%

Note: 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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO.

(b) Interests of Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

Name	Number of Shares	% shareholding
Radford Developments Limited ^{Note}	270,861,892	19.72%
Heritage International Holdings Limited	134,750,163	9.81%
Radford Capital Investment Limited	105,983,363	7.72%
Chau Tak Shun	72,822,000	5.30%

Note: 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.

Save as disclosed above, the Directors and the chief executives of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

Mr. Ong Peter, an independent non-executive director of the Company is the managing director of Heritage International Holdings Limited (“Heritage”).

Mr. Miu Frank H., an independent non-executive director of the Company is also an independent non-executive director of Heritage.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service agreement with any member of the Group. The Directors are subject to rotation and re-election arrangements as set out in the articles of association of the Company.

4. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his associates were appointed to represent the interests of the Company and/or the Group. Mr. Ong Peter is the managing director of Heritage and holds approximately 4.967% of the shares in Heritage as at the Latest Practicable Date. Notwithstanding the above, Mr. Ong Peter is not considered to have any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. GENERAL

- (i) The secretary of the Company for the purpose of the Listing Rules is Yung Mei Yee, Master's degree in Language and Law, Fellow member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators.
- (ii) The qualified accountant of the Company for the purpose of the Listing Rules is Wong Wai Man, Certified Public Accountant pursuant to rule 3.24 of the Listing Rules.
- (iii) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (iv) The registered office and head office of the Company is at 32/F., China United Centre, 28 Marble Road, North Point, Hong Kong.
- (v) The English version of this circular shall prevail over the Chinese text.