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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 TRANSACTIONS
ACQUISITION OF INTEREST IN
WIDE ASIA SHIPPING S.A.
AND
FOUND MACAU INVESTMENTS INTERNATIONAL LIMITED**

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DEFINITIONS

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

“Alpha Aim”	Alpha Aim International Limited, a company incorporated in the British Virgin Islands on 18th November, 2004 and a wholly-owned subsidiary of the Company;
“Associates”	has the meaning ascribed thereto in the Listing Rules;
“Call Option”	the option granted by Wide Asia to the Grantee to require Wide Asia to issue and allot the Call Option Shares to the Grantee or as it may direct;
“Call Option Agreement”	the conditional call option agreement dated 7th December, 2004 entered into between the Grantee and Wide Asia relating the Call Option;
“Call Option Period”	the period of 18 months commencing from 7th December, 2004;
“Call Option Price”	US\$5,000,000;
“Call Option Shares”	shares in Wide Asia, representing 33.3% of the issued share capital of Wide Asia at the time of exercise of the Call Option, as enlarged by the issue of the Call Option Shares;
“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;
“Casino Operating Contract”	the contract to be entered into between the Casino Operating Company and the Ship Operating Company referred to in the paragraph headed “Vendor’s undertakings” on page 7 of this circular;
“Company”	China United International Holdings Limited, a company incorporated in Hong Kong, whose shares are listed on the Stock Exchange (Stock Code: 273);
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Consideration Shares”	72,800,000 new shares of a par value of HK\$0.10 each in the Company to be issued to the Vendor or as it may direct, representing approximately 5.32% of the issued share capital of the Company as at the Latest Practicable Date;

DEFINITIONS

“Directors”	the directors of the Company;
“FM Acquisition”	the acquisition of 10 FM Shares by Alpha Aim;
“FM Business”	gambling entertainment and related businesses in Macau. For details, please refer to the section headed “Found Macau” in the Letter from the Board in this Circular;
“FM Group”	Found Macau and its subsidiaries;
“FM Shares”	shares of a par value of US\$1.00 each in the capital of Found Macau Investments International Limited;
“Found Macau”	Found Macau Investments International Limited, a company incorporated in the British Virgin Islands;
“Found Macau Announcement”	the announcement issued by the Company dated 10th December, 2004;
“Found Macau Loan”	an unsecured shareholders’ loan of HK\$50,000,000 which is interest free and repayable on demand after 8 years from the date of drawdown to be made by Alpha Aim to Found Macau;
the “Founders”	Lao Hin Chun, Filipe Lau and Lourenco Cheong;
“Grantee”	the grantee of the Call Option;
“Group”	the Company and its subsidiaries;
“Latest Practicable Date”	15th December, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
“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 shall bear interest at the total rate of 12% for the entire period of the Loan and repayable in 28 equal monthly instalments;
“Ms. Ng”	Ng Chor Har;
“November Announcement”	the announcement by the Company dated 12th November, 2004;
“Pleasure Developments” or the “Purchaser”	Pleasure Developments Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company;

DEFINITIONS

“Promissory Note”	the promissory note to be executed by Found Macau in favour of Alpha Aim to evidence the Found Macau Loan;
“Sale Price”	HK\$17,472,000;
“Sale Shares”	28 Shares, representing 28% of the issued share capital of Wide Asia;
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong);
“Shareholders Agreement”	the shareholders agreement dated 9th December, 2004 entered into between Found Macau, the Founders and Alpha Aim in relation to Found Macau;
“Shares”	shares of a par value of HK\$0.10 in the Company;
“Ship Acquisition Contract”	the contract entered into on 20th July, 2004 between Wide Asia (as purchaser) and K & O Shipping Limited (as vendor) in relation to the acquisition of the Vessel;
“Ship Operating Company”	Wide Asia Limited, a company incorporated in Hong Kong;
“Ship Operating Contract”	the contract to be entered into between Wide Asia and the Ship Operating Company as described in the paragraph headed “Vendor’s undertakings” on page 7 of this circular;
“S/P Agreement”	the conditional sale and purchase agreement dated 22nd November, 2004 entered into by the Vendor and the Purchaser in relation to, inter alia, sale and purchase of the Sale Shares, arrangements in relation to the Loan and the Call Option;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wide Asia”	Wide Asia Shipping S.A., a company incorporated in Republic of Panama;
“Wide Asia Acquisition”	the acquisition of the 28 shares in Wide Asia pursuant to the S/P Agreement;
“Wide Asia Announcement”	the announcement issued by the Company in relation to, inter alia, S/P Agreement dated 29th November, 2004;
“Vendor”	Chau Tuk Shun; and
“Vessel”	CT Neptune, Ex. Oliva.

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:

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

Independent Non-executive Directors

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

20th December, 2004

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

Dear Sir/Madam,

**DISCLOSEABLE TRANSACTIONS
ACQUISITION OF INTEREST IN
WIDE ASIA SHIPPING S.A. AND
FOUND MACAU INVESTMENTS INTERNATIONAL LIMITED**

INTRODUCTION

As set out in the Wide Asia Announcement, on 22nd November, 2004, the Purchaser entered into the S/P Agreement with the Vendor pursuant to which the Vendor conditionally agreed to sell and the Purchaser agreed to purchase the Sale Shares in Wide Asia, representing 28% of the issued share capital of Wide Asia at the Sale Price of HK\$17,472,000, which shall be satisfied by the issue and allotment of 72,800,000 Consideration Shares to the Vendor at HK\$0.24 per Share representing approximately 5.32% of the issued share capital as at the Latest Practicable Date. As part of the terms of the S/P Agreement, the Purchaser agreed to use best endeavours to procure that the Loan is made available to Wide Asia, secured by a charge over the Vessel.

As set out in the Found Macau Announcement, on 9th December, 2004, Alpha Aim completed the FM Acquisition of 10 FM Shares and entered into the Shareholders Agreement relating to Found Macau. Alpha Aim agreed to make the Found Macau Loan of HK\$50 million to Found Macau which will be evidenced by the Promissory Note.

LETTER FROM THE BOARD

The S/P Agreement, the FM Acquisition and the Found Macau Loan constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information in relation to the S/P Agreement, the FM Acquisition and the Found Macau Loan.

(A) WIDE ASIA ACQUISITION - THE S/P AGREEMENT

Date: 22nd November, 2004

Parties to the Agreement: Chau Tuk Shun as Vendor
Pleasure Developments as Purchaser

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 for a consideration of HK\$17,472,000 which was satisfied by the issue and allotment of 72,800,000 Consideration Shares at HK\$0.24 per Share to the Vendor. Completion of the S/P Agreement took place on 7th December, 2004. There was no change in control of the Company as a result of Completion of the S/P Agreement. The Consideration Shares on issue ranked pari passu with all other Shares in issue on completion of the S/P Agreement.

The issue price of HK\$0.24 per Consideration Share represented (i) a discount of approximately 15.79% to the last traded price of HK\$0.285 per Share quoted on the Stock Exchange on 19th November, 2004 prior to the suspension of trading in the Shares; (ii) a discount of approximately 11.11% to the closing price of HK\$0.27 per Share quoted on the Stock Exchange on 18th November, 2004; (iii) a discount of approximately 10.45% to the average closing price of approximately HK\$0.268 per Share as quoted on the Stock Exchange for the last five full trading days on which trading in the Shares was not suspended immediately before the issue of the Announcement; and (iv) a premium of approximately 16.51% to the closing price of HK\$0.206 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Consideration Shares were issued under the general mandate to issue shares granted by shareholders of the Company to the Directors by resolution passed at the extraordinary general meeting held on 31st May, 2004.

The Stock Exchange granted listing of and permission to deal in the Consideration Shares on 3rd December, 2004.

Conditions:

Completion of the Sale and Purchase Agreement was subject to the following conditions:

- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares; and
- (ii) a legal and financial due diligence investigation to be carried out on the assets (including the Vessel and title thereto), liabilities, business and operations of Wide Asia (including the Ship Acquisition Contract) having been completed to the satisfaction of the Purchaser in its sole discretion.

LETTER FROM THE BOARD

The above conditions were fulfilled on 3rd December, 2004 and the Sale and Purchase Agreement was completed on 7th December, 2004.

Wide Asia:

Wide Asia is a vehicle acquired for the sole purpose of entering into the Ship Acquisition Contract to acquire the Vessel from K & O Shipping Limited. The Ship Acquisition Contract has been completed. To the best of the knowledge of the Company, Wide Asia now holds the title to the Vessel.

The Vessel will be engaged in casino and entertainment business in international waters. The Vessel was built in 1976 and was previously used as a passenger vessel. The Vessel was not engaged in casino business previously. It can carry approximately 760 passengers. Its model type is KM*13 2 Passenger Ship.

Wide Asia will be accounted for as an associated company of the Company in the next audited financial statements of the Company for the year ending 31st December, 2004.

As Completion of the S/P Agreement has taken place, as at the Latest Practicable Date, Wide Asia is held as to 40% by Lin Cheuk Fung, 30% by Lin Cheuk Ming, 2% by the Vendor and 28% by the Purchaser and the board of directors of Wide Asia consists of 2 directors, both are nominated by the existing shareholders of Wide Asia. The Purchaser has not nominated any representatives on board of Wide Asia on completion of the S/P Agreement.

Wide Asia's current intention is to lease the Vessel to the Ship Operating Company and not to be engaged in the operation of the casino and entertainment business on board the Vessel.

Based on information provided by the Vendor the existing shareholders of Wide Asia (other than the Purchaser) are not Connected Persons of the Company and not related to Connected Persons of the Company.

Consideration:

The aggregate consideration for the Acquisition paid by the Purchaser is HK\$17,472,000, which was arrived at after arms length negotiations between the Vendor and the Purchaser based on Wide Asia's acquisition price of the Vessel of US\$5,850,000 under the Ship Acquisition Contract and the social network of the Vendor in procuring the Ship Operating Company and the Casino Operating Company to enter into the Ship Operating Contract and the Casino Operating Contract. No valuation was conducted on the Vessel.

Wide Asia is a vehicle acquired for the sole purpose of entering into the Ship Acquisition Contract to acquire the Vessel. Save for the entering into of the Ship Acquisition Contract, 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. Prior to completion of the S/P

LETTER FROM THE BOARD

Agreement, Wide Asia only held the Vessel at the acquisition cost of US\$5.85 million. The net asset value attributable to the Sale Shares is US\$1.638 million, equivalent to approximately HK\$12,776,400. Wide Asia is expected to commence operation around mid-April 2005 and will lease the Vessel to the Ship Operating Company around mid-April 2005.

Vendor's undertakings

The Vendor undertook in the S/P Agreement to the Purchaser to procure the execution of:

- (1) the 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
- (2) 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.

So far as the Company is aware, there is no agreed duration for the Ship Operating Contract yet.

The Company understands that the arrangements are that the Ship Operating Company will be responsible for the daily operation (including the provision of the crew, entertainment, food and beverage and hotel accommodation on board the Vessel), repair and maintenance of the Vessel. The Casino Operating Company will be only responsible for the operation of the casino on board the Vessel. The Purchaser understands that the Casino Operating Contract will specify the profit sharing arrangements between the Ship Operating Company and the Casino Operating Company for the operation of the casino on board the Vessel. As the Purchaser is not party to such arrangements, it is not privy to the terms of the agreement (including its duration). The casino on board the Vessel is not in operation yet.

Other terms of the S/P Agreement:

The Loan

Under the S/P Agreement, Pleasure Developments agreed to use its reasonable endeavours to procure that the Loan of HK\$40 million is made available to Wide Asia which Loan shall bear interest at the total rate of 12% for the duration of the Loan and be repayable in 28 equal instalments of HK\$1,600,000 (inclusive of interest) payable from the last business day of every month from and including the third month after the date of grant of the Loan until the last business day of the 30th month after the date of grant of the Loan. The Loan is intended to be secured by a charge over the Vessel in favour of the lender. Provided that Pleasure Developments complies with its obligation to make available the Loan to Wide Asia (either by itself, the Company or any other company), the Vendor shall procure that Pleasure Developments enters into an agreement with the Casino Operating Company to the effect that Pleasure Developments is paid a sum equal to 4.8% of the Casino Operating Company Profits on an annual basis for a total of 10 years from the date of grant of the Loan.

LETTER FROM THE BOARD

On 9th December, 2004, Pleasure Developments procured an in principle agreement (subject to contract) from Ms. Ng, an independent third party, to provide the Loan of HK\$40 million to Wide Asia (on preliminary terms that the Loan will bear interest at the total rate of 12% for the duration of the Loan and be repayable in 28 equal instalments of HK\$1,600,000 (inclusive of interest) on the last business day of every month from and including the third month after the date of grant of the Loan until the last business day of the 30th month after the date of grant of the Loan) on the understanding that Pleasure Developments would split 4.8% of the Casino Operating Company Profits on an annual basis for 10 years from the date of drawdown of the Loan with Ms. Ng such that Ms. Ng and Pleasure Developments are entitled to 3.8% and 1% respectively of the Casino Operating Company Profits on an annual basis for 10 years from the date of drawdown of the loan. The Directors consider that the split of 4.8% of the Casino Operating Company Profits with Ms. Ng is fair and reasonable because the Loan will be provided by Ms. Ng and the Company will not incur any credit risk in such arrangement. The Vendor is in the process of procuring the Casino Operating Company to agree to pay 3.8% and 1% to Ms. Ng and Pleasure Developments respectively of the Casino Operating Company Profits on an annual basis for 10 years from the date of drawdown of the Loan. Once this agreement is reached, Ms. Ng is expected to enter into loan agreements and related documents with Wide Asia to document the Loan. So far as the Company is aware, Ms. Ng is not a Connected Person of the Company and not related to Connected Persons of the Company.

Non-Disposal

The Vendor has undertaken to the Purchaser that he shall not, and shall procure that none of the companies controlled by him or nominees or trustees holding in trust for him shall, within a period of 12 months from completion of the S/P Agreement (which took place on 7th December, 2004), sell, transfer, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights or interests in respect of any of the Consideration Shares, or sell, transfer, dispose of or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any shares in any company controlled by him which is directly, or through another company indirectly, the beneficial owner of any of the Consideration Shares.

As at the Latest Practicable Date, the Vendor holds 72,822,000 Shares in the Company, representing approximately 5.32% of the issued Shares.

Call Option Agreement

Under the S/P Agreement, the Vendor agreed to deliver the Call Option Agreement, duly executed by Wide Asia to the Purchaser on Completion of the S/P Agreement and such Call Option Agreement was delivered on 7th December, 2004, containing the following terms.

Parties: Wide Asia as grantor
 The Purchaser as grantee

LETTER FROM THE BOARD

Wide Asia granted an option to the Grantee to require Wide Asia to issue and allot the Call Option Shares to the Grantee or as it may direct at the option price of US\$5 million payable in cash or other means of settlement as agreed between the parties. The Call Option is exercisable by the Grantee at the discretion of the Grantee within a period of 18 months from completion of the S/P Agreement on 7th December 2004. The Call Option Shares will represent 33.3% of the issued share capital of Wide Asia, as enlarged by the issue of the Call Option Shares. If the Purchaser exercises the Call Option and on the basis of the issued share capital of Wide Asia as at the Latest Practicable Date and assuming no further shares are issued by Wide Asia, the Purchaser will hold approximately 52% of the issued share capital of Wide Asia (i.e. the Sale Shares and the Call Option Shares) on exercise of the Call Option and Wide Asia will become a subsidiary of the Company.

The Call Option Price was determined based on the expected stable income stream of Wide Asia. Pursuant to the Ship Operating Contract, the Ship Operating Company agreed to pay a bare boat charter fee of HK\$100,000 per day on a weekly basis to Wide Asia. On the basis that the Loan is made and taking into account monthly repayment instalment of HK\$1,600,000 for the Loan (but taking no account of other income and expenditure of Wide Asia), the Directors estimate that Wide Asia will receive net bare boat charter fees of approximately HK\$20.5 million, HK\$17.3 million, HK\$26.9 million and HK\$36.5 million every twelve months in a period of forty eight months after the Loan is made. The grant of the Call Option will provide the Company, at its discretion, an opportunity to increase its stake in and consolidate control of Wide Asia. The Directors are of the view that the Call Option Price is fair and reasonable and in the interest of shareholders as a whole.

Conditions:

Completion of the exercise of the Call Option is conditional upon compliance with all disclosure and approval requirements by the Company under the Listing Rules for the purposes of completion of the Call Option Agreement.

The consideration for the grant of the Call Option is HK\$1.

IMPLICATION UNDER THE LISTING RULES

The S/P Agreement constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

The Call Option will fall under Rule 14.75 of the Listing Rules. The Company will comply with the Listing Rules as and when the Call Option is exercised.

GENERAL INFORMATION

The Vendor holds 72,822,000 shares in the Company as at the Latest Practicable Date. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is not a Connected Person of the Company and is otherwise independent of the Company and Connected Persons of the Company.

LETTER FROM THE BOARD

Pleasure Developments is an indirect wholly owned subsidiary of the Company that was established specifically for the investment in Wide Asia. Depending on the result of this investment, the Company may invest further into Wide Asia.

Based on information provided by the Vendor:

- (i) the Ship Operating Company is owned by Everlink Asia Limited and Newsmart Investment Limited as to 60% and 40% respectively and Mr. Lin Cheuk Fung and Mr. Lin Cheuk Hung are the directors of the Ship Operating Company. Everlink Asia Limited is beneficially owned by Lin Cheuk Fung and Newsmart Investment Limited is beneficially owned by Lee Tse Ming;
- (ii) the Ship Operating Company, the existing shareholders of the Ship Operating Company and their ultimate beneficial shareholders are not Connected Persons of the Company and not related to Connected Persons of the Company;
- (iii) the Casino Operating Company is beneficially owned by Mr. Lin Cheuk Fung. Mr. Lin Cheuk Fung and Mr. Lin Cheuk Ming are the directors of the Casino Operating Company;
- (iv) the Casino Operating Company, the existing shareholder of the Casino Operating Company are not Connected Persons of the Company and not related to Connected Persons of the Company; and
- (v) both the Ship Operating Company and the Casino Operating Company has been operating the casino and entertainment business since 1996 on board other vessels.

To the best of the knowledge of the Directors, chief executive and substantial shareholders of the Company, K&O Shipping Limited is not a Connected Person of the Company and are not related to Connected Persons of the Company.

REASONS FOR THE WIDE ASIA ACQUISITION

The Directors consider that (i) the Acquisition provided the Company an opportunity to acquire an interest in Wide Asia which is expected to provide an ongoing stable income stream from the bare boat charter fee under the Ship Operating Contract; (ii) through procuring Ms. Ng to provide the Loan, the Company is expected to enjoy 1% of the profit before tax and extraordinary items of the Casino Operating Company for 10 years, without having to acquire any equity interest in the Casino Operating Company which in turn may expose it to risks of operating the casino or incur any credit risk in providing the Loan; and (iii) the Call Option will enable the Company to have 18 months to monitor the performance of Wide Asia and at its discretion through the exercise of the Call Option, increase its stake in Wide Asia and consolidate its control over Wide Asia.

LETTER FROM THE BOARD

Completion of the S/P Agreement will not have any material impact on the assets and liabilities of the Group as Wide Asia will be accounted for as an associated company in the financial statements of the Group and the Group will share in profits and losses of Wide Asia based on the Group's attributable shareholding in Wide Asia. If dividends are declared by Wide Asia, the dividend income will serve as an income stream for the Group.

The issuance of the Consideration Shares increased the permanent capital of the Company without creating any financial burden on the Company. The Directors including the independent non-executive directors consider that the terms of the S/P Agreement to be fair and reasonable and in the best interest of the Company and shareholders as a whole.

IMPLICATIONS OF THE WIDE ASIA ACQUISITION UNDER THE LISTING RULES

The Group through an indirect wholly-owned subsidiary, the Purchaser, holds an equity stake in Wide Asia, a company which holds the Vessel after completion of the Acquisition. On the basis that Wide Asia will only be leasing the Vessel to the Ship Operating Company and that it will not be engaged in the operation and management of the casino and entertainment business on board the Vessel, the Group will not be engaged in the management or operation of the casino and entertainment business which will be conducted on board the Vessel. If the Purchaser procures the making of the Loan to Wide Asia, the Purchaser will receive a profit share of the Casino Operating Company. This does not amount to the Group being engaged in gambling activities.

No licence is required in Hong Kong for the operation of the casino and entertainment business on board the Vessel on the basis that the casino and entertainment operations will be conducted exclusively in international waters. The Company will use its best endeavours (insofar as it is able in its capacity as a shareholder in Wide Asia to do so) to ensure that for as long as the Company has a direct or indirect interest in the Vessel, the casino and entertainment business carried out therein will comply with the applicable laws in the areas where such activities operate and/or not contravene the Gambling Ordinance of Hong Kong insofar as it is applicable.

Shareholders should be aware that under the Guidelines issued by the Stock Exchange in relation to "Gambling Activities undertaken by listed applicants and/or listed issuers" dated 11th March, 2003, should the Group be engaged in gambling activities and operation of such gambling activities (i) fail to comply with the applicable laws in the areas with such activities operate and/or (ii) contravene the Gambling Ordinance such that the Company or its business may be considered unsuitable for listing under Rule 8.04 of the Listing Rules, the Stock Exchange may direct the Company to take remedial action, and/or may suspend the dealings in, or may cancel the listing of, its securities.

LETTER FROM THE BOARD

EFFECT ON SHAREHOLDING STRUCTURE

The authorised share capital of the Company is HK\$2,000,000,000 divided into 20,000,000,000 Shares of HK\$0.10 each. The issued and paid up capital of the Company is HK\$136,938,905.40 divided into 1,369,389,054 Shares of HK\$0.10 each.

The shareholding structure of the Company as at the Latest Practicable Date (taking into account to completion of the placing of new Shares by Kingston Securities Limited and the Wide Asia Acquisition as referred to in the Wide Asia Announcement) is set out below:

Name of Shareholders	No. of shares held on the Latest Practicable Date	Percentage of issued share capital on the Latest Practicable Date
Radford Developments Limited ^{Notes 1 and 2}	270,861,892	19.78%
Wong Ying Seung, Asiong ^{Note 4}	2,551,400	0.19%
PUBLIC SHAREHOLDERS		
Heritage International Holdings Limited ^{Notes 1 and 3}	119,750,163	8.74%
Radford Capital Investment Limited ^{Notes 1 and 3}	105,983,363	7.74%
The Vendor ^{Note 3}	72,822,000	5.32%
Others ^{Note 3}	797,420,236	58.23%
	<u>1,369,389,054</u>	<u>100%</u>

Note 1: based on the register maintained by the Company pursuant to the Securities and Futures Ordinance as at the Latest Practicable Date.

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), Radford Capital Investment Limited (Stock Code: 901) and the Vendor are public shareholders, with the meaning of the Listing Rules.

Note 4: Wong Ying Seung, Asiong is a director of the Company.

LETTER FROM THE BOARD

(B) FOUND MACAU

Shareholders of Found Macau

On 9th December, 2004 the following persons acquired FM Shares as set out below:

- (1) Lao Hin Chun - subscribed for 30 new FM Shares of US\$1.00 each at US\$30, equal to 30% of the issued share capital of Found Macau as at the Latest Practicable Date;
- (2) Filipe Lau - subscribed for 30 new FM Shares of US\$1.00 each at US\$30, equal to 30% of the issued share capital of Found Macau as at the Latest Practicable Date;
- (3) Lourenco Cheong - subscribed for 30 new FM Shares of US\$1.00 each at US\$30, equal to 30% of the issued share capital of Found Macau as at the Latest Practicable Date; and
- (4) Alpha Aim - acquired 1 FM Share from an independent third party (acting as subscriber) at the par value of US\$1.00 and subscribed for 9 new FM Shares of US\$1.00 each at US\$9, holding an aggregate of 10% of the issued share capital of Found Macau of US\$10 as at the Latest Practicable Date.

This is the shareholding structure of Found Macau as at the Latest Practicable Date.

THE SHAREHOLDERS AGREEMENT

Date: 9th December, 2004

Parties to the Agreement: (1) Found Macau
(2) the Founders
(3) Alpha Aim

The Shareholders Agreement provides certain minority protection (e.g. reserved matters, matters relating to board and shareholders' meetings etc.) and other provisions relating to the rights and obligation of the shareholders. The principal terms of the agreement are set out below. The Shareholders Agreement does not contain any conditions precedent.

Board of directors of Found Macau:

Each shareholder is entitled to nominate one person to the board of directors of Found Macau for every 10 FM Shares held by it. The present directors of Found Macau are Lao Hin Chun, Filipe Lau and Lourenco Cheong. Alpha Aim has the right to nominate a person to the board of directors of Found Macau but it has not done so yet.

LETTER FROM THE BOARD

Further allotment of shares:

Found Macau intends to raise shareholders loans in the total amount of the HK\$500 million (including the Found Macau Loan). The parties to the Shareholders Agreement agreed that for so long as any of the Founders still holds any FM Shares, if Found Macau shall raise further capital then:

- (1) the Founders and Alpha Aim shall use reasonable endeavours to locate new investors to invest in Found Macau by advancing shareholders loans of up to HK\$500 million (inclusive of the Found Macau Loan) by 28th February, 2005 in the proportion of HK\$50 million for every 10 new FM Shares invested as set out in paragraph (2)(iii) below. These shareholders loans will be made on the same terms as the Found Macau Loan. The new investors are required to provide proof that they have readily available funds to the board of Found Macau by 30th March, 2005 and that they will advance the loans on demand of Found Macau.
- (2) the Founders agree that each of them shall waive any right to participate in such capital raising in proportion to its pro-rata shareholding in Found Macau provided that on each occasion of capital raising: (i) the subscription price paid for any new FM Shares will be at least US\$1 each; (ii) the number of new FM shares issued shall be 10 FM Shares or a multiple thereof; (iii) the new shareholders shall provide a shareholders loan in the amount of not less than HK\$50 million for every 10 FM Shares subscribed; and (iv) the new shareholder shall be required to pay a share premium for the subscription of FM new shares so as to enable Found Macau to effect any share repurchase out of the surplus in accordance with BVI law.
- (3) Each of the Founders shall at completion of each occasion of capital fund raising, effect the sale of 10 FM Shares for every 10 new FM Shares issued to the investors to Found Macau and Found Macau shall repurchase such FM Shares at par value.
- (4) Alpha Aim is permitted (but has no obligation) to participate in the capital fund raising referred to in paragraph (1) above and making additional shareholders loan (in addition to the Found Macau Loan). Alpha Aim's total commitment for shareholders loans under the Shareholders Agreement in respect of its 10% equity interest in Found Macau as at the Latest Practicable Date is HK\$50 million. If Alpha Aim makes additional loans, the restrictions set out in Clause (2) and (3) above will apply to the Founders.

The purpose of this arrangement is to allow Alpha Aim to maintain a minimum of 10% shareholding in Found Macau when new investors invest in the Company whilst the Founder's shareholding is diluted by the same amount via the repurchase mechanism set out in paragraphs (2) and (3) above. The Founders are not expected to provide any shareholders loans to Found Macau. The Founders will serve on the board of Found Macau for the purposes of introducing investment projects to Found Macau and to locate new investors. Once a total of HK\$500 million of shareholders loans is raised, the Founders should have no further shareholding in Found Macau. Hence, this repurchase mechanism applies only for so long as the Founders hold any FM Shares.

LETTER FROM THE BOARD

Non-competition:

The Founders warranted that:

- (1) the FM Group will be the sole owner of all intellectual property rights required for the carrying on of the FM Business and such rights shall not be subject to any encumbrances and/or limitations and/or restrictions;
- (2) the FM Group shall be given the first right of refusal in respect of all projects related to the FM Business which are introduced to any member of the FM Group and/or the Founders or their respective associates and should Found Macau decide not to accept any project, no party (“Offeree”) which is related to Found Macau (except for a FM Group company), the Founders, directors of Found Macau or any of them or their associates may accept an offer of such project on terms which on more favourable terms to such Offeree than those on which such project was offered to Found Macau.

Dividend:

The parties to the Shareholders Agreement agreed that Found Macau would apply not less than 80% of the profits from its subsidiaries as dividend or repayment of shareholders loans to Alpha Aim and the new shareholders (if any) on a pro-rata basis based on the amount outstanding as a percentage of total shareholders’ loan outstanding. The Founders agreed to waive any dividends or interim dividends declared or may be declared by Found Macau and authorises Found Macau to hold such dividends as surplus for the use of Found Macau.

Termination of the Shareholders Agreement:

The Shareholders Agreement will terminate upon the earlier of:

- (1) written agreement to terminate by all parties to the Agreement; or
- (2) upon the liquidation, dissolution or winding up of Found Macau; or
- (3) upon the Found Macau raising HK\$500 million as contemplated under the Shareholders Agreement (as the Founders should no longer be shareholders of Found Macau by then); or
- (4) any shareholder holding over 50% of the then issued share capital of Found Macau.

Found Macau Loan:

Alpha Aim will make the Found Macau Loan in the amount of HK\$50,000,000 to Found Macau when Found Macau opens a bank account in Hong Kong and Macau which is expected to be around mid January 2005. The Found Macau Loan is unsecured, interest free and repayable after 8 years from the date of drawdown on demand and will be evidenced by the Promissory Note to be executed by Found Macau in favour of Alpha Aim.

LETTER FROM THE BOARD

Once advanced, the Found Macau Loan constitutes an advance to an entity under Rule 13.13 of the Listing Rules. The Company intends to use internal resources and depending on market conditions, may arrange borrowing and/or fund raising in the stock market to fund the Found Macau Loan.

GENERAL INFORMATION

Found Macau:

Found Macau is an investment holding company and it intends to invest in the gambling, entertainment and the related business (currently expected to be businesses like operation of hotels, food and beverage facilities etc.) in Macau through its subsidiaries. Found Macau is intended to act as a holding company and make investment through subsidiaries to be formed. It has not formed any subsidiaries as at the Latest Practicable Date.

The Found Macau Acquisition is the result of negotiations conducted on the matters referred to in the section headed “Investment in Macau” in the November Announcement. Save for the “Investment Target” as mentioned in November Announcement, Found Macau does not have any identified investment target as at the Latest Practicable Date. The Founders are the “businessmen” referred to in the November Announcement. The Founders have identified a casino with hotel operations in Macau as an initial “Investment Target” and has started preliminary negotiations. Such negotiations are still in progress and there has not been further progress since the November Announcement.

Found Macau has not conducted any business nor make any profits or incurred any losses from its date of incorporation 1st October, 2004 to the Latest Practicable Date.

The Founders:

The Founders possess substantial experience in managing casino, hotel, entertainment and casino related business in Macau.

Mr. Lao Hin Chun, aged 64 has over 40 years of experience in the property development, construction and building material and garment related businesses. Mr. Lao is the Administrador of Companhia De Betao Pronto Lda. Mr. Lao is also very active in participating and supporting charitable social activities in Macau and is currently the Presidente of Fundo De Beneficencia Dos Leitoresdo Jornal Ou Mun and the Membro Permanentes of Associacao Comercial De Macau. Moreover, Mr. Lao is also the Membro Do Comite Nacional Da Conferencia Consultiva Politica Da Republica Popular Da China.

Mr. Filipe Lau, aged 61 has over 30 years of experience in providing advice and project management services to several enterprises engaged in property development, operation of casinos, hotels, restaurants and entertainment related businesses in Macau.

LETTER FROM THE BOARD

Mr. Lourenco Cheong, aged 40 has over 15 years of experience in promoting business opportunities and prospects in Macau to international investors as well as helping businessmen in Macau to invest aboard and/or expand their products and businesses overseas. Mr. Cheong was the Executive Director of Macau Trade And Investment Promotion Institute and is the Managing Director of Belor Company Limited and was involved in providing consultancy services to (i) international investors investing in Macau; and (ii) Macau enterprises in seeking joint venture partners and/or expanding their businesses overseas.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Founders are not Connected Persons of the Company and are otherwise independent of the Company and Connected Persons of the Company.

Alpha Aim is a wholly-owned subsidiary of the Company that was established specifically for the investment in Found Macau.

REASONS FOR THE FOUND MACAU ACQUISITION

The acquisition price of the FM Shares was based on the par value of US\$1 per FM Share. Found Macau's intention is to raise HK\$500 million in the form of shareholders loans so the provision of the Found Macau Loan of HK\$50 million by Alpha Aim is based on Alpha Aim's present shareholding interest of 10% in Found Macau.

The reason the Company is investing in Found Macau in the form of a shareholders loan prior to Found Macau having any concluded investment projects is based on the Company's understanding of the considerations taken into account by the Macau Government in approving casino and related projects and the substantive amount of funding required for casino and related projects. The Board is of the view that it is difficult to invest in Macau without forming a company and putting in seed money. Moreover, the Board considers forming Found Macau with the Founders is beneficial to the Company because the Founders have substantial business networks in Macau and should be able to identify promising prospective projects in Macau for participation by Found Macau.

The Directors (including the independent non-executive director) are of the view that the investment in Found Macau, the terms of the Shareholders Agreement and the Found Macau Loan are fair and reasonable and in the interests of the Company and Shareholders as a whole.

Completion of the FM Acquisition and the entering into of the Shareholders Agreement will not have any material impact on the assets and liabilities of the Group save that the making of the Found Macau Loan will increase the liabilities of the Group by HK\$50,000,000, if it is funded by external borrowings and if funded by internal resources, the Found Macau Loan will not have any material impact on the assets and liabilities of the Group.

IMPLICATIONS UNDER THE LISTING RULES

The Group will through its wholly-owned subsidiary, Alpha Aim, hold an equity stake in Found Macau. Found Macau has not commenced business yet and as at the Latest Practicable Date is not involved in the operation of any casino and entertainment business.

LETTER FROM THE BOARD

No licence is required in Hong Kong for the operation of the casino and entertainment business in Macau on the basis that the casino and entertainment operations will be conducted exclusively offshore. The Company will use its best endeavours (insofar as it is able in its capacity as a shareholder in Found Macau to do so) to ensure that for as long as the Company has a direct or indirect interest in the Found Macau, the casino and entertainment business carried out by Found Macau will comply with the applicable laws in the areas where such activities operate and/ or not contravene the Gambling Ordinance of Hong Kong insofar as it is applicable.

Shareholders should be aware that under the Guidelines issued by the Stock Exchange in relation to “Gambling Activities undertaken by listed applicants and/or listed issuers” dated 11th March, 2003, should the Group be engaged in gambling activities and operation of such gambling activities (i) fail to comply with the applicable laws in the areas with such activities operate and/or (ii) contravene the Gambling Ordinance such that the Company or its business may be considered unsuitable for listing under Rule 8.04 of the Main Board Listing Rules, the Stock Exchange may direct the Company to take remedial action, and/or may suspend the dealings in, or may cancel the listing of, its securities.

The FM Acquisition and the Found Macau Loan constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

The Group

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 Company has no intention to change its business scope. However, the Company is considering possible opportunities for diversification of the investments of the Company in China and Macau including but not limited to setting up joint ventures in China and investments into casino, hotel, entertainment related projects as referred to in the November Announcements.

The Group is interested in diversifying its investments primarily in the casino, hotel and entertainment related businesses in Macau through further investments in Wide Asia and Found Macau as well as other investment opportunities. However, the Group does not have any identified investment target in casino, hotel and related entertainment projects in Macau other than Wide Asia, Found Macau and the “Investment Target” referred to in the November Announcement.

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
Chuang Yueheng, Henry
Chairman

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	19.78%
Wong Ying Seung, Asiong	Personal	2,551,400	0.19%

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	19.78%
Heritage International Holdings Limited	119,750,163	8.74%
Radford Capital Investment Limited	105,983,363	7.74%
Chau Tak Shun	72,822,000	5.32%

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.

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

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/her 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/her associates were appointed to represent the interests of the Company and/or 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 English version of this circular shall prevail over the Chinese text.