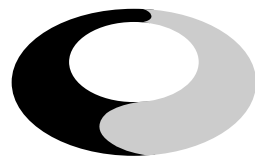


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**China United**  
International Holdings Limited  
互聯控股有限公司

*(Incorporated in Hong Kong with limited liability)*

## **SHARE TRANSACTION**

On 10 March 2004, the Company entered into the S&P Agreement with Top Result in relation to the Acquisition. The consideration of the Acquisition is HK\$72 million and will be satisfied by the issue of Consideration Shares at HK\$1.80 per Share.

This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe the Shares.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended at 9:30 am on 11 March 2004 pending the release of this announcement. Application has been made to the Stock Exchange to resume trading in the Shares with effect from 9:30 am on 12 March 2004.

### **THE S&P AGREEMENT DATED 10 MARCH 2004**

#### **Parties**

The Company as the purchaser and Top Result as the vendor, an independent third party who is not a connected person of the Company as defined in the Listing Rules. The management of HMI introduced Top Result to the Company since they are both the shareholders of HMI.

#### **Consideration**

The consideration of the Acquisition is HK\$72 million which will be satisfied by the issue of Consideration Shares at the price of HK\$1.80 per Share on the second business day (or such other date as may be agreed between the Company and Top Result) after satisfaction of the condition under the paragraph headed "Condition of the Acquisition". The price per Consideration Share represents (i) a premium of approximately 8.43% to the closing price of HK\$1.66 per Share as quoted on the Stock Exchange on 10 March 2004 being the last full trading day prior to date of this announcement; and (ii) a premium of approximately 5.88% to the average closing price of HK\$1.70 per Share as quoted from the Stock Exchange from 26 February 2004 to 10 March 2004, both dates inclusive, being the last ten full trading days immediately before and up to the issue of this announcement. The consideration of the Acquisition is HK\$66.4 million based on the closing price of the Share as quoted as the Stock Exchange on 10 March 2004.

The price per Consideration Share of HK\$1.80 was agreed after arm's length negotiations between the Company and Top Result based on (i) the unaudited consolidated net assets value per share of HMI of approximately HK\$2.37 as at 31 October 2003; (ii) the net assets value per Share of approximately HK\$2.22 based on the unaudited consolidated management accounts of the Group as at 31 October 2003; and (iii) the price per Consideration Share is at premium of approximately 8.43% to the closing price per Share as quoted on the Stock Exchange on 10 March 2004. The Board considers that the terms of the Acquisition (including the price of each Consideration Share) are fair and reasonable and are in the interests of the Company and its shareholders as a whole. The Acquisition is on normal commercial terms.

### **Assets to be acquired**

37.5 million shares of HMI represents approximately 9.64% of the issued share capital of HMI. The consideration of the Acquisition is equivalent to HK\$1.92 per HMI share. The Company is interested in 147,133,334 HMI shares representing approximately 37.81% of the issued share capital of HMI. After completion of the Acquisition, the Company will ultimately be interested in 184,633,334 HMI shares representing approximately 47.45% of the issued share capital of HMI and Top Result will no longer be interested in HMI. No other member of the Group is interested in the HMI shares. At all times, the Company is the single largest shareholder and has retained the control of HMI.

### **Condition of the Acquisition**

The Acquisition is conditional upon the Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Consideration Shares of the Acquisition.

### **Completion**

The Acquisition is to be completed on the second business day (or such other date as may be agreed between the Company and Top Result) after satisfaction of the condition under the paragraph headed "Condition of the Acquisition" above. The S&P Agreement will lapse if the condition is not satisfied by 30 April 2004, or such other date as may be agreed between the Company and Top Result. No party shall have any claim against other upon the lapse of the Acquisition.

## SHAREHOLDING STRUCTURE OF HMI

HMI Name of shareholders	Ultimate beneficiaries	Before the Acquisition		After the Acquisition	
		Number of shares	% of shareholding	Number of shares	% of shareholding
Grand Wishes Limited	The Company	147,133,334	37.81%	184,633,334	47.45%
Joystar Limited*	Yugang International Limited*	80,000,000	20.56%	80,000,000	20.56%
Leader Faith International Limited*	Sinolink Worldwide Holdings Limited*	50,000,000	12.85%	50,000,000	12.85%
Top Result International Limited	Golden Resources Development International Limited	37,500,000	9.64%	—	—
Active Chance Limited	Beauforte Investors Corporation Limited	32,000,000	8.22%	32,000,000	8.22%
Mass Nation Investments Limited	Heritage International Holdings Limited	19,000,000	4.88%	19,000,000	4.88%
Equity Spin Investments Limited	Hansom Eastern (Holdings) Limited	10,000,000	2.57%	10,000,000	2.57%
Skytop Technology Limited	China Sci-Tech Holdings Limited	10,000,000	2.57%	10,000,000	2.57%
China Investment Fund Company Limited	China Investment Fund Company Limited	2,500,000	0.64%	2,500,000	0.64%
Forever Good Investments Limited	Hong Kong Pharmaceutical Holdings Limited	1,000,000	0.26%	1,000,000	0.26%
Total		389,133,334	100.00%	389,133,334	100.00%

\* Since HMI is a non wholly-owned subsidiary of the Company, they are connected persons of the Company as defined in the Listing Rules.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The Company Name of shareholders	Before the Acquisition		After the Acquisition	
	Number of shares	% of shareholding	Number of shares	% of shareholding
Radford Developments Limited <sup>1</sup>	114,757,270	27.85%	114,757,270	25.39%
Public	255,550,000	62.04%	255,550,000	56.55%
Fabulous Resources Limited <sup>2</sup>	20,744,504	5.04%	20,744,504	4.59%
Unity Investments Holdings Limited <sup>3</sup>	20,879,600	5.07%	20,879,600	4.62%
Top Result	—	—	40,000,000	8.85%
Total	<u>411,931,374</u>	<u>100.00%</u>	<u>451,931,374</u>	<u>100.00%</u>

### Notes:

1. These Shares are 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.
2. The ultimate beneficiary is Cupac Technology Limited, a company incorporated in Bermuda with limited liability and is independent third party who is not a connected person of the Company as defined in the Listing Rules.
3. The shares of Unity Investments Holdings Limited (an independent third party who is not a connected person of the Company as defined in the Listing Rules) are listed on the Stock Exchange.

## REASONS FOR THE ACQUISITION

The Board was informed by the management of HMI that Top Result intended to dispose of its interests in HMI. The Board considers that the Acquisition can further consolidate the control of HMI and to avoid Top Result transferring the HMI's shares to other party who is unfamiliar with the business of HMI, since HMI is a well established and diversified financial services group for which the Company has invested for and control of since 1998. By the issue of Consideration Shares, the Company can increase the shareholding in HMI without depletion of its internal resources. Moreover, in view of the blooming of the financial market in Hong Kong, the increase of the shareholding in HMI can enhance the profitability of the Company in future.

## INFORMATION OF HMI

HMI is a financial services group the principal activities of which are securities and commodities brokerages, asset management, corporate finance advisory, proprietary trading and licensed money lending business.

Set out below is the financial information of HMI in accordance with its latest audited consolidated accounts:

	<b>Unaudited 10-month ended 31 October 2003 <i>HK\$'000</i></b>	<b>Audited year ended 31 December 2002 <i>HK\$'000</i></b>	<b>Audited year ended 31 December 2001 <i>HK\$'000</i></b>
Net profit/(loss) before taxation	17,231	17,005	(3,802)
Net profit/(loss) after taxation	17,231	6,993	(3,717)
Net assets value	446,771	346,144	204,316

### **GENERAL MANDATE**

The Consideration Shares will be issued pursuant to the General Mandate which has not been utilized prior to the entering into of the S&P Agreement.

### **GENERAL**

The Group is principally engaged in the business of investment in trading securities, provision of brokerage and financial services and property investment. Upon completion of the Acquisition, Top Result will not appoint any representative to the Board.

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended at 9:30 am on 11 March 2004 pending the release of this announcement. Application has been made to the Stock Exchange to resume trading in the Shares with effect from 9:30 am on 12 March 2004.

### **DEFINITIONS**

“Acquisition”	the acquisition of 37.5 million HMI shares from Top Result by the Company pursuant to the S&P Agreement
“Board”	the board of directors of the Company
“Company”	China United International Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are traded on the Stock Exchange
“Consideration Shares”	40 million new Shares being the consideration for the Acquisition
“General Mandate”	the general mandate granted by the shareholders of the Company to the Board to issue 73,720,401 new Shares at the extraordinary general meeting of the Company held on 29 October 2003
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars
“HMI”	Hennabun Management Inc., a company incorporated in the British Virgin Island with limited liability
“S&P Agreement”	the conditional sale and purchase agreement between the Top Result and the Company dated 10 March 2004 in relation to the acquisition of 37.5 million HMI shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Top Result”	Top Result International Limited, a wholly-owned subsidiary of Golden Resources Development International Limited (an independent third party who is not a connected person as defined under the Listing Rules) whose shares are listed on the Stock Exchange

By Order of the Board

**China United International Holdings Limited**

**Chung Wilson**

*Managing Director*

Hong Kong, 11 March 2004