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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)

LAPSE OF AGREEMENT FOR PLACING OF SHARES

Reference is made to the Announcement of the Company dated 23rd July 2004 regarding the Placing of new Shares under the General Mandate. The Company announces that the Placing of the Shares has been lapsed on 31st August 2004 pursuant to the terms and conditions of the Placing Agreement.

Reference is made to the Announcement of the Company dated 23rd July 2004 (the “Announcement”) in relation to the Placing up to 90,000,000 Placing Shares at the Placing Price of HK\$0.3 per Share on a best effort basis by the Placing Agent. Unless otherwise stated, all capitalized terms used herein shall have the same meanings as those defined in the Announcement.

Pursuant to the Announcement, the Company entered into the Placing Agreement and tried to cover the shortfall of the funds raised through the placing of CN. As at the date of this announcement, the Placing Agent reported to the Company that, in view of the stagnant stock market conditions and the recent thin trading volume of the Shares of the Company, the Placing Agent failed to procure suitable places for the Placing. Accordingly, the Placing of the Shares has been lapsed pursuant to the terms and conditions of the Placing Agreement. Depending on the market conditions, the Board may consider to raise funds through placing of the Shares after the publication of the interim results for the period ended 30th June 2004 by the end of September 2004. Further announcement will be made if any possible placing will be arranged and concluded in the future.

All obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claims against any other parties in respect of any matters arising out of or in connection with the Placing Agreement. The net proceeds of approximately HK\$26.5 million to be raised for the Placing was to reduce the Company’s borrowings, working capital, and possible investments in Macau and China in the approximate amount of HK\$10.5 million, HK\$8 million and HK\$8 million respectively. As at the date of this announcement, the Company has extended the terms of repayment of the borrowings with the lenders and utilized the internal resources for working capital requirements, and has not yet decided and committed on any possible investments in Macau and China. The Board considers that the lapse of the Placing Agreement will not have any adverse material impact on the financial position, working capital sufficiency and operation of the Group.

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Chuang Yueheng, Henry, Mr. Chung Wilson, Mr. Lo Kan Sun and Mr. Wong Ying Seung, Asiong and three independent non-executive directors, namely Mr. Lam Ping Cheung, Mr. Ong Peter and Mr. Miu Frank H.

By order of the Board
China United International Holdings Limited
Chuang Yueheng, Henry
Chairman

Hong Kong, 31st August 2004