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**China United**  
International Holdings Limited  
五聯控股有限公司

*(Incorporated in Hong Kong with limited liability)*

(Stock code : 273)

**COMPLETION OF ACQUISITION OF WIDE ASIA SHIPPING S.A.  
AND  
DISCLOSEABLE TRANSACTION  
AND  
RENEWAL OF GENERAL MANDATE  
AND  
REFRESHMENT OF SHARE OPTION SCHEME LIMIT  
AND  
RESUMPTION OF TRADING**

On 9th December, 2004, the Placing was completed and 17,640,000 new Shares were issued to placees.

On 7th December, 2004, the Wide Asia Acquisition was completed and 72,800,000 new Shares were issued to the Vendor. On 9th December, 2004, Pleasure Developments procured an in principle agreement (subject to contract) from Ms. Ng, an independent third party, to make the Loan to Wide Asia on the understanding that Pleasure Developments would split 4.8% of the Casino Operating Company Profits on an annual basis for a total of 10 years from the date of drawdown of the Loan with Ms. Ng such that Pleasure Developments and Ms. Ng would be entitled to 1% and 3.8 % respectively of the Casino Operating Company Profits on an annual basis for a total of 10 years from the date of drawdown of the Loan.

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.

The FM Acquisition and the Found Macau Loan constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Found Macau Loan will be despatched to shareholders as soon as possible.

As a result of completion of the Wide Asia Acquisition and the Placing, the May 2004 New Issue Mandate was close to fully utilised. The Company wishes to renew the General Mandates at the EGM. At the EGM, the Company also proposes to refresh the Scheme Mandate Limit under the Share Option Scheme.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 10th December, 2004 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 13th December, 2004.

## **COMPLETION OF PLACING AND WIDE ASIA ACQUISITION**

Reference is made to the Company's announcement in relation to, inter alia, the Wide Asia Acquisition dated 29th November, 2004.

On 9th December, 2004, the Placing was completed and 17,640,000 new Shares were issued to placees, which were not Connected Persons of the Company on the date of their respective confirmations.

On 7th December, 2004 the Wide Asia Acquisition was completed and 72,800,000 new Shares were issued to the Vendor.

As referred to in the Company's announcement dated 29th November, 2004 in relation to the Wide Asia Acquisition and the Loan, 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 CT Neptune, Ex. Oliva 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.

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.

## **THE SHAREHOLDERS AGREEMENT**

### **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 date of this announcement;
- (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 date of this announcement;
- (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 date of this announcement; 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 date of this announcement.

This is the shareholding structure of Found Macau as at the date of this Announcement.

### **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.

*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 date of this announcement 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.

#### *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.

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 date of this Announcement. Save as the Investment Target as mentioned in November Announcement, Found Macau does not have any identified investment target as at the date of this 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 date of this announcement.

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. The Founders are the "businessmen" referred to in the November Announcement. The negotiations in relation to an "Investment Target" being a casino with hotel operations in Macau referred to therein are still in progress and no agreements have been reached yet.

*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.

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.

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.

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

## **REASONS FOR THE TRANSACTION**

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 shareholders as a whole.

## **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 date of this Announcement not involved in the operation of any casino and entertainment business.

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.

A circular will be despatched to shareholders containing further details of the FM Acquisition and the Found Macau Loan.

#### **RENEWAL OF GENERAL MANDATE AND REFRESHMENT OF SCHEME LIMIT**

The May 2004 New Issue Mandate was close to fully utilised as a result of completion of the Wide Asia Acquisition and the Placing and the May 2004 New Issue Mandate has only 3,800 Shares remaining. The Company wishes to seek approval of shareholders at the EGM to renew the General Mandates in order to allow the flexibility for future business development and/or fund raising. However, the Company does not have any immediate plans for funds raising at present. Pursuant to the Listing Rules, the Directors and their Associates shall abstain from voting in favour of the relevant resolutions in relation to renewal of the Issue Mandate at the EGM.

At the EGM, resolutions will be proposed to:-

- (1) renew the general and unconditional mandate authorising Directors to exercise all powers of the Company to issue new Shares up to 20% of the issued share capital of the Company on the date of EGM;
- (2) renew the general and unconditional mandate authorising the Directors to exercise all powers of the Company to repurchase Shares on the Stock Exchange up to a maximum of 10% of the issued share capital of the Company on the date of the EGM; and
- (3) by a separate ordinary resolution, extend the general and unconditional mandate so that the Directors be given a general mandate to issue further Shares equal to the Shares repurchased under the repurchase mandate referred to in (2) above.



In accordance with Rule 13.39(4) of the Listing Rules, the Chairman of the EGM will demand a poll in relation to the ordinary resolutions proposed to approve the Issue Mandate at the EGM.

As at the date of this announcement, the Company does not have a “controlling shareholder” (as such term is defined in the Listing Rules) and an aggregate of 273,413,292 Shares (representing approximately 19.97% of the existing issued share capital of the Company) are held by the Directors (excluding independent non-executive Directors) of the Company and their respective Associates. The Directors and their Associates will abstain from voting in favour of resolutions to renew the Issue Mandate at the EGM.

The purpose of the Share Option Scheme is to enable the Company to grant options to participants to provide them with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and the Shares for the benefit of the Company and the shareholders as a whole. This will be an incentive to the participants of the Share Option Scheme to contribute to the success of the Group. Given the depletion of the existing Scheme Mandate Limit, the Share Option Scheme cannot continue to serve its intended purpose of benefiting the Group and the shareholders unless the Scheme Mandate Limit is “refreshed”. Hence the Company would like to refresh the Scheme Mandate Limit at the EGM.

A circular containing, inter alia, details of the renewal of the General Mandates and Scheme Mandate Limit and the notice of the EGM will be despatched to shareholders as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 10th December, 2004 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 13th December, 2004.

## **Definitions**

The following terms are used in this announcement within the meanings set opposite them:-

“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;
“Casino Operating Company”	Artune Limited;
“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;

the “Company”	China United International Holdings Limited, a company incorporated in Hong Kong the shares of which are listed on the Stock Exchange;
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Directors”	the directors of the Company;
“EGM”	the extraordinary general meeting of the Company to be held to renew the General Mandates and the Scheme Mandate Limit;
“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 this Announcement;
“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;
“Found Macau”	Found Macau Limited, a company incorporated in the British Virgin Islands;
“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;
“General Mandates”	the Issue Mandate and Repurchase Mandate;
“Group”	the Company and its subsidiaries;
“Issue Mandate”	the mandate proposed to be sought at the EGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company on the date of EGM;
“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 procured an independent third party to advance to Wide Asia;

“May 2004 Issue Mandate”	the mandate granted to directors at the extraordinary general meeting held on 31st May, 2004 to issue and allot new Shares;
“Ms. Ng”	Ng Chor Har;
“November Announcement”	the announcement by the Company dated 12th November, 2004;
“Placing”	the placing of 17,640,000 new Shares pursuant to the placing agreement between Kingston Securities Limited and the Company dated 19th November, 2004;
“Pleasure Developments”	Pleasure Developments Limited, an indirect wholly owned subsidiary of the Company;
“Promissory Note”	the promissory note to be executed by Found Macau in favour of Alpha Aim to evidence the Found Macau Loan;
“Repurchase Mandate”	the mandate proposed to be sought at the EGM to authorise the Directors to repurchase Shares on the Stock Exchange up to 10% of the issued share capital of the Company on the date of the EGM;
“Scheme Limit”	the total number of Shares which may be issued under the Share Option Scheme equal to 10% of the Shares in issue on the date of the EGM;
“Share Option Scheme”	the share option scheme adopted by the Company on 22nd November, 2002;
“Shares”	shares of a par value of HK\$0.10 each in the Company;
“Shareholders Agreement”	the shareholders agreement dated 9th December, 2004 entered into between Found Macau, the Founders and Alpha Aim in relation to Found Macau;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	Chau Tuk Shun;
“Wide Asia”	Wide Asia Shipping S.A., a company incorporated in Republic of Panama; and
“Wide Asia Acquisition”	the acquisition of the 28 shares in Wide Asia pursuant to the conditional sale and purchase agreement dated 22nd November, 2004 between the Vendor and Pleasure Developments.

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 of directors of  
**China United International Holdings Limited**  
**Chuang Yueheng, Henry**  
*Chairman*

Hong Kong, 10th December, 2004