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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)

**POSSIBLE CONNECTED AND NOTIFIABLE TRANSACTION
ISSUE OF HK\$250 MILLION CONVERTIBLE NOTES
FOR ACQUISITION OF 80% OF THE NEPTUNE SYNDICATE**

The Company wishes to announce that Mr. Eugene Chuang is in discussions with the Company in relation to an offer he has made to the Company on 12th March, 2005 of an exclusive right until 31st July 2005 (or such other date as the party may agree) to conduct negotiations relating to the Acquisition of 80% of the Neptune Syndicate at a consideration of HK\$250 million to be satisfied by the issue of Convertible Notes in the principal amount of HK\$250 million by the Company. Terms of the Convertible Notes (e.g. interest rate, tenor, conversion price) are subject to negotiation between Mr. Eugene Chuang and the Company.

Mr. Eugene Chuang is the brother of Mr. Henry Chuang, the chairman of the Company treated as a connected person of the Company under Rule 14A.11(4)(b). If the Transaction proceeds, it will constitute a connected and notifiable transaction for the Company under Rule 14A.13 and Rule 14.06 of the Listing Rules and will be subject to approval of independent shareholders.

THE TRANSACTION MAY OR MAY NOT PROCEED. SHAREHOLDERS ARE ADVISED TO EXERCISE CAUTION IN DEALING IN THE SHARES OF THE COMPANY.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 14th March, 2005 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 16th March, 2005.

The Offer From Mr. Eugene Chuang

Mr. Eugene Chuang is in discussions with the Company in relation to his offer made to the Company on 12th March, 2005 of an exclusive right until 31st July 2005 (or such other date as the parties may agree) to conduct negotiations in relation to the Acquisition of 80% of the Neptune Syndicate at a consideration of HK\$250 million to be satisfied by the issue of Convertible Notes in the principal amount of HK\$250 million by the Company. Terms of the Convertible Notes (e.g. interest rate, tenor, conversion price) are subject to negotiation between Mr. Eugene Chuang and the Company.

The Board's preliminary view is that if the Transaction proceeds and subject to negotiation, completion will be subject to the satisfaction of certain conditions, which will include, amongst other things:-

- (1) the Casino Operator not raising any objection to the Company's or its nominated subsidiary's Acquisition of 80% of the Neptune Syndicate;
- (2) the Cooperation Terms on the Neptune VIP Club remaining unchanged after completion of the Transaction;
- (3) a due diligence investigation (a) on Neptune Syndicate to the satisfaction of the Company finding that the Neptune Syndicate has at least HK\$200 million worth of gaming chips at the Neptune VIP Club, free from deductions or encumbrances (b) on the income and expenses of Neptune Syndicate in relation to the operation of Neptune VIP Club;
- (4) a sale and purchase agreement being executed between Mr. Eugene Chuang and the Company and others, if appropriate;
- (5) key personnel of Neptune Syndicate (to be identified by the Company) agreeing to continue to provide services to the Neptune Syndicate in relation to the operation of Neptune VIP Club on terms acceptable to the Company;
- (6) the passing by independent Shareholders of a resolution to approve the Transaction, the issue of the Convertible Notes and the Conversion Shares at an extraordinary general meeting of the Company to be convened;
- (7) the Stock Exchange having approved the issue of the Convertible Notes or the Company not having received any objection from the Stock Exchange to the issue of the Convertible Notes; and
- (8) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares.

The offer is not an offer such that a contract will be formed on acceptance but only an offer to negotiate. Upon completion of the Transaction, the Company will share 80% of the rights and liabilities of the Neptune Syndicate with respect to the Neptune VIP Club which are generated from the Cooperation Terms on the Neptune VIP Club.

INFORMATION ON THE NEPTUNE VIP CLUB

(1) Cooperation Terms on the Neptune VIP Club

Based on information provided to the Company, the following terms in relation to the establishment and operation of Neptune VIP Club at the Lisboa Casino in Macau were agreed between the Casino Operator and Neptune Syndicate in September 2003:

- 1) the Casino Operator holds a gaming licence in Macau and will be responsible for the provision of casino facilities, staff arrangements at the Neptune VIP Club including the provision of dealers at gaming tables, cashiers and accountants;
- 2) the Neptune Syndicate is responsible for the promoting and marketing of the Neptune VIP Club including (a) marketing and organizing trips for the purpose of introducing customers to participate in the gaming activities provided by the Casino Operator at the Neptune VIP Club and (b) providing related services in Macau, including food and beverage services, accommodation and travelling arrangements, and to the extent permitted under Macau laws, extension of credit by providing gaming chips on credit to customers who participate in the gaming activities at the Neptune VIP Club;
- 3) the Neptune Syndicate shares the profit and loss after gaming tax of the gaming activities conducted at the Neptune VIP Club in an agreed percentage on a monthly basis. From September 2003 to November 2004, Neptune Syndicate agreed with the Casino Operator to share approximately 30% to 40.25% of the profits and loss after gaming tax on the gaming activities at the Neptune VIP Club, on a monthly basis. From December 2004 onwards, Neptune Syndicate has agreed with the Casino Operator to fix such percentage at 30%;
- 4) the Neptune Syndicate is entitled to a commission of approximately 0.4% on the turnover of Neptune VIP Club to be paid by the Casino Operator to Neptune Syndicate on a monthly basis. It is intended that the remuneration of certain key personnel of the Neptune Syndicate will be settled from this commission;
- 5) the Casino Operator will at the end of each month provide to the Neptune Syndicate coupons worth approximately 0.2% of the current month's turnover of the Neptune VIP Club at the notional price of 0.03% of the turnover. Such coupons will entitle the holder thereof to ferry rides between Hong Kong and Macau, hotel accommodation and food and beverage at certain establishments in Macau. The Neptune Syndicate has full discretion to sell unused coupons to travel agents for cash; and
- 6) the Neptune Syndicate paid HK\$200 million to the Casino Operator in return for gaming chips worth HK\$200 million issued by the Neptune VIP Club which can be readily converted into an equivalent amount of cash on presentation to the Casino Operator.

(2) Financial Information on the Neptune VIP Club

Mr. Eugene Chuang informed the Company that on 28th February 2005, he completed the acquisition of 80% of the rights and obligations of the Neptune Syndicate for a cash consideration of HK\$250 million.

Based on the information provided to the Company, the unaudited turnover and the gross winning of Neptune VIP Club as well as the income after gaming tax attributable to Neptune Syndicate are as follows:

For the period/month	Turnover of Neptune VIP Club (HK\$'000)	Gross winning of Neptune VIP Club (HK\$'000)	Income after gaming tax attributable to Neptune Syndicate (HK\$'000)
October 2003 to February 2005	30,822,000	676,425	221,053
February 2005	1,110,000	47,649	11,007

Based on the information provided to the Company, during the period of October 2003 to February 2005 and for the month of February 2005, the income after gaming tax attributable to Neptune Syndicate was approximately HK\$221,053,000 and HK\$11,007,000 respectively.

Based on the following information provided to the Company (i) the Neptune VIP Club has, since commencement of operations in September 2003, delivered a substantial income after gaming tax attributable to the Neptune Syndicate; (ii) several key personnel of Neptune Syndicate will continue to provide services to the syndicate in relation to the operations of Neptune VIP Club after completion the Transaction; and (iii) Neptune Syndicate holds approximately HK\$200 million worth of gaming chips at Neptune VIP Club which can immediately be converted cash upon presentation to the Casino Operator; and taking into consideration that the issue of the Convertible Notes will not create any immediate cash requirements for the Company as well as immediate dilution of the Shareholders, the Board considers that the terms of the Transaction are attractive and will commence negotiations with Mr. Eugene Chuang with the view to agreeing the Transaction as soon as practicable. Further announcements on the progress of the Transaction will be made, if and when appropriate.

The Cooperation Terms on the Neptune VIP Club and the financial information on the Neptune Club set out above were provided by the Neptune Syndicate to Mr. Eugene Chuang who, in turn, provided such information to the Company. The Company has not independently verified the accuracy of such information as at the date of this announcement.

General

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 Group has also focused its investment opportunities in PRC and Macau and has completed its investment in 30% of Found Macau Investments International Limited and has provided a HK\$150 million shareholder loan to Found Macau as referred to the circular of the Company dated 4th February 2005.

THE TRANSACTION MAY OR MAY NOT PROCEED. SHAREHOLDERS ARE ADVISED TO EXERCISE CAUTION IN DEALING IN THE SHARES OF THE COMPANY.

Mr. Eugene Chuang is the brother of Mr. Henry Chuang, the chairman of the Company treated as a connected person of the Company under Rule 14A.11(4)(b). If the Transaction proceeds, it will constitute a connected and notifiable transaction for the Company under Rule 14A.13 and Rule 14.06 of the Listing Rules and shall subject to approval of independent shareholders. The size of the transaction will depend on the terms of the agreement to be agreed, but it is likely to be at least a major transaction.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 14th March, 2005 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 16th March, 2005.

DEFINITIONS

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

“Acquisition of 80% of the Neptune Syndicate”	acquisition of a contracted right to 80% of the rights and obligations of the Neptune Syndicate which syndicate is entitled to share and be responsible for 30% of the profits and losses after gaming tax of gaming activities conducted at the Neptune VIP Club under the Cooperation Terms on Neptune VIP Club. If the Transaction proceeds, the Company will be entitled to an effective interest of 24% of the profits and losses after gaming tax of gaming activities conducted at the Neptune VIP Club under the Cooperation Terms on Neptune VIP Club;
“Board”	the board of directors of the Company;
“Casino Operator”	the Lisboa Casino in Macau, which is not a Connected Person of the Company;
“Company”	China United International Holdings Limited, a company incorporated in Hong Kong the shares of which are listed on the Stock Exchange;
“Convertible Notes”	the issue of HK\$250 million convertible notes of the Company as the consideration of the Transaction;
“Conversion Shares”	the issue of Shares upon conversion of the Convertible Notes;
“Cooperation Terms on Neptune VIP Club”	the terms of cooperation between the Neptune Syndicate and the Casino Operator in relation to the operation of the Neptune VIP Club at the Lisboa Casino in Macau as described in the section headed “Cooperation Terms on Neptune VIP Club” as set out in this Announcement;

“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Eugene Chuang”	Mr. Chuang Yue-chien, Eugene, brother of Mr. Henry Chuang;
“Mr. Henry Chuang”	Mr. Chuang Yueheng, Henry, the chairman of the Company;
“Neptune Syndicate”	an informal syndicate of persons and entities (not a legal entity) which has entered into the Cooperation Terms on the Neptune VIP Club by oral contract;
“Neptune VIP Club”	the gaming facilities at a venue known as the Neptune VIP Club located at the Lisboa Casino in Macau;
“Shares”	shares of a par value of HK\$0.10 each in the Company;
“Shareholder(s)”	holder of (a) Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Transaction”	the possible acquisition of 80% of the Neptune Syndicate by the Company from Mr. Eugene Chuang.

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 four independent non-executive directors, namely Mr. Lam Ping Cheung, Mr. Miu Frank H., Mr. Nakajima Toshiharu and Ms. Lin Wai Yi.

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

Hong Kong, 15th March, 2005