

Legal and General Notices

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(Incorporated in Bermuda with limited liability)

SHARE TRANSACTION

SUMMARY:

The board of directors of China United Holdings Limited (the "Company") announces that its wholly-owned subsidiary, Sky Coast Holdings Limited (the "Purchaser"), has entered into a sale and purchase agreement dated 10 November, 1997 (the "Agreement") to purchase from independent third parties (the "Vendor") the property known as Flat B on the 21st Floor together with a car parking space No. 32 of Royalton, No. 118 Pok Fu Lam Road, Pokfulam, Hong Kong (the "Property"). The total purchase price is HK\$30,500,000 which will be satisfied by the issuance of 132,608,696 shares of HK\$0.02 each (the "Consideration Shares") of the Company at an agreed value of HK\$0.23 per share. Completion of the Agreement will occur on or before 24 November, 1997 or such other date as the parties may agree. The Consideration Shares will be issued pursuant to the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 26 September, 1997. The purchase price was agreed after arm's length negotiations and is based on an independent valuation of the Property prepared by Midland Surveyors Limited dated 8 November, 1997. The Property will be held as a long term investment.

The directors of the Company consider that the terms of the Agreement are fair and reasonable and are in the best interests of the Company. The directors of the Company also note that the price ascribed to the Consideration Shares to be issued is at a discount of approximately 4.09% and 6.50% to the average closing market price for the ten trading days immediately preceding 10 November, 1997, the date of the Agreement and the closing market price as at 10 November, 1997 respectively of the shares of the Company as quoted on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Parties:

Vendors: Mr. Lo Kwai Sang Dennis and Madam Chu See Ming Bonnie, independent third parties not connected with the directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange).

Purchaser: Sky Coast Holdings Limited, a company incorporated on 22 October, 1997 in the British Virgin Islands and a wholly-owned subsidiary of the Company.

Property acquired:

A residential property completed in 1997 and located at Flat B on the 21st Floor together with a car parking space No. 32 of Royalton, No. 118 Pok Fu Lam Road, Pokfulam, Hong Kong. The Property, excluding the car parking space, comprises a gross floor area of 2,160 square feet. It is intended that the Property will be held as a long term investment.

The Property will be acquired with vacant possession and it is the present intention of the Company to find a suitable tenant for the Property in the foreseeable future.

Purchase price:

The total purchase price for the Property is HK\$30,500,000 and is based on arm's length negotiations between the parties and an independent valuation of the Property prepared by Midland Surveyors Limited dated 8 November, 1997. The valuation of the Property as at 8 November, 1997 is HK\$30,500,000.

Payment terms:

On the date of completion of the sale and purchase of the Property, the purchase price will be satisfied by the allotment and issuance to the Vendor of the Consideration Shares at an agreed value of HK\$0.23 per share which was based on the average closing price of the shares of the Company as quoted on the Stock Exchange for the ten trading days immediately preceding 10 November, 1997, the date of the Agreement. Application will be made to the Stock Exchange for listing of and permission to deal in the Consideration Shares.

The Consideration Shares to be issued to the Vendor will represent approximately 4.09% and 3.93% of the existing and enlarged (taking into account the Consideration Shares to be issued pursuant to the Agreement) issued share capital of the Company respectively.

To the best of the Company's knowledge, the Vendor has no immediate intention to sell the Consideration Shares or any part thereof.

Conditions of completion:

The Agreement is conditional upon the following conditions to be fulfilled on or before 24 November, 1997 or such later date as the parties may agree:

- (a) the Stock Exchange granting the listing of and permission to deal in the Consideration Shares; and
- (b) the Company remaining to be a publicly listed company and the trading of its shares on the Stock Exchange is not suspended on the date of completion of the Agreement other than for reasons which are reasonably acceptable to the Vendor.

Completion date:

On or before 24 November, 1997 or such other date as the parties may agree.

General:

The principal activity of the Company is investment holding. The Company's subsidiaries and associated companies (the "Group") are principally engaged in the design, manufacturing and distribution of gift packaging for luxury consumer goods, manufacturing and distribution of switching power supplies, property investment and development, securities broking, investment holding and investment in marketable securities.

It is also a corporate strategy of the Group to focus on large-scale and quality commercial and residential properties in Hong Kong for long term investment and rental purposes. Based on the current prevailing market conditions, the Company regards the Property to be a good investment opportunity for the Group. Given the current property market condition, the Directors consider the purchase price be fair and reasonable.

By Order of the Board
China United Holdings Limited
Lam How Mun Peter
Managing Director

Hong Kong, 10 November, 1997