



**CHINA UNITED TELECOM LIMITED**

**中國聯合電信有限公司\***

(incorporated in the British Virgin Islands with limited liability)



**MANSION HOUSE GROUP LIMITED**

**萬勝集團有限公司**

(incorporated in Hong Kong with limited liability)

**CONNECTED TRANSACTION,  
LOAN AGREEMENT,  
PROPOSED ISSUE OF NEW SHARES  
LEADING TO A CHANGE IN STATUTORY CONTROL,  
GRANT OF OPTIONS,  
APPLICATION FOR WHITEWASH WAIVER,  
INCREASE IN AUTHORISED SHARE CAPITAL,  
AND  
ADOPTION OF NEW ARTICLES**

**Financial advisers to Mansion House Group Limited**



On 20th April, 2002, the Company entered into the Subscription Agreement with China United and Mr. Lowe pursuant to which the Company agreed to allot and issue to and China United agreed to subscribe for 148,125,000 Subscription Shares at a price of HK\$0.20 per Share. Pursuant to the Subscription Agreement, three Bonus Shares will be issued with every Subscription Share. Mr. Lowe will exchange a shareholder loan of approximately HK\$9.9 million for new Subscription Shares on the same terms. Accordingly, upon Completion, China United will hold 592,500,000 Shares, representing approximately 50.5% of the enlarged issued share capital of the Company; Mr. Lowe, including his existing shareholding, will hold 290,348,974 Shares, representing approximately 24.8% of the enlarged issued share capital of the Company. Further details of the Subscription Agreement are set out below.

Also on 20th April, 2002, the Company entered into the Loan Agreement with China United pursuant to which China United agreed to lend to the Company a sum of HK\$20 million of which HK\$15 million was advanced to the Company on that date. The remaining balance of HK\$5 million will be advanced to the Company, if necessary, upon receipt by China United of a drawdown notice served by the Company. The Loan will be secured by an equitable charge and a deposit of 92,848,974 Shares beneficially owned by Mr. Lowe with P.C. Woo & Co., the Company's solicitors. It is intended that the Loan will be repaid from the proceeds of the Subscription. Further details of the Loan are set out below.

The Subscription Agreement is conditional upon, among others, (i) the increase in the authorised share capital from HK\$90 million to HK\$400 million by creation of additional 1,550,000,000 Shares at HK\$0.20 each; (ii) the Stock Exchange granting or agreeing to grant approval for the listing of and permission to deal in the Subscription Shares and Bonus Shares; (iii) the grant by the Executive of a waiver from any obligation to make a mandatory general offer to acquire all the issued Shares pursuant to Rule 26 of the Takeovers Code; and (iv) the approval by the Independent Shareholders.

As Mr. Lowe is one of the parties to the Subscription Agreement, the Subscription Agreement constitutes a connected transaction of the Company and is subject to the approval of the Independent Shareholders at the EGM.

A circular and a notice convening the EGM for the purpose of, inter alia, approving the Subscription Agreement, the increase in the authorised share capital, adoption of New Articles, the Whitewash Waiver, Deed and the grant of Options 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 from 2.30 p.m. on Friday, 19th April, 2002 pending release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on Wednesday, 24th April, 2002.

Reference is made to the Company's announcement dated 25th March, 2002 concerning discussions between the Company and an independent third party to increase in equity capital of the Company by a subscription of new Shares by that independent third party. Discussions with that particular third party have ceased on 18th April, 2002 but the Board is pleased to announce that the Company received an approach from a new investor on 16th April, 2002 and has entered into the Subscription Agreement and the Loan Agreement on 20th April, 2002.

**1. THE SUBSCRIPTION AGREEMENT DATED 20TH APRIL, 2002**

**Parties to the Subscription Agreement**

(i) China United a company incorporated in the British Virgin Islands with limited liability, beneficially owned by Mr. Leung as to 50%, by his wife Ms Chau as to 20% and by Excel Ocean as to 30%.

Save for the Subscription Agreement, Mr. Leung, Ms. Chau, Mr. Lu and Dr. Gu are not otherwise acting in concert or connected with the directors, chief executive and substantial shareholders of the Company, any of its subsidiaries or their respective associates.

(ii) Mr. Lowe the Chairman of the Company, who presently beneficially owns 92,848,974 Shares, representing approximately 24.9% existing issued share capital of the Company

(iii) The Company

**Shares to be issued**

Pursuant to the Subscription Agreement, China United and Mr. Lowe agreed to subscribe for 148,125,000 Subscription Shares and 49,375,000 Subscription Shares respectively at the subscription price of HK\$0.2 each. Bonus Shares will be allotted and issued to China United and Mr. Lowe on the basis of three Bonus Shares for every Subscription Share subscribed. All Subscription Shares and Bonus Shares to be issued pursuant to the Subscription Agreement will rank pari passu with the existing issued Shares.

The aggregate number of Subscription Shares and Bonus Shares to be issued pursuant to the Subscription Agreement upon Completion will amount to 790 million Shares, representing approximately 211.7% of the existing issued share capital of the Company and approximately 67.4% of the enlarged issued share capital of the Company.

**Change in the shareholding structure of the Company**

Set out below is a table showing the Company's existing shareholding structure and that immediately after Completion:

	Before Completion		After Completion	
	No. of Shares (million)	%	No. of Shares (million)	%
China United	—	—	592.5	50.5
Mr. Lowe and his family members	93.1	24.9	290.6	24.8
Other Directors	13.1	3.5	13.1	1.1
Somerley	—	—	9.0	0.8
Other public Shareholders	267.0	71.6	267.0	22.8
<b>Total</b>	<b>373.2</b>	<b>100.0</b>	<b>1,172.2</b>	<b>100.0</b>

*Note:* Somerley, the financial adviser to the Company, will receive 9 million Shares, credit as fully paid up at par, as part of its fee for professional services rendered to the Company. Such Shares will be issued pursuant to the general mandate granted to the Directors of the Company on 28th May, 2001.

Upon Completion, China United, Mr. Lowe and parties acting in concert with them will hold in aggregate approximately 75.3% of the enlarged issued share capital of the Company.

China United, the Company and the Directors have undertaken and any of the proposed new Directors will undertake to the Stock Exchange to take necessary steps to ensure that not less than 25% of the issued Shares will be held by the public within one month from Completion.

Upon Completion, the Company's public float might fall below 25% of the then issued Shares. The Company shall, if necessary apply for a waiver from strict compliance with the Listing Rules requirement to maintain at least 25% of the issued Shares in public hands.

**The Stock Exchange has stated that if, at Completion, less than 25% of the Shares are held by the public or if the Stock Exchange believes that a false market exists or may exist in the Shares; or there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the Shares.**

**Subscription price**

The subscription price is equal to the par value of the Shares of HK\$0.20 each. As each Subscription Share will be issued together with three Bonus Shares, the effective subscription price of the Shares to be issued under the Subscription Agreement is HK\$0.05 which is arrived at after arms length negotiations between the Company, China United and Mr. Lowe. The effective subscription price represents a discount of approximately 66.7% to the closing price of the Share of HK\$0.15 as quoted on the Stock Exchange on 19th April, 2002, the date on which the trading of Shares on the Stock Exchange was suspended as from 2:30 p.m.

The aggregate consideration of approximately HK\$29.6 million for approximately 148.1 million Subscription Shares to be subscribed by China United will be settled, upon Completion, by setting off the outstanding amount under the Loan (including accrued interest) advanced to the Company and, if not sufficient, by cash in full upon Completion.

\* for identification only

The aggregate consideration of approximately HK\$9.9 million for approximately 49.4 million Subscription Shares to be subscribed by Mr. Lowe pursuant to the Subscription Agreement will be settled, upon Completion, by capitalising a sum of HK\$9.9 million shareholder's loan due by the Company to Mr. Lowe. The outstanding amount of Mr. Lowe's loans to the Group as at the date of this announcement was approximately HK\$13 million.

**Conditions of the Subscription Agreement**

Completion of the Subscription Agreement is conditional upon, among others, the following conditions being fulfilled or waived as may be agreed by the parties to the Subscription Agreement:

- the approval by the Independent Shareholders at the EGM of (i) the Subscription Agreement; (ii) the issue of Subscription Shares (iii) the issue of Bonus Shares; and (iv) any other transactions contemplated under the Subscription Agreement that require Independent Shareholders' approval under the Listing Rules or the Takeovers Code;
- the Stock Exchange granting or agreeing to grant approval for the listing of and permission to deal in the Subscription Shares and the Bonus Shares;
- the Executive granting China United, Mr. Lowe and parties acting in concert with them a waiver from any obligation under Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned or agreed to be subscribed for by China United, Mr. Lowe and their respective concert parties. China United has stated that it will not waive this condition;
- the written consent or approval of any applicable governmental or regulatory body to the completion of transaction contemplated by the Subscription Agreement required as a result of any members of the Group being registered pursuant to the provisions of any Ordinance in Hong Kong; and
- the approval by the Shareholders at the EGM of an increase in the authorised share capital of the Company from HK\$90 million to HK\$400 million by the creation of 1,550 million new Shares and the adoption of the New Articles.

In the event that any of the conditions are not satisfied or waived, as the case may be, on or before 31st July, 2002 or such later date as may be agreed in writing between the parties to the Subscription Agreement, the Subscription Agreement shall cease and determine and none of the parties thereto shall have any obligations or liabilities under the Subscription Agreement, save for any antecedent breaches of the terms of the Subscription Agreement.

**Completion**

Completion shall take place on 31st July, 2002 or any other date as may be agreed between the parties to the Subscription Agreement.

**Use of Proceeds**

It is intended that proceeds of the Subscription of approximately HK\$29.6 million, net of expenses, will be applied to settle the pressing financial commitments of the Group which include repayment or roll-over of short-term loans, to settle the shortfall of approximately HK\$6.4 million of an insurance claim which arose from a litigation filed in 1998 against one of the Company's subsidiary for return of securities and repayments to creditors. Any remaining balance will be used as general working capital of the Group. The unaudited consolidated current liabilities of the Group as at 31st December, 2001 was approximately HK\$276.8 million.

**2. THE LOAN AGREEMENT DATED 20TH APRIL, 2002**

**Parties to the Loan Agreement**

Lender: China United

Borrower: the Company

**Terms of the Loan**

Principal HK\$20 million, of which HK\$15 million was advanced to the Company on 20th April, 2002. The remaining sum of HK\$5 million will be advanced to the Company, if necessary, upon receipt by China United of an appropriate drawdown notice issued by the Company.

Security an equitable charge over 92,848,974 Shares, representing approximately 24.9% of the existing issued share capital of the Company, beneficially owned by Mr. Lowe. The share certificates in respect of the Shares owned by Mr. Lowe together with instruments of transfer will be deposited with Messrs. P.C. Woo & Co., the Company's solicitors.

*Note:* The Company has entered into a deed of indemnity and undertaking with Mr. Lowe pursuant to which, subject to the approval of the Independent Shareholders at the EGM should the 92,848,974 Shares deposited with P.C. Woo & Co. as security for the Loan be released by P.C. Woo & Co. to China United as a result of an event of default as defined under the Loan Agreement, the Company will (subject to Independent Shareholder's consent) issue and allot same number of Shares to Mr. Lowe.

Interest aggregate of the annual rate announced or applied by the Hong Kong Shanghai Banking Corporation Limited from time to time as its prime rate of interest in Hong Kong for lending of Hong Kong Dollars plus 1% per annum. The interest is payable in arrears on 31st July, 2002 or on Completion, whichever is later, or such other date as may be agreed between the Company and China United.

Use of Loan the Loan will be used to satisfy the pressing financial commitments of the Group. Any remaining balance will be available for use as general working capital of the Group.

Repayment the Company shall repay the Loan in full together with accrued interest on Completion by exchange for Subscription Shares, or in cash on 31st July, 2002 if Completion has not occurred by that date, or any other date as may be agreed between the Company and China United.

### 3. REASONS FOR THE SUBSCRIPTION AGREEMENT AND THE LOAN AGREEMENT

The Group is principally engaged in securities, futures, bullion and share trading, underwriting, fund management and property development.

Since the release of the Company's interim results for the six months ended 30th June, 2001, the Group's brokerage business has continued to experience difficult trading conditions and the financial position of the Group has continued to decline despite cost-cutting measures already implemented by the Board. The results of the Group for the year ended 31st December, 2001 will be announced on Thursday, 25th April, 2002.

The Group has pressing financial commitments, which include repayment or roll-over of short-term loans, settlement of shortfall of a litigation of approximately HK\$6.3 million and to repay creditors. The Board has been exploring ways to raise funds in both the equity and capital markets to meet such commitments.

After negotiations with various potential investors, the Board considers that the terms agreed with China United are the best achievable in the available time. Most importantly, the Loan Agreement has provided timely assistance to meet the Group's pressing financial commitments. Consequently, the Board is of the view that the terms of the Loan Agreement and the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Pursuant to Rule A3 of Appendix 10 of the Listing Rules, Mr. Lowe, being a Director, is prohibited from dealing in Shares from 26th March, 2002 to 25th April, 2002 or one month prior to the date which the Board meeting is scheduled to be held to approve the annual results of the Group for the year ended 31st December, 2001. A waiver was granted by the Stock Exchange to Mr. Lowe from strict compliance with Rule A3 of Appendix 10 of the Listing Rules to allow him to agree to exchange his shareholder loan for Shares in view of the pressing financial commitments of the Group. The Directors, and China United have undertaken and any new directors to be appointed on or before the Completion will undertake to the Stock Exchange that the proceeds of the Subscription will be used to meet the Group's pressing financial commitments and that the net proceeds of the Subscription will not, for whatever reasons, be used to settle amounts due to any connected persons of the Company, but any balance may be used to support the normal operations of the Group.

### 4. PROPOSED GRANT OF OPTION

It is also intended that China United be granted a two-year Option. It is proposed that the Option will be exercisable anytime within two years after the date of grant by the Company to subscribe in cash for up to 150,000,000 new Shares and Mr. Lowe will be granted a similar Option over 50,000,000 new Shares. The exercise price will be HK\$0.20 per Share. As no Bonus Shares will be issued with any Shares to be issued under such options, the option price of HK\$0.20 compares with an effective issue price under the Subscription Agreement of HK\$0.05 per Share. The Subscription Agreement is not conditional on the Options being granted. The grant of Options is subject to Independent Shareholders' approval at the EGM and Completion. Set out below is a schedule showing the effect on the shareholding structure of the Company assuming the Options were granted and exercised in full:

	After Completion but before exercise of Options		After Completion and exercise of Options	
	No. of Shares (million)	%	No. of Shares (million)	%
China United	592.5	50.5	742.5	54.1
Mr. Lowe and his family members	290.6	24.8	340.6	24.8
Other Directors	13.1	1.1	13.1	1.0
Somerley	9.0	0.8	9.0	0.7
Other public Shareholders	267.0	22.8	267.0	19.4
<b>Total</b>	<b>1,172.2</b>	<b>100.0</b>	<b>1,372.2</b>	<b>100.0</b>

In view of the tight liquidity, the Board believes that the proposed grant of Options can potentially increase the general working capital and further strengthen the equity base of the Company and is beneficial to the Company and the Shareholders. It is intended that the proposed Options will be granted after obtaining the Independent Shareholder's approval. In view of the tight liquidity of the Group, it is the intention of Mr. Lowe and China United that the proceeds of the proposed Options will be used for the general working capital of the Group, or other appropriate investments opportunities as they arise in the future.

Based on the Company's shareholding structure after Completion, and assuming full exercise of the Options, less than 25% of the issued Shares will be held by the public. Both of China United and Mr. Lowe will undertake to the Company that they will not exercise their rights under the Options if the exercise would lead to a breach of the 25% public shareholding requirement by the Company. The Company will also undertake to the Stock Exchange that it will not issue Shares to China United or Mr. Lowe if such issue will lead to a breach of the 25% public shareholding requirement by the Company.

The exercise price of the proposed option of HK\$0.2 represents a premium of approximately 33.3% over the closing price of the Share of HK\$0.15 as quoted on the Stock Exchange on Friday, 19th April, 2002, the date on which the trading in the Shares was suspended as from 2:30 p.m. pending release of this announcement.

### 5. PROPOSED CHANGE OF BOARD COMPOSITION

At present, the Board comprise six executive Directors and three independent non-executive Directors. Upon Completion, it is intended that a number of Directors will resign and that China United will appoint a majority of Directors to the Board. The Board has not decided on how many existing Directors will resign and how many new directors will be appointed. China United has informed the Board that it intends to appoint Ms. Chau and Dr. Gu immediately after the despatch of the circular to Shareholders in relation to, among other things, the Subscription Agreement, or at such later date as permitted by the Executive. China United will decide on the additional Board appointments as soon as possible. Further announcement will be made should there be any change of the Board composition in future.

Mr. Leung, aged 51. He has extensive experience in business management and has been appointed director of various private companies in the PRC and Hong Kong. Mr. Leung is also a non-executive director of Golden Meditech Company Limited, a company listed on the Growth Enterprise Market of the Stock Exchange.

Ms. Chau, aged 37. She has extensive experience in business management. She is also an executive director of Golden Meditech Company Limited, a company listed on the Growth Enterprise Market of the Stock Exchange.

Dr. Gu, aged 48, was educated in the PRC, France and Canada and received the doctorate in law from University of Ottawa. Dr. Gu is a director of Shanghai Citic-Jiading Industrial Limited, an "A" share company listed on the Shanghai Stock Exchange, which is principally engaged in the development and provision of online securities trading system for brokerage houses and financial institutions in the PRC. Dr. Gu is a qualified lawyer in Quebec, Canada and the PRC.

### 6. FUTURE INTENTION OF CHINA UNITED REGARDING THE GROUP

China United is an investment holding company incorporated in the British Virgin Islands with limited liability. Save for entering into the Subscription Agreement and the Loan Agreement, China United has not engaged in any business activities since its incorporation on 21st March, 2000.

China United intends that the Group should retain its listed status in Hong Kong and carry on its existing brokerage and asset management business after Completion. China United believes that Dr. Gu's experience in the securities related business and his contacts in the PRC would benefit the Group in terms of the assets management and brokerage operations.

China United also intends that the Company should expedite the sale of its property development project in the PRC (held as a current asset) and reduce its level of short-term borrowings as soon as possible. At present, China United has no concrete plans to inject any assets or business into the Company or to redeploy any fixed assets of the Group and will safeguard the rights of existing employees. However, it will conduct a review on the operation and financial position of the Group after Completion to consider whether and if so how the present operations of the Group may need strengthening. It will also consider whether it would be advisable to diversify into other areas, if suitable opportunities arise, to broaden and expand the income stream and net asset base of the Group. The shareholders of China United have interests in the media and telecommunications sector in the PRC and will examine whether there may be benefits to the Company in entering these sectors in due course to capitalise on the expertise and contacts of the Investor.

**The Stock Exchange has stated that any future injections into or disposals of assets or business by the Company will be subject to the provisions of the Listing Rules. Pursuant to the Listing Rules, the Stock Exchange has the discretion to require the Company to issue a circular to the Shareholders irrespective of the size of the proposed transaction, particularly when such proposed transaction represents a departure from the principal activities of the Group following Completion. The Stock Exchange also has the power, pursuant to the Listing Rules, to aggregate a series of acquisitions, or disposals by the Company and any such acquisitions or disposals may, in any event, result in the Company being treated as a new applicant for listing and subject to the requirement for new applicants as set out in the Listing Rules.**

### 7. TAKEOVERS CODE IMPLICATIONS

Upon allotment and issue of the Subscription Shares and the Bonus Shares, China United, Mr. Lowe and parties acting in concert with them will be interested in approximately 75.3% of the enlarged issue share capital of the Company. The aggregate interest of China United, Mr. Lowe and their concert parties would be further increased to approximately 78.9% of the Company's enlarged issued share capital upon exercise in full of the Option intended to be granted to China United and Mr. Lowe. Under the Takeovers Code, China United, Mr. Lowe and the parties acting in concert with them would be obliged under Rule 26 of the Takeovers Code to make a mandatory general offer for all the Shares not already owned or agreed to be subscribed for by them upon Completion or full exercise of the Options intended to be granted to China United and Mr. Lowe. The Company, China United and Mr. Lowe (and their concert parties) will apply to the Executive for a Whitewash Waiver, which, if granted, would be subject to the approval of the Independent Shareholders at the EGM. The Executive may or may not grant the Whitewash Waiver.

China United and Mr. Lowe and their concert parties have confirmed that they have not dealt in the Shares since six months preceding 20th April, 2002, the date of the Subscription Agreement.

The Subscription Agreement is conditional upon, inter alia, on the grant of the Whitewash Waiver and China United has stated it will not waive such condition. At present, China United and parties acting in concert with it (except for Mr. Lowe and his concert parties) do not hold any Shares.

### 8. RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 2:30 p.m. on Friday, 19th April, 2002 pending release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on Wednesday, 24th April, 2002.

**When considering dealing in the Shares, Shareholders and investors should bear in mind, inter alia, the following risk factors:**

- The Company's interim report for the period ended 30th June, 2001 shows an unaudited loss attributable to Shareholders of approximately HK\$19.1 million and unaudited net assets of approximately HK\$41.3 million. The audited results of the Company for the year ended 31st December, 2001 to be announced on Thursday, 25th April, 2002 will show a marked deterioration from this position.**
- Current assets approximately equaled current liabilities as at 30th June, 2001. However, included in current assets is a property held for development. This property is being marketed presently but any proceeds will only be available until the conveyance procedures are completed. The Board is negotiating with a potential buyer and no agreement has been reached as at the date of this announcement. In the meantime, the Group has pressing financial commitments to meet, which is why the Loan has been agreed and HK\$15 million already drawdown.**
- The Loan is intended to be repaid from the proceeds of the Subscription Agreement. The Subscription Agreement is subject to a number of conditions as set out above. If the Subscription Agreement is not completed, the Group may have difficulty in repaying the Loan in cash on its due date of 31st July, 2002.**

**Shareholders and other investors are advised to exercise caution in dealing in the Shares. They are reminded that further pertinent information will be contained in the Company's announcement of its annual result to be released on Thursday, 25th April, 2002 and in the circular relating to the Subscription referred to below.**

### 9. GENERAL

An independent board committee of the Board will be appointed to consider the Subscription Agreement, the Whitewash Waiver and the grant of the Options. An independent financial adviser will be appointed to advise the independent board committee of the Board in this regard. An announcement will be made by the Company to this effect once the independent financial adviser is appointed.

A circular of the Company containing information in relation to, among others, (i) the Subscription Agreement; (ii) the Whitewash Waiver; (iii) increase of authorized share capital and adoption of New Articles; (iv) grant of Options; (v) the Deed and a notice of the EGM and the accompanying form of proxy for the EGM will be despatched to the Shareholders as soon as practicable.

### 10. DEFINITIONS

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	board of Directors
"Bonus Issue"	issue of Bonus Shares on the basis of three Bonus Shares for every new Share subscribed pursuant to the Subscription Agreement
"Bonus Share(s)"	shares to be issued under the Bonus Issue
"China United" or the "Investor"	China United Telecom Limited, a company incorporated in the British Virgin Islands, whose shareholders are Mr. Leung, Ms. Chau, Mr. Lu and Dr. Gu. Mr. Leung, Mr. Lu and Dr. Gu are also the directors of China United.
"Company"	Mansion House Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
"Completion"	completion of the Subscription Agreement which is expected to take place on or before 31st July, 2002, or such other date as may be agreed between the parties to the Subscription Agreement
"Deed"	the conditional deed of indemnity entered into between the Company and Mr. Lowe on 20th April, 2002
"Dr. Gu"	Dr. Gu Qinhu Joseph, an indirect shareholder of the Investor
"Directors"	directors of the Company
"Executive"	The executive director of the Corporate Finance Division of the SFC or any delegate of the executive director
"EGM"	an extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Subscription Agreement, the Whitewash Waiver and the increase in authorised share capital of the Company and adoption of New Articles and the grant of Option
"Excel Ocean"	Excel Ocean Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned as to 50% each by Mr. Lu and Dr. Gu
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Shareholders"	Shareholders other than China United and Mr. Lowe and their respective concert parties as defined under the Takeovers Code or associates as defined under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	up to HK\$20 million to be extended to the Company pursuant to the Loan Agreement
"Loan Agreement"	a loan agreement entered into between the Company and China United dated 20th April, 2002
"Mr. Leung"	Mr. Leung Shi Wing, a 50% shareholder of the Investor
"Mr. Lowe"	Mr. Evans Carrera Lowe, the controlling Shareholder of the Company who owns approximately 92.8 million Shares representing approximately 24.9% of the existing issued share capital of the Company
"Mr. Lu"	Mr. Lu Rui Feng, an indirect shareholder of the Investor
"Ms. Chau"	Ms. Chau Mei Chun, the wife of Mr. Leung, a 20% shareholder of the Investor
"New Articles"	the amended and restated Memorandum and Articles of Association of the Company proposed to be adopted for the purpose of, inter alia, facilitating the issue of the Bonus Shares
"Options"	the two-year options proposed to be granted to the Investor and Mr. Lowe to subscribe for an aggregate of 200 million Shares at a price of HK\$0.20 per Share
"PRC"	the People's Republic of China
"SFC"	Securities and Futures Commission
"Shareholder(s)"	holder(s) of Shares
"Shares"	shares of HK\$0.20 each in the capital of the Company
"Somerley"	Somerley Limited, an investment adviser and exempt dealer registered under the Securities Ordinance (Chapter 333 of the Laws of Hong Kong)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	197,500,000 Subscription Shares (with 592,500,000 Bonus Shares) to be issued under the Subscription Agreement
"Subscription Agreement"	an agreement entered into among the Company, China United and Mr. Lowe dated 20th April, 2002
"Subscription Shares"	new Share to be allotted and issued pursuant to the Subscription Agreement
"Takeovers Code"	Code on Takeover and Mergers
"Whitewash Waiver"	a waiver from the obligation to extend a mandatory general offer under the Takeovers Code pursuant to Note 1 of the Notes on dispensation from Rule 26 of the Takeovers Code to be sought from the Executive, which may otherwise arise as a result of Completion, or the full exercise of the Options intended to be granted to China United and Mr. Lowe

By order of the board of  
China United Telecom Limited  
Gu Qinhu Joseph  
Director

By order of the board of  
Mansion House Group Limited  
Evans C. Lowe  
Chairman

Hong Kong SAR, 23rd April, 2002

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to China United and the proposed new Directors) relating to the Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts (other than that relating to China United and the proposed new Directors) not contained in this announcement, the omission of which would make any of their statements in this announcement misleading.*

*The directors of China United jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts (other than that relating to the Group) not contained in this announcement, the omission of which would make any of their statements in this announcement misleading.*