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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in USI Holdings Limited (the “**Company**”), you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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**USI Holdings Limited**  
**富聯國際集團有限公司\***  
*(incorporated in Bermuda with limited liability)*  
**(Stock Code: 369)**

**DISCLOSEABLE AND CONNECTED TRANSACTION  
FORMATION OF A JOINT VENTURE**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**

**Piper Jaffray**

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A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 9 of this circular and a letter from Piper Jaffray Asia Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice is set out on pages 10 to 22 of this circular.

A notice convening a special general meeting to be held at Victoria IV, Level 2, Four Seasons Hotel Hong Kong, 8 Finance Street, Central, Hong Kong on Friday, 6 June 2008 at 11:00 a.m. (or as soon as the annual general meeting of the Company convened at the same place and on the same date at 10:00 a.m. shall have been concluded or adjourned) is set out on pages 38 to 39 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company’s Hong Kong Branch Share Registrars, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

\* *For identification purpose only*

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## DEFINITIONS

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*In this circular, the following expressions have the meanings set out below, unless the context requires otherwise:*

<b>“Board”</b>	means the board of directors of the Company;
<b>“Company”</b>	means USI Holdings Limited, a company incorporated in Bermuda with limited liability the issued shares of which are listed on the Stock Exchange;
<b>“Completion”</b>	means completion of the issue by the JV Company of new shares to Glory Strength and DNP under the JV Agreement;
<b>“Conditions Precedent”</b>	means the conditions under the JV Agreement precedent to Completion;
<b>“Development”</b>	means a building to be developed by the Vendor at Geran No. 49875 Lot 1315 Seksyen 57, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan, Kuala Lumpur, Malaysia comprising 115 units of condominium apartments and 115 car parking spaces;
<b>“Director”</b>	means a director of the Company;
<b>“DNP”</b>	means DNP Holdings Berhad, a company incorporated in Malaysia with limited liability the issued shares of which are listed on the Main Board of Bursa Malaysia Securities;
<b>“Glory Strength”</b>	means Glory Strength International Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands;
<b>“Group”</b>	means the Company and its subsidiaries;
<b>“HK\$”</b>	means Hong Kong dollars, the lawful currency of Hong Kong;
<b>“Independent Board Committee”</b>	means the independent board committee comprising Mr. Simon Murray, Mr. Fang Hung, Kenneth and Mr. Yeung Kit Shing, Jackson formed to advise the Independent Shareholders in respect of the JV Agreement;
<b>“Independent Shareholders”</b>	means the Shareholders other than Wing Tai and its associates;
<b>“JV Agreement”</b>	means the joint venture and shareholders’ agreement entered into by the Company, DNP and the JV Company on 23 April 2008;
<b>“JV Company”</b>	means Kualiti Gold Sdn Bhd, a company incorporated in Malaysia;

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## DEFINITIONS

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<b>“Lanson Place”</b>	means Lanson Place Hospitality Management (Malaysia) Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands;
<b>“Lanson Place Bermuda”</b>	means Lanson Place Hotels & Residences (Bermuda) Limited, a wholly-owned subsidiary of the Company incorporated in Bermuda;
<b>“Latest Practicable Date”</b>	means 16 May 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular;
<b>“Listing Rules”</b>	means the Rules Governing the Listing of Securities on the Stock Exchange;
<b>“Model Code”</b>	means The Model Code for Securities Transactions by Directors of Listed Companies;
<b>“Purchase Agreements”</b>	means the sale and purchase agreements to be entered into between the Vendor and the JV Company in respect of the Development;
<b>“RM”</b>	means Ringgit Malaysia, being the lawful currency of Malaysia;
<b>“SFC”</b>	means The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
<b>“SGM”</b>	means the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the JV Agreement;
<b>“Shareholders”</b>	means the holders of the Shares;
<b>“Shares”</b>	means ordinary shares of HK\$0.50 each in the issued share capital of the Company;
<b>“Stock Exchange”</b>	means The Stock Exchange of Hong Kong Limited;
<b>“Vendor”</b>	means Starpuri Development Sdn Bhd, a wholly-owned subsidiary of DNP incorporated in Malaysia;
<b>“Wing Tai”</b>	means Wing Tai Holdings Limited, a company incorporated in Singapore, which is a controlling shareholder of the Company and the issued shares of which are listed on Singapore Exchange Limited; and
<b>“Winsor”</b>	means Winsor Properties Holdings Limited, a company incorporated in the Cayman Islands with limited liability, which is a subsidiary of the Company and the issued shares of which are listed on the Stock Exchange.

For the purposes of this circular, amounts denominated in RM have been converted into HK\$ at the rate of RM1 = HK\$2.5.

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## LETTER FROM THE BOARD

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### USI Holdings Limited 富聯國際集團有限公司\*

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 369)**

*Executive Directors:*

Cheng Wai Chee, Christopher *GBS JP (Chairman)*

Cheng Wai Sun, Edward *SBS JP*

*(Deputy Chairman and Chief Executive)*

Cheng Man Piu, Francis

Chow Wai Wai, John

Ng Tak Wai, Frederick

Au Hing Lun, Dennis

*Head Office and Principal Place of  
Business in Hong Kong:*

25th Floor

Unimix Industrial Centre

2 Ng Fong Street

San Po Kong

Kowloon

Hong Kong

*Non-Executive Directors:*

Kwok Ping Luen, Raymond

Wong Yick Kam, Michael

*(also an alternate to Kwok Ping Luen, Raymond)*

Hong Pak Cheung, William

Loh Soo Eng

*Registered Office:*

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

*Independent Non-Executive Directors:*

Simon Murray *CBE*

Fang Hung, Kenneth *GBS JP*

Yeung Kit Shing, Jackson

22 May 2008

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE AND CONNECTED TRANSACTION FORMATION OF A JOINT VENTURE**

#### **INTRODUCTION**

The Board announced on 24 April 2008 that on 23 April 2008, the Company, DNP and the JV Company entered into the JV Agreement in relation to the JV Company for the purposes of acquiring the Development and operating the Development as a serviced apartment block. Pursuant to the terms of the JV Agreement, and subject to the Conditions Precedent being satisfied, Glory Strength, a wholly-owned subsidiary of the Company, will subscribe for 125,000 new shares in the JV Company in cash at par value of RM1.00 each. Such new shares will represent a 50% interest in the JV Company. The remaining 50% interest in the JV Company will be owned by DNP.

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with information relating to the details of the JV Agreement, the view of the Independent Board Committee and a notice convening the SGM to approve the transactions contemplated under the JV Agreement.

### JV AGREEMENT

On 23 April 2008, the Company, DNP and the JV Company entered into the JV Agreement in relation to the JV Company for the purposes of acquiring the Development and operating the Development as a serviced apartment block. Under the terms of the JV Agreement:

- (a) the JV Company will enter into the Purchase Agreements within six months from the date of the JV Agreement (or such other time period as the Company and DNP may agree);
- (b) the JV Company will enter into an operating agreement with Lanson Place for its provision of serviced apartment management services and a licence agreement with Lanson Place Bermuda for its grant to the JV Company of the right to use certain trademarks and tradenames of Lanson Place Bermuda, in each case, in relation to the Development within six months from the date of the JV Agreement (or such other time period as the Company and DNP may agree in writing) on such terms as may be agreed between the Company and DNP; and
- (c) the Vendor will grant the JV Company an option to acquire up to 115 car parking spaces (in addition to the 115 car parking spaces which the JV Company will acquire under the Purchase Agreements) at the site where the Development is located at a price to be mutually agreed between the Company and DNP.

The JV Agreement is conditional upon and subject to the fulfilment of the following Conditions Precedent on or before the date falling three months from the date of the JV Agreement:

- (a) approval of the Foreign Investment Committee of the Prime Minister's Department of Malaysia (which was granted on 29 April 2008, on the condition that DNP is to maintain a 50% shareholding in the JV Company);
- (b) the approval of the Independent Shareholders;
- (c) the approval of the shareholders of DNP; and
- (d) all other regulatory approvals under laws and regulations for the consummation of the transactions contemplated under the JV Agreement.

Subject to the Conditions Precedent, Glory Strength will, within 30 days after the satisfaction of the Conditions Precedent (or such other period as the Company and DNP may agree), subscribe for 125,000 new shares in the JV Company in cash at par value of RM1.00 each. Such new shares will

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## LETTER FROM THE BOARD

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represent a 50% interest in the JV Company. The remaining 50% interest in the JV Company will be owned by DNP. On this basis, the JV Company will be treated as a jointly controlled entity of the Company for accounting purposes and will be accounted for in the accounts of the Company using proportionate accounting treatment.

The board of directors of the JV Company shall comprise up to 4 directors. Each of the Company and DNP shall be entitled to nominate up to two directors.

The total consideration for the Development under the Purchase Agreements is RM139,750,000, which is equivalent to HK\$349,375,000. The consideration for the Development is required under the Purchase Agreements to be paid to the Vendor by instalments, the first instalment being payable upon execution of the Purchase Agreements and the last being payable after the JV Company has taken vacant possession of the Development. The related acquisition expenses, the costs of converting the Development into serviced apartments, the pre-operating expenses and the estimated consideration for the acquisition of the 115 further car parking spaces which the JV Company will, pursuant to the terms of the JV Agreement, be granted an option to acquire are expected to be RM67,250,000, which is equivalent to HK\$168,125,000. On this basis, the total commitment of the Group to the JV Company is not expected to exceed HK\$258,750,000. The Group intend to fund such commitment from its internal resources and/or bank borrowings.

In the event that the JV Company requires any additional funds, such funds shall be obtained from banks or financial institutions on terms reasonably acceptable to the shareholders of the JV Company. If any support from the shareholders of the JV Company (whether by way of loan, security or guarantee) is necessary to finance or to secure any financing for the JV Company and it has been mutually agreed by the shareholders of the JV Company, Glory Strength and DNP (or their respective holding companies) will, to the extent permitted by law, provide such financial support on a several basis in proportion to their shareholdings in the JV Company. If one of the shareholders of the JV Company provides such financial support (whether directly or through any holding company of its) but the other shareholder does not do so, the shareholder which does not do so shall indemnify the other shareholder for any loss it may suffer as a result of any claim in connection with the financial support such that the liabilities of both shareholders in respect of such claim are in proportion to their shareholdings in the JV Company.

### INFORMATION ABOUT DNP AND THE COMPANY

DNP is a company incorporated in Malaysia which is engaged in investment holding. The operations of subsidiaries of DNP include garment manufacturing, retailing of garments, property development and property investment. Shares of DNP are listed on the Main Board of Bursa Malaysia Securities Berhad. In 2006, the Vendor acquired the site on which the Development is being developed for a total consideration of RM59,000,000 (which is equivalent to HK\$147,500,000). On the basis of the total net saleable floor area of the Development and the other buildings developed or to be developed on such site, approximately RM13.22 million (which is equivalent to HK\$33.05 million) of such total consideration for such site was attributable to the Development.

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## LETTER FROM THE BOARD

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The Company is an investment holding company. Its principal subsidiaries are engaged in property development, property investment and management, hospitality investment and management, garment manufacturing and trading, branded products distribution and investing activities.

### REASONS FOR ENTERING INTO THE JV AGREEMENT

It is the Company's strategy to expand its Lanson Place hospitality investment and management operations in major Asian cities, including Kuala Lumpur, Singapore, Hong Kong, Shanghai and Beijing.

The Board is positive about the property market in Malaysia, especially the high-end residential and serviced apartment sectors. The Board believes that the acquisition of an interest in the Development through the JV Company will not only enhance the Company's assets portfolio but will also strengthen the edge of the Company in the serviced apartment market in Malaysia. DNP has been chosen as a partner for the joint venture as it is an experienced developer based in Kuala Lumpur and the Company would be able to leverage on its market intelligence and expertise. The Board notes that the total consideration for the Development under the Purchase Agreements reflects the valuation of the Development of RM139,750,000 (which is equivalent to HK\$349,375,000) as at 18 March 2008 by an independent professional valuer, Knight Frank (Ooi & Zaharin Sdn Bhd). Such valuation represents the estimated amount for which the Development should exchange on the date of the valuation between a willing seller and a willing buyer in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In arriving at such valuation, the property valuer has used the comparison method. This method considers the sales of similar or substitute properties and related market data and establishes a value estimate by adjustments made for differences in factors that affect value. The attributable book value of the Development was recorded at approximately RM14,714,000 in DNP's accounts as at 30 June 2007. The Board considers that the JV Agreement has been agreed on normal commercial terms and that its terms are fair and reasonable so far as the Company and the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

### LISTING RULES IMPLICATIONS OF THE JV AGREEMENT

On the basis that the total commitment of the Group to the JV Company does not exceed HK\$258,750,000, the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the total commitment of the Company to the JV Company exceeds 5% but is less than 25%. Accordingly, the JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As Wing Tai is a controlling shareholder of the Company and DNP is a subsidiary of Wing Tai, DNP is a connected person of the Company under the Listing Rules. Accordingly, the JV Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio in respect of the total commitment of the Company to the JV Company exceeds 2.5%, the JV Agreement is subject to the reporting and announcement requirements and the approval of the Independent Shareholders under Chapter 14A of the Listing Rules.



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## **LETTER FROM THE BOARD**

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The Independent Board Committee comprising Mr. Simon Murray, Mr. Fang Hung, Kenneth and Mr. Yeung Kit Shing, Jackson has been formed to advise the Independent Shareholders in respect of the JV Agreement. Piper Jaffray Asia Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the JV Agreement. Completion is conditional upon, among other things, the approval of the Independent Shareholders.

In the event that there is any increase in the total commitment of the Group to the JV Company which will cause any of the applicable percentage ratios to reach or exceed 25%, the Company will re-classify the transaction and comply with the relevant requirements of Chapter 14 of the Listing Rules.

The SGM will be held to consider and, if thought fit, to approve the JV Agreement. Wing Tai and its associates are required to abstain from voting at the SGM. Insofar as the Company is aware, having made all reasonable enquiries, as at the Latest Practicable Date, Wing Tai controlled or were entitled to exercise control over the voting rights in respect of its respective Shares.

### **FINANCIAL EFFECT OF THE TRANSACTIONS CONTEMPLATED UNDER THE JV AGREEMENT**

The commitment of the Group to the JV Company will be funded by internal resources and/or bank borrowings. To the extent that such commitment is financed by internal resources, this transaction will not have any effect on either the total assets or the net assets of the Group. To the extent that such commitment is financed by bank borrowings, the total assets and the total liabilities of the Group will be increased by the amount of such borrowings and hence this transaction will not have any effect on the net assets of the Group. The Development is in an early stage of development and therefore will not bring in any positive contribution to the earnings of the Group for the financial year ending 31 December 2008.

### **SPECIAL GENERAL MEETING**

A notice convening the SGM to be held at Victoria IV, Level 2, Four Seasons Hotel Hong Kong, 8 Finance Street Central, Hong Kong on Friday, 6 June 2008 at 11:00 a.m. (or as soon as the annual general meeting of the Company convened at the same place and on the same date at 10:00 a.m. shall have been concluded or adjourned) is set out on pages 38 to 39 of this circular. An ordinary resolution will be proposed at the SGM to approve the JV Agreement and the transactions contemplated thereunder.

Pursuant to Bye-law 71 of the Bye-laws of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the chairman of the meeting; or

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## LETTER FROM THE BOARD

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- (ii) at least three members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (iv) any member or members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which the aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

Since the Listing Rules require that any vote taken at a meeting which is held to seek approval of a connected transaction must be taken by poll, the chairman of the SGM will exercise his power under Bye-law 71(i) of the Bye-laws of the Company to put the ordinary resolution proposed in the SGM to the vote by way of a poll.

### RECOMMENDATION

The Board considers that the JV Agreement has been agreed on normal commercial terms and that its terms are fair and reasonable so far as the Company and the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed in the SGM.

Your attention is drawn to the letter from the Independent Board Committee on page 9 of this circular and the letter from Piper Jaffray Asia Limited to the Independent Board Committee and Independent Shareholders on pages 10 to 22 of this circular.

### GENERAL INFORMATION

Your attention is drawn to the general information set out in Appendix II to this circular.

Yours faithfully,  
For and on behalf of  
**USI HOLDINGS LIMITED**  
**Cheng Wai Chee, Christopher**  
*Chairman*

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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**USI Holdings Limited**  
**富聯國際集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 369)**

22 May 2008

*To the Independent Shareholders*

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
FORMATION OF A JOINT VENTURE**

We refer to the circular dated 22 May 2008 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider and to advise the Independent Shareholders as to whether, in our opinion, the terms of the JV Agreement are fair and reasonable so far as the interests of the Company and the Shareholders taken as a whole are concerned.

We wish to draw your attention to the “Letter from the Board” as set out on pages 3 to 8 of the Circular and the “Letter from Piper Jaffray Asia Limited” as set out on pages 10 to 22 of the Circular which contains, inter alia, its advice and recommendation to us and the Independent Shareholders regarding the terms of the JV Agreement together with the principal factors and reasons for its advice and recommendation.

Having taken into account the advice and recommendation of Piper Jaffray Asia Limited, we consider that the terms of the JV Agreement are in the interests of the Company and the Shareholders taken as a whole and are conducted on terms that are fair and reasonable. Accordingly, we recommend that the Independent Shareholders should vote in favour of the resolution to be proposed to approve the JV Agreement and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Independent Board Committee**  
**USI Holdings Limited**  
**Simon Murray**  
**Fang Hung, Kenneth**  
**Yeung Kit Shing, Jackson**  
*Independent Non-Executive Directors*

\* *For identification purpose only*

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## LETTER FROM PIPER JAFFRAY ASIA LIMITED

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*The following is the letter of advice from Piper Jaffray Asia Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular:*

**PiperJaffray**<sup>®</sup>

3902B, 39th Floor, Tower 1  
Lippo Centre  
89 Queensway  
Hong Kong

22 May 2008

*To: the Independent Board Committee, the Independent Shareholders and the Board*

Dear Sirs,

### **CONNECTED TRANSACTION: FORMATION OF A JOINT VENTURE**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in connection with the establishment of the JV Company (the “Connected Transaction”). Details of the above transaction are set out in the letter from the Board (the “Letter from the Board”) contained in the circular dated 22 May 2008 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

On 23 April 2008, the Company, DNP and the JV Company entered into a JV Agreement in relation to the JV Company for the purpose of acquiring the Development and operating the Development as a serviced apartment block. Pursuant to the terms of the JV Agreement, and subject to the Conditions Precedent being satisfied, Glory Strength, a wholly-owned subsidiary of the Company, will subscribe for 125,000 new shares in the JV Company in cash at par value of RM1.00 each. Such new shares will represent a 50% interest in the JV Company. The remaining 50% interest in the JV Company will be owned by DNP.

As Wing Tai is a controlling shareholder of the Company and DNP is a subsidiary of Wing Tai, DNP is a connected person of the Company under the Listing Rules. Accordingly, the JV Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the highest applicable ratio in respect of the total commitment of HK\$258,750,000 of the Company to the JV Company exceeds 2.5%, the JV Agreement is subject to the reporting and announcement requirements and the approval of the Independent Shareholders under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Simon Murray, Mr. Fang Hung, Kenneth and Mr. Yeung Kit Shing, Jackson, has been formed to advise the Independent Shareholders in respect of the JV Agreement.

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## LETTER FROM PIPER JAFFRAY ASIA LIMITED

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### **BASIS OF OPINION**

In formulating our opinions and recommendations, we have relied on the statements, information, opinions, valuation and representations (other than those about, of or given by us) contained or referred to in the Announcement (together, the “Relevant Information”). We have assumed that all such statements, information, opinions, valuations and representations contained or referred to in the Announcement were true, complete and accurate in all respects at the time they were made and/or given and continue to be true in all respects as at the date of this letter of advice (the “Letter”). We have also assumed that all statements of belief, opinion, assumptions and intention made by the Directors in the Announcement were reasonably made after due and careful enquiry and were honestly made. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us and the statements made by the Directors in connection with the Announcement or the truth, accuracy and completeness of any other Relevant Information and we have been advised by the Directors that no material facts in respect of the Company and/or the Group have been omitted from the information and representations provided and referred to in the Announcement.

We consider that we have been provided with sufficient information to enable us to reach an independent view to justify our reliance on the truth, accuracy and completeness of the Relevant Information and to provide a reasonable basis for our recommendations. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the Relevant Information untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the Relevant Information, nor have we conducted any independent investigation into any related transactions referred to in the Announcement, or into the businesses, affairs or prospects of the Company.

We are a licensed securities dealer and corporate finance adviser under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and together with our affiliates provide a full range of financial advisory and broking services. In the course of normal trading activities, we and our affiliates may from time to time effect transactions and hold securities, including derivative securities, of the Company for our own account or the accounts of our customers.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion regarding the terms of the Connected Transaction, we have considered the following principal factors and reasons:

#### **A. Details of the JV Company**

##### **(i) *Structure of the JV Company***

The JV Company will be directly formed by Glory Strength, a wholly-owned subsidiary of the Company, and DNP. Pursuant to the JV Agreement, Glory Strength and DNP will respectively contribute 50% of the total registered capital of the JV Company, being RM125,000 (equivalent to approximately HK\$312,500) divided by 125,000 shares at a price of RM1.00 per share of the JV Company upon Completion.

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## LETTER FROM PIPER JAFFRAY ASIA LIMITED

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### (ii) *Capital requirement of the JV Company*

Pursuant to the terms of the JV Agreement, the JV Company will enter into the Purchase Agreements in relation to the acquisition of the Development. The total consideration for the Development under the Purchase Agreements is RM139,750,000 (equivalent to approximately HK\$349,375,000). The Development will be operated as a serviced apartment block by the JV Company. The related acquisition expenses, the costs of converting the Development into serviced apartments, the pre-operating expenses and the estimated consideration for the acquisition of the 115 further car parking spaces which the JV Company will, pursuant to the terms of the JV Agreement, be granted an option to acquire are expected to be RM67,250,000 (equivalent to approximately HK\$168,125,000). The total commitment of Glory Strength to the JV Company is therefore expected not to exceed HK\$258,750,000. The Group intends to fund such commitment from its internal resources and bank borrowings which is the same as that of DNP.

As the total capital commitments to the JV Company by Glory Strength and DNP are in proportion to their respective shareholdings in the JV Company and is entirely in cash, we consider such arrangement to be fair and reasonable.

As at 31 December 2007, the Group had free cash and bank balances of approximately HK\$1,806.4 million. On this basis and after taking into account the expected cashflow from operating activities, the Directors believe that the Group would have sufficient internal resources to fund its capital contribution to the JV Company.

### (iii) *Composition of the board of the JV Company*

The board composition of the JV Company is pro-rata to the joint venture partners' respective capital contributions to the JV Company. Pursuant to the terms of the JV Agreement, the board of directors of the JV Company shall comprise four directors. Each of Glory Strength and DNP shall be entitled to nominate up to two directors.

As the number of directors to be nominated by Glory Strength and DNP are in proportion to their respective shareholdings in the JV Company, we consider such arrangement to be fair and reasonable.

### (iv) *Description of the Development*

The Development is a building to be developed by the Vendor at Geran no. 49875 Lot 1315 Seksyen 57, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan, Kuala Lumpur, Malaysia comprising 115 units of condominium apartments and 115 car parking spaces. According to a property valuation report on the Development (the "Valuation Report") prepared by Knight Frank (Ooi & Zaharin Sdn Bhd) ("Knight Frank"), an independent valuer, the Development is valued at RM139,750,000 assuming the Development is fully completed in good workmanship with all subsequent approvals obtained from relevant regulatory authorities. The Development is currently under initial stages of construction with the infrastructure, earthwork and sub-structure piling work being carried on. As advised by the Company, the Development is expected to be completed in 2011 and to commence operation in 2012.

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## LETTER FROM PIPER JAFFRAY ASIA LIMITED

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### B. Reasons and benefits for the Connected Transaction

The Company is an investment holding company and its principal subsidiaries are engaged in property development, property investment and management, hospitality investment and management, garment manufacturing and trading, branded products distribution and investing activities.

DNP is a company incorporated in Malaysia which is engaged in investment holding. The operations of subsidiaries of DNP include garment manufacturing, retailing of garments, property development and property investment. Shares of DNP are listed on the Main Board of Bursa Malaysia Securities Berhad.

The reasons and benefits of the Connected Transaction as stated in the Letter from the Board are summarised below:

- (i) it is the Company's strategy to expand its Lanson Place hospitality investment and management operations in major Asian cities, including Kuala Lumpur, Singapore, Hong Kong, Shanghai, Beijing;
- (ii) the Board is positive about the property market in Malaysia, especially the high-end residential and serviced apartment sectors and the acquisition of an interest in the Development through the JV Company will not only enhance the Company's assets portfolio but also strengthen the edge of the Company in serviced apartment market in Malaysia; and
- (iii) DNP is chosen as a partner for the joint venture as its is an experience developer based in Kuala Lumpur and the Company would be able to leverage on its market intelligence and expertise.

As stated in the Letter from the Board, the Board considers that the JV Agreement has been agreed on normal commercial terms and that its terms are fair and reasonable so far as the Company and the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM PIPER JAFFRAY ASIA LIMITED

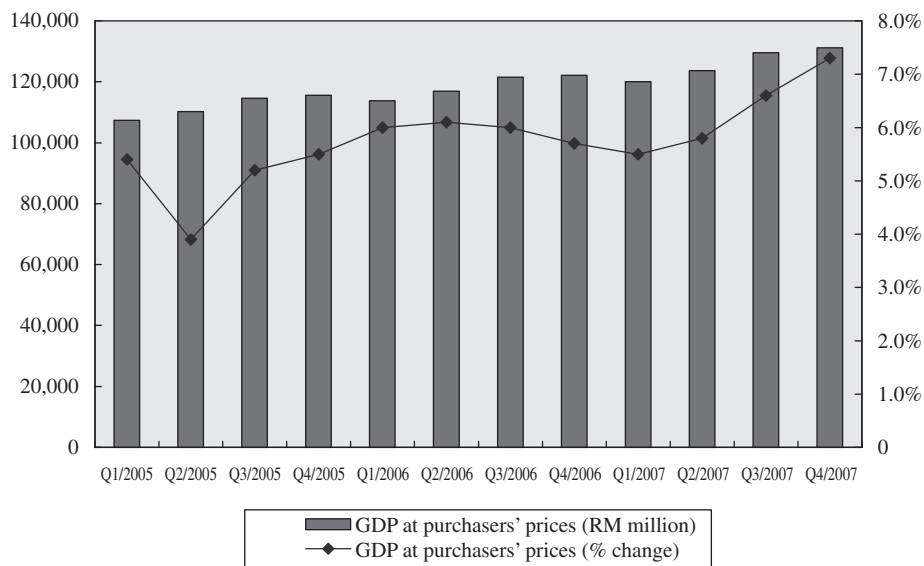
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### C. Overview of the property market in Malaysia

We have looked into certain recent official economic and property market statistics published by the Malaysia Government. According to the Department of Statistics, Malaysia, the Malaysia's economy continued to expand at a stronger pace with gross domestic product ("GDP") grew by 7.3% year-on-year in the fourth quarter of 2007 and this is the highest growth experienced by the Malaysian economy after the second quarter of 2004. Growth for the full year of 2007 advanced further to 6.3% compared with 5.9 % in 2006. The following chart illustrates the trend of GDP of Malaysia from 2005 to 2007:

**Chart 1**

**Gross Domestic Product at Constant Prices (Year 2000=100)**



Source: Department of Statistics, Malaysia



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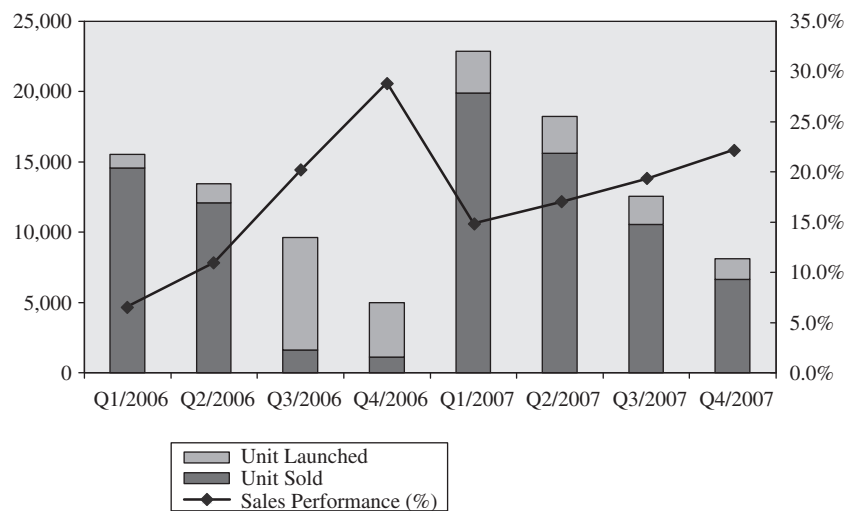
## LETTER FROM PIPER JAFFRAY ASIA LIMITED

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According to the “Property Market Status Reports” published by the Valuation and Property Services Department of the Ministry of Finance, Malaysia, we noted that there is a steady increasing trend in terms of sales performance for new residential property launches since the beginning of 2007 and an improvement in residential property overhang in Malaysia from the third quarter of 2006 to the fourth quarter of 2007 as shown in Chart 2 and Chart 3 below. The following charts illustrates the statistics summary of the new residential property launches and overhang in Malaysia from the third quarter of 2006 to fourth quarter of 2007:

**Chart 2**

**Summary of New Housing Launches in Malaysia**

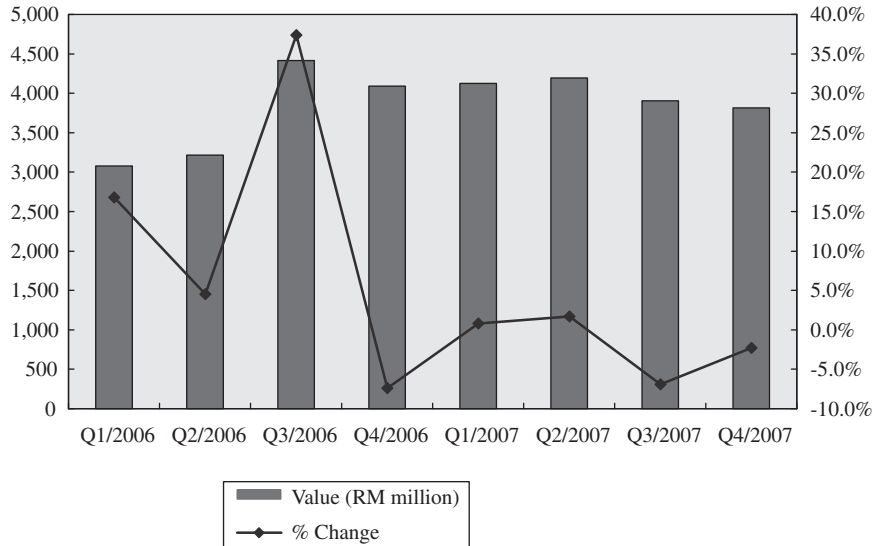


Source: The “Property Market Status Reports” published by the Valuation and Property Services Department of the Ministry of Finance, Malaysia

**LETTER FROM PIPER JAFFRAY ASIA LIMITED**

**Chart 3**

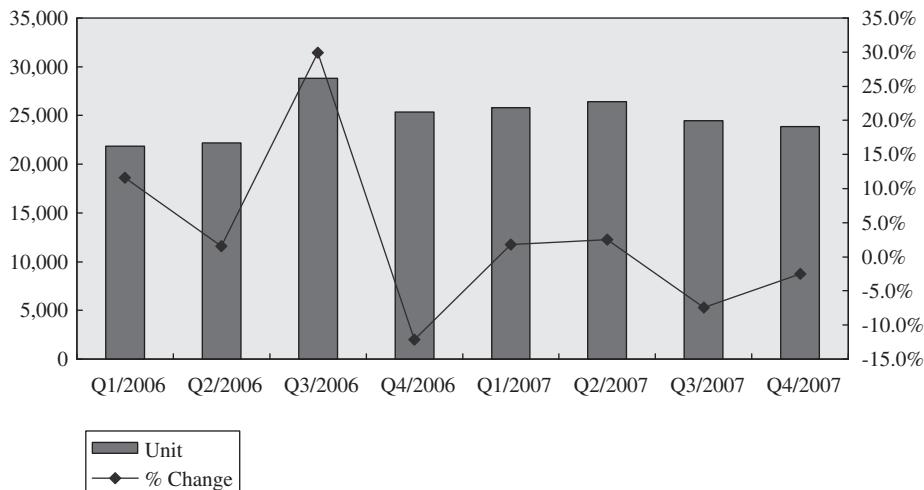
**Summary of Property Overhang in Malaysia (in value) (Residential Sector)**



Source: The "Property Market Status Reports" published by the Valuation and Property Services Department of the Ministry of Finance, Malaysia

**Chart 4**

**Summary of Property Overhang in Malaysia (in units) (Residential Sector)**



Source: The "Property Market Status Reports" published by the Valuation and Property Services Department of the Ministry of Finance, Malaysia

Note: "Property overhang" in Chart 3 and Chart 4 respectively has been defined to include only residential units which were completed and issued with Certificate of Fitness of Occupation but remained unsold for more than nine months after it was launched for sale on or after 1 January, 2006.

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## LETTER FROM PIPER JAFFRAY ASIA LIMITED

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As seen in above Chart 2, Chart 3 and Chart 4, the primary residential market in Malaysia recorded higher newly launched units as well as improved sales performance in recent quarters. It is also noted from the above statistics that, the Malaysian market has experienced improvement in excess supply of residential property from about 28,827 units in the third quarter of 2006 to about 23,866 units in the fourth quarter of 2007, representing a drop of excess residential property in the market by about 17.21% during the period. The improved market absorption indicated a growing confidence in the housing market in Malaysia. It is expected that the property market in Malaysia will become more stable with the continued focus on residential development.

Moreover, it is disclosed in the “Property Sales Data Q3 2007” report published by the Valuation and Property Services Department of the Ministry of Finance, Malaysia that, the number of transactions of condominium and apartments represented 42% of the total number of residential property transaction in Kuala Lumpur in the third quarter of 2007 comparing to 40% of that for the same period in 2006. Also, as shown in the “Property Market Status Report Q4 2007”, sales performance of new housing in Kuala Lumpur was ranked top seven among the 14 states in Malaysia for the fourth quarter of 2007.

Furthermore, in order to encourage and attract more foreign investment in the property market, the Malaysian government has also introduced major changes to rules on foreign ownership of property. Foreigners can purchase residential properties valued above RM250,000 a unit without the Foreign Investment Committee’s approval from 21 December 2006 onwards. The move was to encourage foreign investors to purchase high-end residential properties, increase the inflow of foreign currency as well as spur the development of the property and construction sectors. Furthermore, the housing industry is also receiving indirect support from the Malaysian Government’s promotion of “Malaysia: My Second Home Programme”. The programme allows people from all over the world who fulfil certain criteria, to stay in the country as long as possible on a social visit pass with a multiple entry visa.

In view of the above, we consider that the Malaysian property market performed favourably along with the steady economic growth in Malaysia. Improvement in residential property sales performance and the number of units of residential property overhang sold also represent a positive note in the Malaysian property market.

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**LETTER FROM PIPER JAFFRAY ASIA LIMITED**

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**D. Asset portfolio of the Group**

As disclosed in the annual report of the Group for the year ended 31 December 2007, the Group has a number of residential property development and hospitality investments and management projects in Asia including the PRC, Hong Kong, Singapore and Malaysia which is summarised as below:

**Table 5**

<b>Property</b>	<b>Location</b>	<b>Nature</b>	<b>Gross floor area</b>
<i>I. Residential development</i>			
The Giverny	Hong Kong	Villa development	160,000 sq.ft
Tai Po Town	Hong Kong	Luxurious low-density development	1,809,000 sq.ft
Seymour Road, Mid Levels	Hong Kong	Residential development	165,000 sq.ft
157 Argyle Street	Hong Kong	Luxurious residential development	90,000 sq.ft
<i>II. Hospitality investment and management</i>			
Lanson Place Hong Kong	Hong Kong	Hotel	114,097 sq.ft
Lanson Place Jin Lin Tian Di Residences	PRC	Serviced residence	237,249 sq.ft
Lanson Place Winsland <sup>Note 1</sup>	Singapore	Serviced residence	64,907 sq.ft
Lanson Place Ambassador Row <sup>Note 1</sup>	Malaysia	Serviced residence	190,049 sq.ft
Lanson Place Kondominium No.8 <sup>Note 1</sup>	Malaysia	Condominiums	256,969 sq.ft
Lanson Place Central Park Residences	PRC	Serviced residence	218,181 sq.ft

*Note 1: The Group only provides management services to the subject properties and does not have any equity interest ownership in those properties.*

We noticed from above that that the Group has been concentrating on property development projects in Hong Kong and does not have significant exposure in areas outside Hong Kong. We consider, given the recent growth of Malaysian economy and the property market in Kuala Lumpur that, the acquisition of the Development is in line with the Group's strategy and goal to be a fully fledged integrated property developer with a strong Asian presence and also strengthen the edge of the Company in serviced apartment market in Malaysia as the Development would be the first residential property development project of the Group in Malaysia.

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## LETTER FROM PIPER JAFFRAY ASIA LIMITED

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### **E. Property market experience of DNP**

DNP, through its subsidiaries, is principally engaged in garment manufacturing, trading, property development and property investment and is a subsidiary of Wing Tai.

As disclosed in the annual report of Wing Tai for the year ended 30 June 2007 (the “Wing Tai 2007 Annual Report”), Wing Tai’s property business activities in Malaysia were conducted through DNP. DNP, being the regional network arm of Wing Tai, has completed a number of high-end residential projects in Malaysia, including condominium, serviced residence, terrace and semi-detached houses and apartments. It is also disclosed in the annual report of Wing Tai for the year ended 30 June 2007 that, one of its new projects in Malaysia, The Meritz, a luxury 31-storey serviced residences tower comprising 110 units of 2- and 3-bedroom apartments, was launched in January 2007 and fully sold. In addition as disclosed in the Wing Tai 2007 Annual Report, DNP holds about 10.8 million square feet in gross floor area of landbanks in Kuala Lumpur and Penang in Malaysia.

DNP, being a subsidiary of Wing Tai and is owned and managed by Singaporeans puts it in a unique position in Malaysia. DNP has an advantage over its Malaysian peers in that it has a parent company with a strong reputation for quality and a wide network of wealthy buyers spanning Singapore, Hong Kong and China.

In view of the above, we consider that DNP is familiar with the Malaysian property market, especially in the residential sector and the Company would be able to leverage on its market intelligence and expertise by forming a joint venture company with such local player.

### **F. Basis of consideration and valuation**

As stated in the Letter of the Board, the JV Company will allot and issue 125,000 shares to Glory Strength at a price of RM1.00 per share, representing a total contribution to the registered capital of the JV Company of RM125,000 (equivalent to approximately HK\$312,500) by the Company to be settled by cash. On the other hand, Glory Strength is expected to contribute 50% of the estimated acquisition expenses (including the further 115 car parking spaces to be acquired pursuant to the JV Agreement) and related operation cost and expenses of the Development of about RM33,625,000 (equivalent to approximately HK\$84,062,500). The above total capital commitments of to the JV Company by respective shareholdings in the JV Company is the same as that of DNP

Pursuant to the JV Agreement, the JV Company will enter into the Purchase Agreements within six months from the date of the JV Agreement (or such other time period as the Company and DNP may agree) in connection with the acquisition of interests in the Development. As advised by the Directors, the total consideration of RM139,750,000 (equivalent to approximately HK\$349,375,000) for such acquisition is determined with reference to the valuation of the Development of RM139,750,000 as valued by Knight Frank.

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## LETTER FROM PIPER JAFFRAY ASIA LIMITED

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We have reviewed the valuation report (the “Valuation Report”) prepared by Knight Frank and have discussed with them on the methodology adopted and assumptions used in arriving at the market value of the Property as at 18 March 2008. We were advised by Knight Frank that the Development is still under initial stage of construction with the infrastructure, earthwork and sub-structure piling work being carried on as at the valuation date, it is not practical to provide a fair market value for the Development at this stage. Instead, Knight Frank has arrived at a valuation of RM139,750,000 assuming the Development is fully completed in good workmanship and is suitably furnished, fitted and equipped and by making reference to comparable sales evidence as available in the relevant market. We were advised by Knight Frank that such is a market practice to value a development project assuming the Development as fully completed.

Moreover, in order to assess the fairness and reasonableness of the consideration for the acquisition of the Development, we have made reference to a comparable transaction carried out by the Company in connection with the acquisition of a property development in Beijing by the Company from a vendor which is an independent third party, as disclosed in the announcement of the Company dated 7 September 2006. The valuation of such property acquisition was arrived at using the similar methodology, that is with reference to the recent market transactions during that period.

Having considered that the completion of the acquisition of the Development will happen upon the Development is fully completed, furnished, fitted and equipped, and the consideration for such acquisition is equivalent to the valuation of the Development by Knight Frank, we are of the view that the above total commitment of the Group to the JV Company and for the acquisition of the Development is fair and reasonable.

### **G. Financial effect**

#### *Net asset value*

The JV Company will be treated as a jointly controlled entity of the Company. Accordingly, the Group’s share of 50% of the net assets of the JV Company will be included in the consolidated balance sheet of the Group. As the book value of the Group’s investment in the JV Company will be equal to the consideration for the acquisition of new shares in the JV Company, the acquisition of the new shares in the JV Company will have no material effect on the net assets value of the Group.

#### *Earnings*

The Group’s share of the results of the JV Company will be accounted in consolidated profit and loss account of the Group using proportionate accounting treatment. The Group will therefore account for approximately 50% of the results of the JV Company. Until the Development becomes operative, other than the expenses incurred by the JV (which may be capitalised in part or whole by the Group), it will have no material impact on the earnings of the Group. Once the Development becomes operative, the expected future income (net of expenses), if positive, will improve the earnings of the Group.

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## LETTER FROM PIPER JAFFRAY ASIA LIMITED

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### *Liquidity and Gearing*

The Company will settle the entire consideration for acquisition of the new shares in the JV Company in cash, the cash balances of the Group will decrease by the same amount. On the other hand, as disclosed in the Letter from the Board, the Group intends to settle the total commitment to the JV Company from its internal resources and/or bank borrowings, liquidity and gearing of the Group will be adversely affected depending on the extent of use of internal resources and banking borrowings to settle such amount by the Group in future. To the extent that the total commitment is fully financed by either internal resources or banking borrowings, there will be no material adverse impact based on the current liquidity and gearing position as at 31 December 2007 of the Group.

### **RECOMMENDATION**

We note that the JV Agreement is subject to a number of conditions, including approval of the Connected Transaction by the Independent Shareholders the SGM.

Having considered the above principal factors and reasons, and in particular:

- the recent GDP growth and positive property market outlook in Malaysia;
- the residential property portfolio of the Group;
- the capital contribution is in cash and is in proportion to the respective shareholding of DNP and Glory Strength in the JV Company;
- experience and expertise of DNP in the Malaysian property market;
- the valuation basis and methodology used by Knight Frank for the valuation of the Development;
- the consideration of the acquisition of the Development is equivalent to its valuation as disclosed in the Valuation Report;
- the financial effects of the Connected Transaction will have on the Group as a whole; and
- all of the other analyses, reasons and factors mentioned in this letter,

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**LETTER FROM PIPER JAFFRAY ASIA LIMITED**

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we consider that the terms of the JV Agreement and the Connected Transaction are in the interests of the Company and its Shareholders as a whole and fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of each of the resolutions to be proposed at the SGM. We also advise the Independent Shareholders to vote in favour of each of the resolutions to be proposed at the SGM.

Yours faithfully,  
For and on behalf of  
**Piper Jaffray Asia Limited**  
**Steven Chiu**  
*Principal*



The Board of Directors  
USI Holdings Limited  
25th Floor  
Unimix Industrial Centre  
2 Ng Fong Street  
San Po Kong, Kowloon  
Hong Kong

22 May 2008

Dear Sirs,

**VALUATION OF PROPOSED TOWER C IDENTIFIED IN CITY HALL DEVELOPMENT ORDER UNDER REFERENCE NO. DBKL.JPRB.1125/61 TO BE SITED ON LOT NO. 1315, SECTION 57, TITLE NO. GERAN 49875, TOWN AND DISTRICT OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR**

**(HEREINAFTER REFERRED TO AS “THE SUBJECT PROPERTY”)**

This Valuation Certificate is prepared for inclusion in the circular to shareholders of USI Holdings Limited (“USI”) in relation to the proposed acquisition of the subject property by Kualiti Gold Sdn. Bhd. (“Kualiti Gold”), an existing wholly owned subsidiary of DNP, pursuant to the proposed joint venture between DNP and USI Holdings Limited, a related party of USI via Kualiti Gold.

We were instructed by USI Holdings Limited to conduct a valuation of the interest in perpetuity in the subject property which is being held for development. The Valuation was prepared in conformity with the Manual of Valuation Standards published by the Board of Valuers, Appraisers and Estate Agents and the HKIS Valuation Standards on Properties published by The Hong Kong Institute of Surveyors and all the requirements of Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The basis of Valuation adopted is the **Market Value** which is defined as “the estimated amount for which a property should exchange on the date of Valuation between a willing seller and a willing buyer in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Pursuant to the instruction, we inspected the subject property on 18th March 2008 and have conducted a title search at the Wilayah Persekutuan Kuala Lumpur Land Office but this is done to establish title particulars relevant to the Valuation only.

We were specifically instructed by our client to value the subject property on the following basis and assumptions:

**ON THE ASSUMPTION THAT THE SUBJECT BLOCK IDENTIFIED AS TOWER C TOGETHER WITH ITS ALLOCATED CARPARKS AND THE COMPREHENSIVE CONDOMINIUM/SERVICED APARTMENT DEVELOPMENT WITHIN WHICH IT IS SITED IS FULLY COMPLETED IN GOOD WORKMANSHIP IN ACCORDANCE TO THE APPROVED DEVELOPMENT PLANS UNDER REFERENCE NO. (209)dImDBKL.JPRB.1125/61 DATED 17 APRIL 2007 WITH ALL SUBSEQUENT APPROVALS OBTAINED FROM KUALA LUMPUR CITY HALL, RELEVANT STATUTORY FEES PAID AND A CERTIFICATE OF COMPLETION AND COMPLIANCE ISSUED.**

**OUR FURTHER INSTRUCTIONS ARE TO VALUE THE SUBJECT TOWER C ON AN 'EN BLOC' BASIS TAKING INTO ACCOUNT POTENTIAL BULK DISCOUNT.**

**WE HAVE ALSO ASSUMED THAT THE CONDOMINIUMS ARE SUITABLY FURNISHED, FITTED AND EQUIPPED TO COMMENSURATE TO THE PROPOSED STANDARD DESCRIBED IN THE VALUATION REPORT.**

**Market Value of subject property ('En Bloc' Basis) as at 18th March 2008 : RM139,750,000.00 (Ringgit Malaysia One Hundred Thirty Nine Million Seven Hundred And Fifty Thousand Only).**

**IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ASSUMPTIONS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED.**

WE WERE GIVEN TO UNDERSTAND THAT THE STOCK EXCHANGE OF HONG KONG LIMITED ALSO REQUIRES THE MARKET VALUE OF THE SUBJECT PROPERTY IN ITS EXISTING STATE. HOWEVER, WE ARE NOT ABLE TO FURNISH THE MARKET VALUE OF THE SUBJECT PROPERTY IN ITS EXISTING STATE AS THE SUBJECT PROPERTY FORMS ONLY PART OF AN ON-GOING HIGH-END CONDOMINIUM AND SERVICED APARTMENT DEVELOPMENT COMPRISING 3 BLOCKS OF 43-STOREY CONDOMINIUM (TOWERS A, B AND C), 1 BLOCK OF 4-STOREY SERVICED APARTMENT (TOWER D), A 5-STOREY MULTIPLE LEVEL CAR PARK BLOCK, 2 BASEMENT LEVELS CAR PARK, AND SWIMMING POOL AND CONDOMINIUM/SERVICED APARTMENT FACILITIES.

THEREFORE, WE HAVE FURNISHED THE MARKET VALUE OF THE ENTIRE ON-GOING HIGH-END CONDOMINIUM AND SERVICED APARTMENT DEVELOPMENT IN ITS EXISTING STATE OF WHICH THE PROPOSED TOWER C (SUBJECT PROPERTY) ONLY FORMS A PART THEREOF.

Market Value of subject development ('Existing State' Basis) as at 18th March 2008 : RM87,000,000.00 (Ringgit Malaysia Eighty Seven Million Only).

Yours faithfully  
For and on behalf of  
**Knight Frank (Ooi & Zaharin Sdn Bhd)**  
**Ooi Yew Hock, FISM**  
Registered Valuer, V-273  
Managing Director

*Note: Ooi Yew Hock, FISM, Registered Valuer, V-273, has more than 26 years working experience in real estate professional services and consulting in Malaysia.*

## VALUATION CERTIFICATE

**PROPOSED TOWER C IDENTIFIED IN CITY HALL DEVELOPMENT ORDER UNDER REFERENCE NO. DBKL.JPRB.1125/61 TO BE SITED ON LOT NO. 1315, SECTION 57, TITLE NO. GERAN 49875, TOWN AND DISTRICT OF KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR**

**Reference No. : V/08/0089/cyf**

**Date of Inspection: 18th March 2008**

PROPERTY AND TENURE	DESCRIPTION	PARTICULARS OF OCCUPANCY	MARKET VALUE AS AT 18 <sup>TH</sup> MARCH 2008
<p><b>Legal Description</b> Proposed Tower C identified in City Hall Development Order under Reference No. DBKL.JPRB.1125/61 to be sited on Lot No. 1315, Section 57, Title No. Geran 49875, Town and District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.</p> <p><b>Land Area of Parent Lot</b> 9,764 square metres (105,100 square feet).</p> <p><b>Quit Rent</b> RM25,875.00 per annum</p> <p><b>Tenure</b> Interest in perpetuity.</p> <p><b>Registered Proprietor</b> Starpuri Development Sdn Bhd</p> <p><b>Category of Land Use</b> Building</p> <p><b>Express Condition</b> "The land herein described shall be used for mixed development for purposes of residential and commercial only."</p> <p><b>Encumbrance</b> Nil</p>	<p><b>Type of Property</b> A proposed condominium block, identified as Tower C together with its allocated carparks, forming part of an on-going high-end condominium and serviced apartment development comprising: 1) 3 blocks of 43-storey condominium (Towers A, B and C), 2) 1 block of 4-storey serviced apartment (Tower D), 3) 5-storey multiple level car park block, 4) 2 basement levels car park, and 5) Swimming pool and serviced apartment facilities.</p> <p><b>WE WERE SPECIFICALLY INSTRUCTED BY OUR CLIENT TO VALUE ONE OF THE CONDOMINIUM BLOCKS WITHIN THE PROPOSED DEVELOPMENT, IDENTIFIED AS TOWER C.</b></p> <p>Tower C is 43 storeys high from the 3rd Floor transfer level above the common podium to the 43rd Floor two level penthouse. It comprises a total of 115 condominium units together with 115 allocated car parking bays.</p> <p><b>Proposed Gross Floor Area of Tower C (excluding basement car park floors)</b> 22,456.54 square metres (241,722 square feet)</p> <p><b>Proposed Saleable Floor Area of Tower C</b> 18,546.91 square metres (199,639 square feet)</p> <p><b>Planning Details</b> The subject property is located within an area designated for mixed development use.</p>	<p><b>Work under Progress</b> As at the date of our inspection, we noted that the subject development is currently under initial stages of construction with the infrastructure, earthwork and sub-structure piling works being carried out.</p> <p>The Total Main Provisional Contract Sum for the execution and completion of piling works for the proposed development on Lot No. 1315, Section 57, Jalan Ceylon, Kuala Lumpur for Starpuri Development Sdn. Bhd. is RM13,777,888.00 as per a photocopy of the Letter of Award, issued by the Messrs. DP Architects Sdn. Bhd. to Messrs. Econpile (M) Sdn. Bhd., dated 30th March 2007.</p> <p>Based on the Interim Valuation Certificate No. 07, Certificate for Payment dated 15th April 2008 bearing Serial No. SB 1221, issued by Messrs. DP Architects Sdn. Bhd. to Messrs. Econpile (M) Sdn. Bhd., in respect of the construction and completion for the on-going development, we note that the value of work done as of 18th March 2008, is RM8,605,594.73.</p> <p>Vide another Letter of Award dated 18th January 2008, bearing Reference No. M3.121 cbsbL/HT/HT:cpg/0556, issued by Messrs DP Architects Sdn. Bhd., we note that the construction of the project has been awarded to Messrs Crest Builder Sdn. Bhd. at a Contract Sum of RM285,000,000.00.</p> <p>The subject development is scheduled for completion by December 2010.</p>	<p><b>Method of Valuation</b> Comparison Method</p> <p><b>ON THE ASSUMPTION THAT THE PROPOSED TOWER C TOGETHER WITH ITS ALLOCATED CARPARKS AND THE COMPREHENSIVE CONDOMINIUM/ SERVICED APARTMENT DEVELOPMENT WITHIN WHICH IT IS SITED IS FULLY COMPLETED IN GOOD WORKMANSHIP IN ACCORDANCE TO THE APPROVED DEVELOPMENT PLANS UNDER REFERENCE NO. (209)dImDBKL.JPRB.1125/61 DATED 17th APRIL 2007 WITH ALL SUBSEQUENT APPROVALS OBTAINED FROM KUALA LUMPUR CITY HALL, RELEVANT STATUTORY FEES PAID AND A CERTIFICATE OF COMPLETION AND COMPLIANCE ISSUED.</b></p> <p><b>OUR FURTHER INSTRUCTIONS ARE TO VALUE THE SUBJECT TOWER C ON AN 'EN BLOC' BASIS TAKING INTO ACCOUNT POTENTIAL BULK DISCOUNT.</b></p> <p><b>WE HAVE ALSO ASSUMED THAT THE CONDOMINIUMS ARE SUITABLY FURNISHED, FITTED AND EQUIPPED TO COMMENSURATE TO THE PROPOSED STANDARD DESCRIBED IN THE VALUATION REPORT.</b></p> <p><b>Market Value</b> RM139,750,000.00 (RINGGIT MALAYSIA ONE HUNDRED THIRTY NINE MILLION SEVEN HUNDRED AND FIFTY THOUSAND ONLY).</p> <p><b>IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON THE ASSUMPTIONS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON ASSUMPTIONS THAT ARE NOT YET OR FULLY REALISED.</b></p>

PROPERTY AND TENURE	DESCRIPTION	PARTICULARS OF OCCUPANCY	MARKET VALUE AS AT 18 <sup>TH</sup> MARCH 2008
<p><b>Endorsement</b> Lien Holder's Caveats on the land entered by HSBC Bank Malaysia Berhad vide Presentation Nos. 288/2006 and 15583/2007, registered on 11th January 2006 and 30th October 2007 respectively.</p>	<p>The subject development was granted with an approved revised Development Order bearing Reference No. (207)d/m.DBKL. JPRB.1125/61, dated 17th April 2007, issued by Kuala Lumpur City Hall subject to the terms and conditions stated therein. The plot ratio as approved is analysed to 1:8.48.</p>	<p><b>Market Observation</b> The high end condominium market in Kuala Lumpur performed strongly in 2007, both in take-up and spiraling capital values for quality projects. Older 'high end' condominiums are currently commanding prices ranging between RM750 to RM965 per sq ft. The emergence of new condominiums/serviced apartments which had set new benchmark prices of between RM900 and RM1,000 per sq ft at launch are now priced in excess of RM1,500 per sq ft.</p>	<p>WE WERE GIVEN TO UNDERSTAND THAT THE STOCK EXCHANGE OF HONG KONG LIMITED ALSO REQUIRES THE MARKET VALUE OF THE SUBJECT PROPERTY IN ITS EXISTING STATE. HOWEVER, WE ARE NOT ABLE TO FURNISH THE MARKET VALUE OF THE SUBJECT PROPERTY IN ITS EXISTING STATE AS THE SUBJECT PROPERTY FORMS ONLY PART OF AN ON-GOING HIGH-END CONDOMINIUM AND SERVICED APARTMENT DEVELOPMENT COMPRISING 3 BLOCKS OF 43-STOREY CONDOMINIUM (TOWERS A, B AND C), 1 BLOCK OF 4-STOREY SERVICED APARTMENT (TOWER D), A 5-STOREY MULTIPLE LEVEL CAR PARK BLOCK, 2 BASEMENT LEVELS CAR PARK, AND SWIMMING POOL AND CONDOMINIUM/SERVICED APARTMENT FACILITIES.</p>
	<p>The Development Order was an amendment to an earlier Development Order dated 22nd August 2005 which was extended on 2nd October 2006. It is further noted that the Development Order dated 22nd August 2005 was a revision of the earlier Development Order dated 11th September 1997 and the original Development Order dated 10th April 1997 respectively.</p>	<p>Existing supply of high end condominiums/serviced apartments currently stands at 1,619 units with another 3,667 units expected to enter the market by the end 2007 to 2010. In addition, there are also more than 2,000 units under planning stage.</p>	
	<p>The revised architectural plans prepared by Messrs DP architects Sdn Bhd, dated March 2007, have been approved by the City Hall Planning Department vide a photocopy of letter bearing Reference No. (209)d/m.DBKL. JPRB.1125/61, dated 17th April 2007, subject to the payment of Development Charges amounting to RM4,413,000.00 for the change of land use zoning from "Residential" to "Limited Commercial" and RM424,000.00 for 106 excess residential units subject to the terms and conditions stated therein.</p>	<p>The interest rate hike and inflationary pressures had impacted the sales of these units but waiver of Real Property Gains Tax and the relaxation of Foreign Investment Committee (FIC) ruling on foreign purchase, encouraged sales to pick up since early of 2007. The average sales rates for project launched since 2005 is recorded at 89%.</p>	<p>THEREFORE, WE HAVE FURNISHED THE MARKET VALUE OF THE ENTIRE ON-GOING HIGH-END CONDOMINIUM AND SERVICED APARTMENT DEVELOPMENT IN ITS EXISTING STATE OF WHICH THE PROPOSED TOWER C (SUBJECT PROPERTY) ONLY FORMS A PART THEREOF.</p>
			<p>Market Value RM87,000,000.00 (RINGGIT MALAYSIA EIGHTY SEVEN MILLION ONLY).</p>

## RESPONSIBILITY STATEMENT

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 1. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO or have been recorded in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

## 1. Interests in shares in the Company (Long Position)

Name of Director	Number of Shares held				Total	Percentage of the issued share capital of the Company (Note a)
	Personal interests	Family interests	Corporate interests	Other interests		
Cheng Wai Chee, Christopher	2,512,499	—	148,439,086 (Note b)	332,152,024 (Note c)	483,103,609	48.91%
Cheng Wai Sun, Edward	2,573,000	—	—	332,152,024 (Note c)	334,725,024	33.89%
Cheng Man Piu, Francis	—	—	—	332,152,024 (Note c)	332,152,024	33.63%
Ng Tak Wai, Frederick	150,500	762,000	—	—	912,500	0.09%
Au Hing Lun, Dennis	514,000	—	—	—	514,000	0.05%
Kwok Ping Luen, Raymond	—	—	—	6,918,425 (Note d)	6,918,425	0.70%

Notes:

(a) The total number of issued Shares as at the Latest Practicable Date was 987,728,918.

- (b) Mr. Cheng Wai Chee, Christopher was deemed to be interested in 148,439,086 Shares beneficially owned by Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited by virtue of his corporate interests in these companies through Wing Tai (Cheng) Holdings Limited, Renowned Development Limited and Wing Tai Corporation Limited. Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited were the beneficial owners of 68,747,996, 66,698,122 and 12,992,968 Shares respectively.
- (c) Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis were beneficiaries of a family trust whose assets include indirect interests in 332,152,024 Shares beneficially owned by Brave Dragon Limited, Wing Tai Retail Pte. Ltd. (formerly Wing Tai Garment Manufactory (Singapore) Pte Limited) and Crossbrook Group Limited as set out under the section headed "Substantial Shareholders" below.
- (d) Mr. Kwok Ping Luen, Raymond was a beneficiary of a trust the assets of which include interests in 6,918,425 Shares.

## 2. Interests in underlying shares of the Company (Long Position)

### (a) *Share options*

Details of the share options granted to an independent non-executive director under the share option scheme of the Company and outstanding as at the Latest Practicable Date are as follows:

<b>Name of Director</b>	<b>Date of grant</b>	<b>Number of share options</b>	<b>Exercisable period</b>	<b>Exercise price per ordinary share</b>
Simon Murray	19.4.2005	1,000,000	19.4.2006 to 18.4.2010	HK\$2.125

*Note:* The share options granted are exercisable during the period from 19 April 2006 to 18 April 2010 and subject to a vesting scale in tranches of 25 per cent per annum starting from the first anniversary of the date of grant. The options were granted under the share option scheme of the Company adopted on 10 June 2003.

(b) *Incentive shares*

Details of the incentive shares awarded to certain executive directors under the share incentive scheme of the Company and outstanding as at the Latest Practicable Date are as follows:

<b>Name of Director</b>	<b>Date of award</b>	<b>Number of incentive shares</b>	<b>Vesting date/period</b>
Cheng Wai Chee, Christopher	13.9.2005	300,000	13.9.2008
	25.4.2006	409,500	12.1.2008 to 12.1.2009
	26.7.2007	327,000	8.2.2008 to 8.2.2010
Cheng Wai Sun, Edward	13.9.2005	300,000	13.9.2008
	25.4.2006	273,000	12.1.2009
	26.7.2007	327,000	8.2.2008 to 8.2.2010
Ng Tak Wai, Frederick	13.9.2005	45,000	13.9.2008
	25.4.2006	29,500	12.1.2009
Au Hing Lun, Dennis	13.9.2005	75,000	13.9.2008
	25.4.2006	55,000	12.1.2009
	26.7.2007	131,000	8.2.2008 to 8.2.2010

*Notes:*

- (a) Awards of the incentive shares are rights given to selected employees (including executive directors) to subscribe in cash for Shares under the share incentive scheme approved by shareholders of the Company on 17 June 2005.
- (b) Subscription price per share is the nominal value of one Share. Funds for subscription of shares will be provided by the Company when the right to subscribe for Shares is exercised.



(c) *Long position in shares of an associated corporation, Winsor*

Name of Director	Number of ordinary shares held				Total	Percentage of the issued share capital of Winsor (Note a)
	Personal interests	Family interests	Corporate interests	Other interests		
Cheng Wai Chee, Christopher	—	27,000	—	205,835,845 (Note b)	205,862,845	79.27%
Cheng Wai Sun, Edward	—	—	—	205,835,845 (Note b)	205,835,845	79.26%
Cheng Man Piu, Francis	—	—	—	205,835,845 (Note b)	205,835,845	79.26%
Chow Wai Wai, John	2,713,000	—	—	—	2,713,000	1.04%
Kwok Ping Luen, Raymond	500	—	—	—	500	0.0002%

*Notes:*

- (a) The total number of issued shares in the capital of Winsor as at the Latest Practicable Date was 259,685,288 shares.
- (b) Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis were beneficiaries of a family trust whose assets include indirect interests in 205,835,845 shares of Winsor (“Winsor Shares”) beneficially owned by Twin Dragon Investments Limited (42,900,887 Winsor Shares), Shui Hing Textile International Limited (90,500 Winsor Shares) and the Company (162,844,458 Winsor Shares).

All the interests in shares disclosed above under this section represent long position in the shares and underlying shares of the Company or its associated corporations (within the meaning of the SFO). Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of the SFO) which has been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the SFO and have been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company and the Stock Exchange pursuant to the Model Code.

## 2. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following persons (other than the Directors and the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO:

### *Long Positions in the Shares of the Company*

Name of Shareholder	Number of Shares beneficially held	Percentage of shareholding <i>(Note 1)</i>
Brave Dragon Limited	106,345,862	10.77%
Crossbrook Group Limited	202,808,162	20.53%
Wing Tai Holdings Limited	332,152,024	33.63% <i>(Note 2)</i>
Deutsche Bank International Trust Co. (Jersey) Limited	332,152,024	33.63% <i>(Note 3)</i>
Deutsche Bank International Trust Co. (Cayman) Limited	332,152,024	33.63% <i>(Note 3)</i>
Bestime Resources Limited	68,747,996	6.96%
Pofung Investments Limited	66,698,122	6.75%
Wing Tai Corporation Limited	135,446,118	13.71% <i>(Note 4)</i>
Renowned Development Limited	135,446,118	13.71% <i>(Note 4)</i>
Wing Tai (Cheng) Holdings Limited	148,439,086	15.03% <i>(Note 5)</i>
Wesmore Limited	83,946,158	8.50%
Sun Hung Kai Properties Limited	136,956,400	13.87% <i>(Note 6)</i>
Gala Land Investment Co. Ltd	76,184,600	7.71%
Franham Group Ltd	76,184,600	7.71% <i>(Note 7)</i>
Chou Wen Hsien	112,824,744	11.42% <i>(Note 8)</i>
Chou Yim Wan Chun, Ina	112,824,744	11.42% <i>(Note 8)</i>
Chow Chung Kai	112,609,202	11.40% <i>(Note 9)</i>
Chow Yu Yue Chen	112,609,202	11.40% <i>(Note 9)</i>

*Notes:*

- (1) The total number of issued Shares as at the Latest Practicable Date was 987,728,918.
- (2) Wing Tai Holdings Limited beneficially owned 89.4% of the issued share capital of Brave Dragon Limited, 100% of the issued share capital of Crossbrook Group Limited and 100% of the issued shares capital of Wing Tai Retail Pte. Ltd. (formerly Wing Tai Garment Manufactory (Singapore) Pte Limited). Wing Tai Retail Pte. Ltd. owned 22,998,000 Shares.
- (3) Deutsche Bank International Trust Co. (Jersey) Limited was the trustee of a family trust (of which Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis were beneficiaries) whose held all units of a unit trust ("Unit Trust"). Deutsche Bank International Trust Co. (Cayman) Limited was the trustee of the Unit Trust which beneficially owned 100% of the issued shares of Wing Tai Asia Holdings Limited and

61.3% of the issued shares of Terebene Holdings Inc. Wing Tai Asia Holdings Limited, through its wholly-owned subsidiary, Wing Sun Development Private Limited, held 28.08% of the issued shares of Wing Tai Holdings Limited. Terebene Holdings Inc. held 59.3% of the issued shares of Winlyn Investment Pte Ltd. which in turn held 9.19% of the issued shares of Wing Tai Holdings Limited.

- (4) Wing Tai Corporation Limited beneficially owned 100% of the issued share capital of Bestime Resources Limited (“Bestime”) and Pofung Investments Limited (“Pofung”) and, therefore, by virtue of its corporate interest in Bestime and Pofung, Wing Tai Corporation Limited was deemed to be interested in the Shares held by Bestime and Pofung.

By virtue of the corporate interest of Renowned Development Limited in Wing Tai Corporation Limited, the former was deemed to be interested in the latter’s interest in the Shares.

- (5) By virtue of the corporate interest of Wing Tai (Cheng) Holdings Limited in Renowned Development Limited and Broxbourne Assets Limited, Wing Tai (Cheng) Holdings Limited was deemed to be interested in the interest of Renowned Development Limited and Broxbourne Assets Limited in the Shares. Broxbourne Assets Limited beneficially owned 12,992,968 Shares.
- (6) Sun Hung Kai Properties Limited (“SHKP”) beneficially owned 100% of the issued share capital of Wesmore Limited (“Wesmore”), Fourseas Investments Limited (“Fourseas”), Junwall Holdings Ltd (“Junwall”), Sunrise Holdings Inc. (“Sunrise”) and Country World Ltd. (“Country World”).

Fourseas beneficially owned 100% of the issued share capital of Soundworld Limited (“Soundworld”), Units Key Limited (“Units Key”) and Triple Surge Limited (“Triple Surge”). Soundworld, Units Key and Triple Surge were the beneficial owners of 15,651,992, 3,502,000 and 28,260,000 Shares respectively.

Junwall beneficially owned 100% of the issued share capital of Techglory Limited (“Techglory”). Techglory was the beneficial owner of 144,000 Shares.

Sunrise beneficially owned 100% of the issued share capital of Charmview International Ltd (“Charmview”). Charmview was the beneficial owner of 5,356,200 Shares.

Country World beneficially owned 100% of the issued share capital of Erax Strong Development Ltd (“Erax Strong”). Erax Strong was the beneficial owner of 96,050 Shares.

By virtue of the corporate interest of SHKP in the aforesaid companies, SHKP was deemed to be interested in the interest of Wesmore, Soundworld, Units Key, Triple Surge, Techglory, Charmview and Erax Strong in the Shares.

- (7) Franham Group Ltd beneficially owned 100% of the issued share capital of Gala Land Investment Co. Ltd (“Gala Land”), therefore, it was deemed to be interested in the Shares held by Gala Land in the Company by virtue of its corporate interest in it.
- (8) Mr. Chou Wen Hsien and his wife, Madam Chou Yim Wan Chun, Ina held 28,910,696 and 7,729,448 Shares respectively.

Mr. Chou Wen Hsien was entitled to exercise 50% of the voting power of Franham Group Ltd, which in turn owned 100% of the issued share capital of Gala Land.

By virtue of the family interest and the corporate interest in Franham Group Ltd, each of Mr. Chou Wen Hsien and Madam Chou Yim Wan Chun, Ina was deemed to be interested in 112,824,744 Shares.

- (9) Mr. Chow Chung Kai and his wife, Madam Chow Yu Yue Chen held 36,399,177 and 25,425 Shares respectively.

Mr. Chow Chung Kai was entitled to exercise 50% of the voting power of Franham Group Ltd, which in turn owned 100% of the issued share capital of Gala Land.

By virtue of the family interest and corporate interest in Franham Group Ltd, each of Mr. Chow Chung Kai and Madam Chow Yu Yue Chen was deemed to be interested in 112,609,202 Shares.

All the interests in shares disclosed under this section represent long position in the shares of the Company. Save as disclosed above, as at the Latest Practicable Date, the Company was not aware of any other person (other than the Directors and the chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company which was required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and had been recorded in the register kept by the Company pursuant to section 336 of the SFO.

### **3. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

### **4. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

### **5. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change to the Group since 31 December 2007 (the date to which the latest published audited financial statements of the Group were made up).

### **6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

The interests of the Directors in competing businesses required to be disclosed pursuant to Rule 8.10 of the Listing Rules are as follows:

Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis are substantial shareholders of Wing Tai (Cheng) Holdings Limited and Pacific Investment Exponents Inc. (the "Group One Companies"). Mr. Cheng Wai Chee, Christopher and Mr. Cheng Man Pui, Francis are directors of Wing Tai (Cheng) Holdings Limited. Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis are directors of Pacific Investment Exponents Inc.

Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis are beneficiaries of a family trust which is a substantial shareholder of Wing Tai Garment Industrial Holdings Limited (the "Group Two Company"). Mr. Cheng Wai Chee, Christopher and Mr. Cheng Man Piu, Francis are directors of the Group Two Company.

Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis are beneficiaries of a family trust which is a substantial shareholder of Wing Tai Asia Holdings Limited and Terebene Holdings Inc. (the “Group Three Companies”).

Certain companies controlled by the Group One Companies and the Group Two Company carry on garment business in China which might be regarded as competitive to the Group’s apparel business.

Certain companies affiliated with the Group Three Companies carry on garment business in Malaysia which might be regarded as competitive to the Group’s apparel business.

The Company’s independent non-executive directors and the members of the Company’s Audit Committee will ensure that the Group is capable of carrying on its business independently of, and at arm’s length from the aforesaid garment businesses.

Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward, Mr. Chow Wai Wai, John and Mr. Au Hing Lun, Dennis are directors of Winsor. Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Chow Wai Wai, John are interested in the equity of Winsor. Winsor became a subsidiary of the Company since June 2007. The property development business of Winsor may be regarded as competitive to the Group’s property development business.

The independent non-executive directors of the Company and the members of the Company’s Audit Committee will ensure that the Group is capable of carrying on its businesses independently of, and at arm’s length from the aforesaid property development business of Winsor.

Mr. Kwok Ping Luen, Raymond and Mr. Wong Yick Kam, Michael are directors of Sun Hung Kai Properties Limited (“SHKP”). Businesses of SHKP consist of property development and investment. Only in this respect they are regarded to be interested in the relevant competing business with the Group.

Mr. Kwok Ping Luen, Raymond is a director of Transport International Holdings Limited (“TIH”). Businesses of TIH consist of property development and investment. Only in this respect he is regarded to be interested in the relevant competing business with the Group.

The aforesaid competing businesses, in which Mr. Kwok Ping Luen, Raymond and Mr. Wong Yick Kam, Michael are regarded to be interested, are managed by separate publicly listed companies with independent management and administration. In this respect, coupled with the diligence of its independent non-executive directors and the Audit Committee, the Group is capable of carrying on its business independently of, and at arm’s length from, the said competing businesses.

## 7. QUALIFICATION OF EXPERTS AND CONSENT

The following are the qualifications of the experts who have given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Piper Jaffray Asia Limited	A licensed corporation to perform Type 1 and Type 6 regulated activities under SFC
Knight Frank (Ooi & Zaharin Sdn Bhd)	Independent property valuer

Each of Piper Jaffray Asia Limited and Knight Frank (Ooi & Zaharin Sdn Bhd) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and references to its name in the form and context in which they appear.

Each of Piper Jaffray Asia Limited and Knight Frank (Ooi & Zaharin Sdn Bhd) confirmed that as at the Latest Practicable Date it did not have any shareholding in the Company or any of its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

## 8. MISCELLANEOUS

Registered office	Canon's Court 22 Victoria Street Hamilton HM12 Bermuda
Head office and principal place of business in Hong Kong	25th Floor, Unimix Industrial Centre 2 Ng Fong Street San Po Kong Kowloon Hong Kong
Company secretary and qualified accountant	Fung Ching Man, Janet, a fellow member of the Hong Kong Institute of Certified Public Accountants
Principal share registrars and transfer office	The Bank of Bermuda Limited 6 Front Street, Hamilton HM 11 PO Box HM1020 Hamilton HMDX, Bermuda
Hong Kong branch share registrars and transfer office	Tricor Standard Limited 26th Floor, Tesbury Centre 28 Queen's Road East Hong Kong

**9. GENERAL**

Save as disclosed in this circular, every director or proposed director or expert (as named in this circular) confirmed that he/she/it does not have any interest, direct or indirect, in any assets which have been, since 31 December 2007 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The Directors confirmed that there is no contract or arrangement subsisting at the date of this circular in which any of them is materially interested and which is significant in relation to the business of the Group.

The English text of this circular shall prevail over the Chinese text.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business of the Company at 25th Floor, Unimix Industrial Centre, 2 Ng Fong Street, San Po Kong, Kowloon, Hong Kong, during normal business hours up to and including 5 June 2008:

- (i) the JV Agreement;
- (ii) the valuation report and the valuation certificate prepared by Knight Frank (Ooi & Zaharin Sdn Bhd);
- (iii) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 9 of this circular;
- (iv) the letter issued by Piper Jaffray Asia Limited, the text of which is set out on pages 10 to 22 of this circular; and
- (v) the written consents referred in the paragraph headed “Qualification of Experts and Consent” in this appendix.

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## NOTICE OF SPECIAL GENERAL MEETING

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### **USI Holdings Limited** **富聯國際集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 369)**

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting of USI Holdings Limited (the “**Company**”) will be held at Victoria IV, Level 2, Four Seasons Hotel Hong Kong, 8 Finance Street Central, Hong Kong on Friday, 6 June 2008 at 11:00 a.m. (or as soon as the annual general meeting of the Company convened at the same place and on the same date at 10:00 a.m. shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution:

### **ORDINARY RESOLUTION**

“**THAT** the execution by the Company of a joint venture and shareholders agreement dated 23 April 2008 (the “**JV Agreement**”) with Kualiti Gold Sdn. Bhd. and DNP Holdings Berhad (a copy of which has been produced to this meeting and initialled by the Chairman of this meeting for identification purposes) be confirmed, approved and ratified and any one of the directors of the Company be authorised to sign and execute all such further documents and to do all such things as he may in his absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the JV Agreement or any of the transactions contemplated thereunder.”

By Order of the Board of  
**USI Holdings Limited**  
**Fung Ching Man, Janet**

*Company Secretary & Chief Financial Officer*

Hong Kong, 22 May 2008

#### **Notes:**

1. A shareholder entitled to attend and vote at the above meeting (or at any adjournment thereof) is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a shareholder of the Company but must be present in person to represent the shareholder. Completion and return of an instrument appointing a proxy will not preclude a shareholder from attending and voting in person at the above meeting.

Where there are joint registered holders of any shares, any one of such persons may vote at the above meeting (or at any adjournment thereof), either personally or by proxy, in respect of such

\* *For identification purpose only*



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## NOTICE OF SPECIAL GENERAL MEETING

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shares as if he were solely entitled thereto; but if more than one of such joint holders are present at the above meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof

2. In order to be valid, the Form of Proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof must be delivered to the Company's Hong Kong Branch Share Registrars Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be).
3. A circular containing information in connection with this notice has been sent to shareholders of the Company.