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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 TRANSACTION  
FORMATION OF A JOINT VENTURE  
FOR DEVELOPMENT OF LAND IN HONG KONG**

The Board announces that the Company has agreed with Nan Fung Development, Nan Fung Resources, K. Wah and Sino to acquire, by bidding (through Pacific Bond) for the Land at the auction of the Land on 17th September, 2007. Pacific Bond has now successfully bid for the Land and Gempres, a wholly-owned subsidiary of the Company, has entered into the MOA with the other JV Partners and the JV Company under which it has confirmed the Company's agreement to acquire through Gempres a 15% interest in the JV Company, the business of which is to develop the Land. It is estimated that the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the total commitment of the Company in relation to the JV Company will exceed 5% but will be less than 25%. Accordingly, the MOA constitutes a discloseable transaction of the Company under the Listing Rules. A circular giving further details of the MOA will be dispatched to the Shareholders as soon as practicable.

\* For identification purpose only

## **THE JOINT VENTURE**

On 17th September, 2007, the Company agreed with Nan Fung Development, Nan Fung Resources, K. Wah and Sino to acquire, by bidding (through Pacific Bond) for the Land at the auction of the Land on the same day. Pacific Bond successfully bid for the Land on 17th September, 2007. On 5th October, 2007, Gempress, a wholly-owned subsidiary of the Company, entered into the MOA with the other JV Partners and the JV Company under which it confirmed the Company's agreement to acquire through Gempress a 15% interest in the JV Company, the business of which is to own and develop the Land, construct properties on the Land and manage, lease and/or sell the properties. The gross floor area of the properties to be developed on the Land is approximately 714,493 square feet. The development of the Land is expected to be completed around October 2011.

## **THE LAND**

Pacific Bond has agreed to enter into the Land Grant. The size of the Land is approximately 238,164 square feet. The Land will be held under the Land Grant for a term of 50 years from 15th October, 2007 and shall only be used for private residential purposes. Pacific Bond is a wholly-owned subsidiary of the JV Company.

## **PARTIES TO THE MOA**

1. Nan Fung Development
2. Nan Fung Resources
3. King Chance
4. Wealthy Vision
5. Gempress
6. JV Company

To the best of the Directors' information, knowledge and belief having made all reasonable enquiry, each of the JV Partners (other than Gempress, a wholly-owned subsidiary of the Company) and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **OWNERSHIP OF THE JV COMPANY**

Under the MOA, Nan Fung Development, which was, at the time of the signing of the MOA, the sole legal and beneficial owner of all the shares in the JV Company, agreed to transfer a proportion of those shares to the other JV Partners at a price of US\$1 per share. The transfers were completed after the signing of the MOA on 5 October, 2007. The JV Company is now owned by the JV Partners as follows:

<b>JV Partner</b>	<b>Number of issued shares held</b>	<b>Percentage shareholding</b>
Nan Fung Development	300	30%
Nan Fung Resources	50	5%
King Chance	350	35%
Wealthy Vision	150	15%
Gempress	150	15%
Total	<u>1,000</u>	<u>100%</u>

## **MANAGEMENT OF THE JV COMPANY AND PACIFIC BOND**

The board of directors of each of the JV Company and Pacific Bond will comprise 8 directors. Each of Nan Fung Development and King Chance will be entitled to appoint 3 directors and each of Wealthy Vision and Gempress will be entitled to appoint 1. Nan Fung Resources will not be entitled to appoint any directors of the JV Company or Pacific Bond. The three directors of each of the JV Company and Pacific Bond at the time of the signing of the MOA had been appointed by Nan Fung Development. King Chance, Wealthy Vision and Gempress appointed further directors of each of the JV Company and Pacific Bond after the signing of the MOA on 5 October, 2007.

Under the MOA, the directors of Pacific Bond are to establish an executive committee responsible for overseeing and monitoring the development of the Land, including the day-to-day administration and management of such development. This executive committee shall comprise 4 members. Nan Fung Development and Nan Fung Resources will be entitled jointly to appoint 1 member and each of King Chance, Wealthy Vision and Gempress will be entitled to appoint 1 member.

The lead project manager in respect of the development of the Land will be Nan Fung Development (or a company nominated by Nan Fung Development).

## CONSIDERATION

Pursuant to the MOA, Gempress:

- (a) paid to Nan Fung Development after the signing of the MOA on 5th October, 2007 in cash a nominal sum of US\$150, being the consideration for the shares in the JV Company to be transferred by Nan Fung Development to Gempress;
- (b) has advanced to the JV Group a loan of HK\$3,750,000, which represents 15% of the amount of the deposit paid by Pacific Bond in respect of the Land; and
- (c) shall advance to the JV Group a further loan of HK\$678,750,000, which represents 15% of the balance of the premium, which is due on 15th October, 2007.

The other JV Partners have advanced loans and will advance further loans to the JV Group in proportion to their shareholdings in the JV Company in the same way. Pacific Bond has used the loans which have been so advanced to pay to the Hong Kong Government HK\$25,000,000 as part payment of the premium in respect of the Land and shall use the loans to be so advanced on 15th October, 2007 to pay to the Hong Kong Government the balance of the premium in respect of the Land.

The premium in respect of the Land is HK\$4,550,000,000. Construction and development costs of the Land are presently estimated at HK\$1,450,000,000. The total commitment of the Company in relation to the JV Group is therefore estimated to be HK\$900,000,000. The Company intends to fund such commitment from its internal resources and/or bank borrowings.

Under the terms of the MOA, the development of the Land will be financed by external financing on reasonable commercial terms from banks and any other financial institutions and, if and to the extent that such external financing is not available or is not sufficient, by shareholder loans. If any such banks or other financial institutions require, the JV Partners are required under the terms of the MOA to provide or, procure their respective holding companies or, subject to the consent of the relevant JV Partner, such other persons as may be acceptable to such banks or other financial institutions to provide, guarantees and any other forms of

collateral on a several basis in proportion to their shareholdings in the JV Company as security for any such external financing. (For the purpose of the immediately preceding sentence, Nan Fung Development and Nan Fung Resources shall be deemed to be a single JV Partner whose shareholding in the JV Company shall be the aggregate of the shareholdings of Nan Fung Development and Nan Fung Resources in the JV Company.) The JV Company intends to refinance the loans which have been or will be advanced to fund the payment of the premium in respect of the Land by bank borrowings.

## **ABOUT THE OTHER JV PARTNERS**

Nan Fung Development is a wholly-owned subsidiary of Chen's Holdings Limited and is ultimately wholly beneficially owned by Mr. Chen Din Hwa. Nan Fung Development is principally engaged in property development and investment in Hong Kong.

Nan Fung Resources is wholly owned by Crosby Investment Holdings Inc. and is an investment holding company. Nan Fung Resources is ultimately wholly beneficially owned by Ms Chen Wai Wai Vivien (the daughter of Mr. Chen Din Hwa).

King Chance is an investment holding company and a wholly-owned subsidiary of Sino, which is principally engaged in the property development and investment in Hong Kong and whose shares are listed on the Stock Exchange.

Wealthy Vision is an investment holding company and a wholly-owned subsidiary of K. Wah. The principal subsidiaries of K. Wah are mainly engaged in property development and investment in The People's Republic of China, Hong Kong and South East Asia. The shares of K. Wah are listed on the Stock Exchange.

## **REASONS FOR ENTERING INTO THE MOA**

Gempres is a wholly-owned subsidiary of the Company, which is an investment holding company. The principal subsidiaries and jointly controlled entities of the Company are engaged in property development, property investment and management, provision of hospitality services, garment manufacturing and trading and branded products distribution and other investment activities.



“Director”	a director of the Company
“Gempress”	Gempress Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Hong Kong” and “HK\$”	respectively, the Hong Kong Special Administrative Region of The People’s Republic of China and Hong Kong dollars (the lawful currency of Hong Kong)
“JV Company”	Garwin Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“JV Group”	the JV Company and Pacific Bond
“JV Partners”	collectively, Nan Fung Development, Nan Fung Resources, King Chance, Wealthy Vision and Gempress, and “JV Partner” is any of them
“K. Wah”	K. Wah International Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange
“King Chance”	King Chance Development Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Sino
“Land Grant”	The Agreement and Conditions of Sale in respect of the Land which Pacific Bond has agreed to enter into in relation to the acquisition of the Land from the Hong Kong Government
“Land”	that piece of land registered in the Land Registry (New Territories) as Tai Po Town Lot No.186 at Pak Shek Kok Development Area, Phase I, Site B, Tai Po, New Territories, Hong Kong

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“MOA”	The memorandum of agreement entered into by Gempres, the other JV Partners and the JV Company on 5th October, 2007
“Nan Fung Development”	Nan Fung Development Limited, a company incorporated in Hong Kong with limited liability
“Nan Fung Resources”	Nan Fung Resources Limited, a company incorporated in Hong Kong with limited liability
“Pacific Bond”	Pacific Bond Limited, a company incorporated in Hong Kong with limited liability
“Shareholder”	a shareholder of the Company
“Sino”	Sino Land Company Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wealthy Vision”	Wealthy Vision Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of K. Wah

By order of the Board of  
**USI Holdings Limited**  
**Chung Siu Wah, Henry**  
*Company Secretary and Group Legal Counsel*

Hong Kong, 5 October 2007

## **Members of the Board**

### *Executive Directors:*

Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward, Mr. Cheng Man Piu, Francis, Mr. Chow Wai Wai, John, Mr. Ng Tak Wai, Frederick and Mr. Au Hing Lun, Dennis

### *Non-executive Directors:*

Mr. Kwok Ping Luen, Raymond, Mr. Wong Yick Kam, Michael (also an alternate to Mr. Kwok Ping Luen, Raymond), Mr. Hong Pak Cheung, William and Mr. Loh Soo Eng

### *Independent Non-executive Directors:*

Mr. Simon Murray, Mr. Fang Hung, Kenneth and Mr. Yeung Kit Shing, Jackson