

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

USI Holdings Limited

富聯國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 369)

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION: FORMATION OF A JOINT VENTURE

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.

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.

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. The subscription by Glory Strength for shares in the JV Company under the JV Agreement is conditional upon, among other things, the approval of the Independent Shareholders.

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.

A circular containing (i) details of the JV Agreement, (ii) notice of the SGM and (iii) other information required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

* For identification purposes only

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;
- (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 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 2 directors.

The total consideration for the Development under the Purchase Agreements is RM139,750,000, which is equivalent to approximately 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 approximately 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 the 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 who 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 shareholding 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.

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 also strengthen the edge of the Company in 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 (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 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.

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.

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.

A circular containing (i) details of the JV Agreement, (ii) notice of the SGM and (iii) other information required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

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.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

- “Board”** means the board of directors of the Company;
- “Company”** means USI Holdings Limited, a company incorporated in Bermuda with limited liability the issued shares of which are listed on the Stock Exchange;
- “Completion”** means completion of the issue by the JV Company of new shares to Glory Strength and DNP under the JV Agreement;
- “Conditions Precedent”** means the conditions under the JV Agreement precedent to Completion;
- “Development”** 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;
- “DNP”** 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;
- “Glory Strength”** means Glory Strength International Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands;
- “Group”** means the Company and its subsidiaries;

“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Board Committee”	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;
“Independent Shareholders”	means the Shareholders other than Wing Tai and its associates;
“JV Agreement”	means the joint venture and shareholders’ agreement entered into by the Company, DNP and the JV Company on 23 April, 2008;
“JV Company”	means Kualiti Gold Sdn Bhd, a company incorporated in Malaysia;
“Lanson Place”	means Lanson Place Hospitality Management (Malaysia) Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands;
“Lanson Place Bermuda”	means Lanson Place Hotels & Residences (Bermuda) Limited, a wholly-owned subsidiary of the Company incorporated in Bermuda;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchase Agreements”	means the sale and purchase agreements to be entered into between the Vendor and the JV Company in respect of the Development;
“RM”	means Ringgit Malaysia, being the lawful currency of Malaysia;
“SGM”	means the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the JV Agreement;
“Shareholders”	means the holders of the Shares;
“Shares”	means ordinary shares of HK\$0.50 each in the issued share capital of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;

“Vendor” means Starpuri Development Sdn Bhd, a wholly-owned subsidiary of DNP incorporated in Malaysia; and

“Wing Tai” means Wing Tai Holdings Limited, a company incorporated in Singapore, which is a controlling shareholder of the Company.

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

By Order of the Board
USI Holdings Limited
FUNG Ching Man, Janet
Company Secretary and Chief Financial Officer

Hong Kong, 24 April, 2008

As at the date of this announcement, the directors of the Company are:

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 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