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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)

CONTINUING CONNECTED TRANSACTIONS

On 4 December 2008, an agreement was entered into between Gieves and Wensum (the “2008 Agreement”). The 2008 Agreement sets out the terms and conditions under which Gieves may place orders with Wensum for supply of certain finished tailored menswear or their components for the three years ending on 31 December 2011.

The transactions contemplated under the 2008 Agreement (the “Transactions”) will constitute continuing connected transactions of the Company for the purposes of the Listing Rules.

It is estimated that the maximum aggregate annual values of the Transactions for the three years ending 31 December 2009, 31 December 2010 and 31 December 2011 will be GBP4,000,000, GBP4,500,000 and GBP5,000,000 respectively (the “Annual Caps”).

As it is anticipated that the highest applicable percentage ratio in respect of the Annual Caps exceeds 2.5%, the Transactions and the Annual Caps are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been formed to advise the Independent Shareholders and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Transactions and the Annual Caps.

A circular containing, among other things, (i) further details of the 2008 Agreement, the Transactions and the Annual Caps, (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 compliance with the Listing Rules.

BACKGROUND

Reference is made to:-

- (i) the announcement made by the Company dated 3 November 2006 that, among other things, an agreement was entered into between Gieves and Wensum on 31 October 2006 (the “2006 Agreement”) under which Gieves may place orders with Wensum for supply of certain finished tailored menswear or their components for a term from 31 October 2006 to 31 December 2008; and
- (ii) the announcement made by the Company dated 21 August 2008 that it was estimated that the maximum aggregate annual value of the transactions contemplated under the 2006 Agreement for the year ending 31 December 2008 would increase from GBP2,000,000 to GBP3,500,000.

The 2006 Agreement will expire on 31 December 2008.

The Directors are pleased to announce that on 4 December 2008, an agreement was entered into between Gieves and Wensum (the “2008 Agreement”). The 2008 Agreement sets out the terms and conditions under which Gieves may place orders with Wensum for supply of certain finished tailored menswear or their components for the 3 years ending on 31 December 2011.

SUMMARY OF THE 2008 AGREEMENT

Date of Agreement : 4 December 2008

Seller : Wensum

Buyer : Gieves

Term : from 1 January 2009 to 31 December 2011

Pursuant to the 2008 Agreement, Gieves may buy certain finished tailored menswear or their components as specified in orders to be issued by Gieves to Wensum from time to time during the term. According to the 2008 Agreement, the purchases are on 30 days credit and 2.5% early settlement discount is allowed if payment is made within 30 days.

The terms of the 2008 Agreement are determined after arm's length negotiations between Gieves and Wensum and are similar to those of the 2006 Agreement.

THE CAP AMOUNTS

All orders will be placed by Gieves with Wensum at Wensum's quoted prices (which will be determined based upon market situation, including market prices from time to time and the prices of goods of quantities, specifications and types similar to those sold by Wensum to independent third parties). It is estimated that the Annual Caps for the three years ending 31 December 2009, 31 December 2010 and 31 December 2011 will be GBP4,000,000, GBP4,500,000 and GBP5,000,000 respectively. These estimates are made after taking into account the previous sales volumes, the expected business expansion of Gieves and the upward trend of the prices of raw materials and components. The aggregate sales volume for the year ended 31 December 2007 amounted to GBP1,497,000. The aggregate sale volume for the period from 1 January 2008 to 30 September 2008 amounted to approximately GBP2,391,000. The Annual Caps do not represent any commitment on the part of Gieves but are estimates on the maximum business volume between Gieves and Wensum during the term of the 2008 Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Wensum has been a supplier of finished tailored menswear or their components to Gieves for many years and therefore mutual-trust business relationship between Wensum and Gieves has been built up over time. A stable and uninterrupted supply of quality goods from a trustworthy supplier is vital to the business operations of Gieves.

The Directors, including the independent non-executive directors, are of the view that the 2008 Agreement has been, and the Transactions will be, entered into in the usual and ordinary course of businesses of the Group and that the terms of the 2008 Agreement, the Transactions and the Annual Caps are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

LISTING RULES REQUIREMENTS

Wensum is a wholly-owned subsidiary of Wing Tai which is a substantial shareholder (as defined in the Listing Rules) of the Company. Therefore, each of Wensum and Wing Tai is a Connected Person of the Company and the Transactions will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As it is anticipated that the highest applicable percentage ratio for the Annual Caps exceeds 2.5%, the Transactions and the Annual Caps are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all independent non-executive directors of the Company has been formed to advise the Independent Shareholders in respect of the 2008 Agreement, the Transactions and the Annual Caps. Piper Jaffray Asia Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these regards. The Transactions are 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 2008 Agreement, the Transactions and the Annual Caps. The Shareholders who are required by Rule 14A.18 of the Listing Rules to abstain from voting on the resolution(s) approving the 2008 Agreement, the Transactions and the Annual Caps (including Wing Tai and its associates) will abstain from voting on the same at the SGM.

A circular containing, among other things, (i) further details of the 2008 Agreement, the Transactions and the Annual Caps, (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 compliance with the Listing Rules.

GENERAL

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

Gieves is a wholly-owned subsidiary of Gieves & Hawkes plc which is a wholly-owned subsidiary of the Company. Gieves & Hawkes plc is principally engaged in retailing, wholesaling and licensing of menswear.

Wensum is principally engaged in the business of supplying garment products. It is a wholly-owned subsidiary of Wing Tai and therefore a Connected Person of the Company.

DEFINITIONS

In this announcement, the following terms have the meanings set out below, unless the context requires otherwise:

“Company”	USI Holdings Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the Stock Exchange;
“Connected Person”	has the meaning as ascribed to it under the Listing Rules;
“Directors”	directors of the Company;
“GBP”	Great British Pound, being the lawful currency of the United Kingdom;
“Gieves”	Gieves Limited, a wholly-owned subsidiary Gieves & Hawkes plc;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent committee of the board of directors of the Company comprising the 3 independent non-executive directors of the Company (being Simon Murray, Fang Hung, Kenneth and Yeung Kit Shing, Jackson) formed to advise the Independent Shareholders in respect of the 2008 Agreement, the Transactions and the Annual Caps;
Independent Shareholders”	the Shareholders other than those who are required by Rule 14A.18 of the Listing Rules to abstain from voting on the resolution(s) approving the 2008 Agreement, the Transactions and the Annual Caps;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SGM”	the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the 2008 Agreement, the Transactions and the Annual Caps;
“Shareholders”	the holders of the ordinary shares in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wensum”	Wensum Tailoring Limited, a wholly-owned subsidiary of Wing Tai; and

“Wing Tai

Wing Tai Corporation Limited, a substantial shareholder of the Company incorporated in Hong Kong with limited liability.

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

Hong Kong, 4 December 2008

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

Executive Directors:

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

Non-executive Directors:

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

Independent Non-executive Directors:

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

** For identification purpose only*