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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)

MAJOR TRANSACTION
A JOINT VENTURE GROUP
FOR THE PURSUIT OF REAL ESTATE OPPORTUNITIES IN THE PRC

26 February 2009

* *For identification purpose only*

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DEFINITIONS

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

“Best Joy”	Best Joy Enterprises Limited, a wholly-owned subsidiary of Jumbo Broad incorporated in the British Virgin Islands and a member of the Joint Venture Group
“Board”	the board of directors of the Company
“Company”	USI Holdings Limited
“Director”	a director of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars (the lawful currency of Hong Kong)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hongkong Land BVI”	King Noble International Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Hongkong Land China
“Hongkong Land China”	Hongkong Land China Holdings Limited, a company incorporated in Bermuda
“Hongkong Land China Group”	Hongkong Land China and its subsidiaries
“Joint Venture Group”	Jumbo Broad and its subsidiaries
“Jumbo Broad”	Jumbo Broad Limited, a company incorporated in the British Virgin Islands and owned by USI BVI and Hongkong Land BVI as to 40% and 60%, respectively
“Latest Practicable Date”	19 February 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Major Shareholders”	Brave Dragon Limited, Wing Tai Retail Pte. Ltd., Crossbrook Group Limited, Bestime Resources Limited, Pofung Investments Limited, Broxbourne Assets Limited, Mr. Cheng Wai Chee, Christopher and Mr. Cheng Wai Sun, Edward

DEFINITIONS

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“PRC”	the People’s Republic of China
“Raise Up”	Raise Up Enterprises Limited, a subsidiary of Best Joy incorporated in the British Virgin Islands and a member of the Joint Venture Group
“RMB”	Renminbi (the lawful currency of the PRC)
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholders”	shareholders of the Company
“Shareholders’ Agreement”	the shareholders’ agreement dated 8 October 2007 between Hongkong Land BVI, Hongkong Land China, USI BVI, the Company and Jumbo Broad
“Shares”	ordinary shares of HK\$0.50 each in the issued share capital of the Company
“Sonicworld”	Sonicworld Investment Limited, a company incorporated in the British Virgin Islands
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Territory”	the PRC and any other territory or territories which USI BVI and Hongkong Land BVI may agree from time to time
“USI BVI”	USI Investment (China) (No. 1) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Winsor”	Winsor Properties Holdings Limited, a company incorporated in the Cayman Islands with limited liability, which is a subsidiary of the Company the issued shares of which are listed on the Stock Exchange
“Winsor Properties”	Winsor Properties (Hong Kong) Limited, a company incorporated in the British Virgin Islands with limited liability, which is a subsidiary of the Company and Winsor

LETTER FROM THE BOARD

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

26 February 2009

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION A JOINT VENTURE GROUP FOR THE PURSUIT OF REAL ESTATE OPPORTUNITIES IN THE PRC

INTRODUCTION

Reference is made to the Company's announcement of 23 December 2008. On 10 June 2008, the Board announced that USI BVI and Hongkong Land BVI had established the Joint Venture Group pursuant to the Shareholders' Agreement for the purposes of pursuing real estate opportunities in the Territory. The Group's total capital commitment for the benefit of the Joint Venture Group on 10 June 2008 reached such an amount that the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of such total capital commitment exceeded 5%. On this basis, the transaction at that time constituted a discloseable transaction of the Company under the Listing Rules. A circular in respect of that discloseable transaction was sent to the Shareholders on 27 June 2008.

* *For identification purpose only*

LETTER FROM THE BOARD

As indicated in the Company's announcement of 10 June 2008 and circular of 27 June 2008, in the event that the total capital commitment by the Group for the benefit of the Joint Venture Group increases to such an extent that any of the applicable percentage ratios reaches or exceeds 25%, the Company will re-classify the transaction and comply with the relevant requirements of Chapter 14 of the Listing Rules. On 23 December 2008, the Group agreed to make a further capital commitment to the Joint Venture Group which caused the Group's total capital commitment for the benefit of the Joint Venture Group to reach such an amount that the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of such total capital commitment exceeded 25%. On this basis, this transaction now constitutes a major transaction of the Company under the Listing Rules. The Major Shareholders have approved in writing in accordance with Rule 14.44 of the Listing Rules the further capital commitment as aforesaid for the benefit of the Joint Venture Group pursuant to the Shareholders' Agreement.

The purpose of this circular is to provide you with further information on the Joint Venture Group and certain general information on the Group.

DETAILS OF THE JOINT VENTURE GROUP

The transaction

On 10 June 2008, the Board announced that Hongkong Land BVI (a wholly-owned subsidiary of Hongkong Land China), Hongkong Land China, USI BVI (a wholly-owned subsidiary of the Company), the Company and Jumbo Broad had entered into the Shareholders' Agreement on 8 October 2007, pursuant to which USI BVI and Hongkong Land BVI had established the Joint Venture Group for the purposes of pursuing real estate opportunities in the Territory. The Joint Venture Group intends to focus on comprehensive property developments in first tier cities and fast-growing second-tier cities in the PRC, particularly those in the Pan Bohai Rim Region, the Yangtze River Delta and South Western China.

The Company and Hongkong Land China guarantee the performance of the obligations of USI BVI and Hongkong Land BVI, respectively, under the Shareholders' Agreement.

To the best of the Directors' information, knowledge and belief having made all reasonable enquiry, Hongkong Land China, Hongkong Land BVI and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Jumbo Broad is owned by USI BVI and Hongkong Land BVI as to 40% and 60%, respectively.

The obligation of the shareholders of Jumbo Broad under the Shareholders' Agreement to provide funds to the Joint Venture Group is subject to the approval of shareholders holding in aggregate more than 75% of the shares of Jumbo Broad, including (on the basis of the current ownership of Jumbo Broad) the approval of USI BVI.

LETTER FROM THE BOARD

On 18 December 2007, a wholly-owned subsidiary of Jumbo Broad, Best Joy, and Sonicworld formed a joint venture through a joint venture company Raise Up. Best Joy and Sonicworld are interested in 50.51% and 49.49%, respectively, of the issued share capital of Raise Up. Raise Up is interested in a number of sites in the Shenbei District in Shenyang, the Liaoning Province in the Pan Bohai Rim Region.

On 10 June 2008, USI BVI and Hongkong Land BVI agreed to make further capital commitments for the benefit of the Joint Venture Group such that the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Group's total capital commitment reached 5% on the same date. The transaction on that date constituted a discloseable transaction of the Company under the Listing Rules. A circular in respect of that discloseable transaction was sent to the Shareholders on 27 June 2008.

As indicated in the Company's announcement of 10 June 2008 and circular of 27 June 2008, in the event that the total capital commitment by the Group for the benefit of the Joint Venture Group increases to such an extent that any of the applicable percentage ratios reaches or exceeds 25%, the Company will re-classify the transaction and comply with the relevant requirements of Chapter 14 of the Listing Rules. On 23 December 2008, the Group agreed to make a further capital commitment of approximately HK\$188 million to the Joint Venture Group which caused the Group's total capital commitment for the benefit of the Joint Venture Group to reach an aggregate amount of approximately HK\$563 million. (The Company intends that such further capital commitment will not be in the form of subscription of new shares in Jumbo Broad. Under the terms of the Shareholders' Agreement, any issue by Jumbo Broad of new shares is subject to the approval of shareholders holding in aggregate more than 75% of the shares of Jumbo Broad, including (on the basis of the current ownership of Jumbo Broad) the approval of USI BVI. The Group intends to make its further capital commitment to the Joint Venture Group in the form of shareholder loans and/or by way of corporate guarantees. The terms of such shareholder loans and corporate guarantees have not been agreed. The terms of such shareholder loans and corporate guarantees to be provided by the Group and by the Hongkong Land China Group are expected to be the same.) On the basis that Jumbo Broad is owned by USI BVI and Hongkong Land BVI as to 40% and 60%, respectively, the Group's total capital commitment to the Joint Venture Group represents 40% of the total capital commitment by the shareholders of Jumbo Broad for the benefit of the Joint Venture Group. (As at the Latest Practicable Date, the Group has made a total capital commitment of approximately HK\$510 million (of the total capital commitment of approximately HK\$563 million which USI BVI has agreed to make).) The shareholders of Jumbo Broad determine the amount of capital commitments for the benefit of the Joint Venture Group by reference to the funding requirements of the Joint Venture Group in its businesses. As disclosed in the announcement of 10 June 2008, the Joint Venture Group has used, and intends to continue to use, these capital commitments from USI BVI and Hongkong Land BVI in funding the acquisitions and clearance of sites with a total site area of approximately 960,000 square metres in the Shenbei District and the Hunnan District in Shenyang for the purposes of the development of high quality residences (including funding the planning and design work and construction work in relation to those sites). The Joint Venture Group has completed the acquisition of these sites and has not acquired and not decided to acquire any other sites.

The Joint Venture Group has started master planning and design work for the initial phase of the residential development and plans to commence construction in 2009.

LETTER FROM THE BOARD

The Group has funded and intends to continue to fund its capital commitments for the benefit of the Joint Venture Group from the Group's internal resources and/or bank borrowings.

Information about the Company

The principal subsidiaries and jointly controlled entities of the Company are engaged in property development, property investment and management, hospitality investment and management, garment manufacturing and trading, branded products distribution and other investment activities.

Information about Hongkong Land China

The Hongkong Land China Group owns and manages some five million square feet of prime office and retail space in the heart of Hong Kong's central business district and is developing a range of property activities in Hong Kong, Macau and mainland China.

Hongkong Land China is a wholly-owned subsidiary of Hongkong Land Holdings Limited, one of Asia's leading property investment, management and development groups.

Information about Sonicworld

Sonicworld is an investment holding company principally engaged in property investment activities.

To the best of the Directors' information, knowledge and belief having made all reasonable enquiry, Sonicworld and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Reasons for entering into the transaction

The Directors are positive about the property market in mainland China. The Board believes that the austerity measures being implemented in mainland China will help to create a healthier property market and will offer more opportunities for the Group to further its expansion into comprehensive development in mainland China. The Directors also expect that the steady economic growth in the PRC, its urbanization and the appreciation of RMB will continue to drive local demand for quality properties in the PRC.

The Directors consider that the Shareholders' Agreement and the capital commitment by the Company for the benefit of the Joint Venture Group have been agreed on normal commercial terms, which are fair and reasonable so far as the Company and the Shareholders are concerned, and that they are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Financial effect of the transaction

The commitment of the Group to the Joint Venture Group 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 Joint Venture Group is not expected to bring in significant contribution for the earnings of the Group for the financial year ending 31 December 2009.

Financial and trading prospects of the Group

The Group's profit attributable to equity holders of the Company in the first half of 2008 was HK\$328.7 million compared with HK\$1,408.5 million for the same period in 2007. The decrease in profit for the period is mainly due to HK\$1,007.5 million discount on acquisition in 2007 arising from the excess of the Group's share of fair value of net assets of Winsor acquired over the cost of acquisition. Revenue for the Group was HK\$749.9 million for the six months ended 30 June 2008, compared with HK\$1,178.0 million for the same period in 2007. The principal subsidiaries and jointly controlled entities of the Company are engaged in property development, property investment and management, hospitality investment and management, garment manufacturing and trading, branded products distribution and other investment activities.

The global economic downturn brought about by the subprime crisis and credit crunch is creating an uncertain business environment in Asia. However, the Group is cautiously optimistic about the Group's property development projects in Hong Kong and China in 2009.

GENERAL

On 23 December 2008, the Group agreed to make a further capital commitment of approximately HK\$188 million to the Joint Venture Group which caused the Group's total capital commitment for the benefit of the Joint Venture Group to reach such an amount that the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of such total capital commitment exceeded 25%. On this basis, this transaction now constitutes a major transaction of the Company under the Listing Rules. The Major Shareholders have approved in writing in accordance with Rule 14.44 of the Listing Rules the further capital commitment as aforesaid for the benefit of the Joint Venture Group pursuant to the Shareholders' Agreement.

As (1) no shareholder would be required to abstain from voting if the Company were to hold a general meeting to approve the further capital commitment and (2) the Major Shareholders, a closely allied group of shareholders who together beneficially own more than 50 per cent in nominal value of the shares in the capital of the Company giving the right to attend and vote at its general meetings, have approved in writing in accordance with Rule 14.44 of the Listing Rules the further capital commitment as aforesaid for the benefit of the Joint Venture Group pursuant to the Shareholders' Agreement, such written approval is acceptable under the Listing Rules in lieu of a general meeting to approve the further capital commitments. No general meeting will be held to approve the further capital commitment which has been approved by the Major Shareholders in writing.

LETTER FROM THE BOARD

The Major Shareholders beneficially own the following Shares:

Name of Major Shareholder	Number of Shares directly held	Direct percentage shareholding
Brave Dragon Limited	106,345,862	10.75%
Wing Tai Retail Pte. Ltd. (“ Wing Tai ”)	37,312,000	3.77%
Crossbrook Group Limited (“ Crossbrook ”)	202,808,162	20.51%
Bestime Resources Limited	68,747,996	6.95%
Pofung Investments Limited	66,698,122	6.74%
Broxbourne Assets Limited	12,992,968	1.31%
Mr. Cheng Wai Chee, Christopher (“ Mr. Christopher Cheng ”)	3,030,749	0.31%
Mr. Cheng Wai Sun, Edward (“ Mr. Edward Cheng ”)	2,954,750	0.30%
Total	500,890,609	50.64%

Mr. Christopher Cheng is taken to be interested in more than one-third of the issued share capital of Bestime Resources Limited, Pofung Investments Limited and Broxbourne Assets Limited for the purpose of section 316 of the Securities and Futures Ordinance (Cap. 571). He is also a beneficiary of a trust the assets of which include indirect interests in shares in Wing Tai Holdings Limited, which is the parent company of Brave Dragon Limited, Crossbrook and Wing Tai. (Messrs. Edward Cheng and Cheng Man Piu, Francis and certain other members of Mr. Christopher Cheng’s family are the other beneficiaries of this trust.)

FURTHER INFORMATION

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

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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.

2. DISCLOSURE OF INTERESTS

(a) Directors and chief executive

As at the Latest Practicable Date, the interests 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:

I. Interests in the Company

Name of Director	Number of Shares held				Number of underlying Shares held under equity derivatives (Note e)	Aggregate interests	Percentage of the issued share capital (Note a)
	Personal interests	Family interests	Corporate interests	Other interests			
Cheng Wai Chee, Christopher	3,030,749	-	148,439,086 (Note b)	346,466,024 (Note c)	895,250	498,831,109	50.44%
Cheng Wai Sun, Edward	2,954,750	-	-	346,466,024 (Note c)	895,250	350,316,024	35.42%
Cheng Man Piu, Francis	-	-	-	346,466,024 (Note c)	-	346,466,024	35.03%
Ng Tak Wai, Frederick	195,500	762,000	-	-	70,500	1,028,000	0.10%
Au Hing Lun, Dennis	621,750	-	-	-	334,250	956,000	0.09%
Kwok Ping Luen, Raymond	-	-	-	6,918,425 (Note d)	-	6,918,425	0.70%
Simon Murray	-	-	-	-	1,000,000	1,000,000	0.10%

Notes:

- (a) The total number of issued Shares as at the Latest Practicable Date was 988,980,418.
- (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 346,466,024 Shares beneficially owned by Brave Dragon Limited, Wing Tai and Crossbrook 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.
- (e) These interests represented the interests in underlying Shares in respect of the share options and incentive shares granted by the Company to these directors as beneficial owners, details of which are set out in the section below headed “Share Option Scheme” or “Share Incentive Scheme”.

II. Interests in associated corporation, Winsor

Name of Director	Number of ordinary shares held				Aggregate interests	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 Textiles International Limited (90,500 Winsor Shares) and the Company (162,844,458 Winsor Shares).

III. Share Option Scheme

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:

Name of Director	Date of grant	Number of share options	Exercisable period	Exercise price per ordinary share
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.

IV. Share Incentive Scheme

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:

Name of Director	Date of award	Number of incentive shares	Vesting date/period	Exercisable period
Cheng Wai Chee, Christopher	25.4.2006	273,000	12.1.2009	12.1.2009 to 11.1.2016
	26.7.2007	245,250	8.2.2009 to 8.2.2010	8.2.2009 to 26.7.2017
	8.7.2008	377,000	30.1.2009 to 30.1.2011	30.1.2009 to 8.7.2018
Cheng Wai Sun, Edward	25.4.2006	273,000	12.1.2009	12.1.2009 to 11.1.2016
	26.7.2007	245,250	8.2.2009 to 8.2.2010	8.2.2009 to 26.7.2017
	8.7.2008	377,000	30.1.2009 to 30.1.2011	30.1.2009 to 8.7.2018
Ng Tak Wai, Frederick	25.4.2006	29,500	12.1.2009	12.1.2009 to 11.1.2016
	8.7.2008	41,000	30.1.2009 to 30.1.2011	30.1.2009 to 8.7.2018
Au Hing Lun, Dennis	25.4.2006	55,000	12.1.2009	12.1.2009 to 11.1.2016
	26.7.2007	98,250	8.2.2009 to 8.2.2010	8.2.2009 to 26.7.2017
	8.7.2008	181,000	30.1.2009 to 30.1.2011	30.1.2009 to 8.7.2018

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 par value of one Share. Funds for subscription of shares will be provided by the Company when the right to subscribe for Shares is exercised.

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 or 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.

(b) 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	10.75%
Crossbrook	202,808,162	20.51%
Wing Tai Holdings Limited	346,466,024	35.03% <i>(Note 2)</i>
Deutsche Bank International Trust Co. (Jersey) Limited	346,466,024	35.03% <i>(Note 3)</i>
Deutsche Bank International Trust Co. (Cayman) Limited	346,466,024	35.03% <i>(Note 3)</i>
Wing Tai Corporation Limited	135,446,118	13.70% <i>(Note 4)</i>
Renowned Development Limited	135,446,118	13.70% <i>(Note 4)</i>
Wing Tai (Cheng) Holdings Limited	148,439,086	15.01% <i>(Note 5)</i>
Sun Hung Kai Properties Limited	136,956,400	13.85% <i>(Note 6)</i>
Gala Land Investment Co. Ltd	76,184,600	7.70%
Franham Group Ltd	76,184,600	7.70% <i>(Note 7)</i>
Chou Wen Hsien	112,824,744	11.41% <i>(Note 7)</i>
Chou Yim Wan Chun, Ina	112,824,744	11.41% <i>(Note 7)</i>
Chow Chung Kai	112,609,202	11.39% <i>(Note 8)</i>
Chow Yu Yue Chen	112,609,202	11.39% <i>(Note 8)</i>

Notes:

- (1) The total number of issued Shares as at the Latest Practicable Date was 988,980,418.
- (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 and 100% of the issued shares capital of Wing Tai, Wing Tai owned 37,312,000 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 68,747,996 Shares and 66,698,122 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”). Wesmore held 83,946,158 Shares.

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.

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.

- (8) 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.

(c) Interests in other members of the Group

Name of non wholly-owned subsidiaries of the Company	Name of registered substantial shareholder(s)	Number of shares held by substantial shareholder(s)	Holding percentage
Eternal Way (Cambodia) Limited	Van Sou Ieng	100,000 ordinary shares	10%
Fore Prosper Limited	Dragon Eye Holding Limited	400 ordinary shares	40%
Myanmar Unimix International Limited (In Liquidation)	Union of Myanmar Economic Holding Limited	9,550 ordinary shares	40%
Shanghai Lifestyle Plaza Limited	Lifestyle Enterprises Limited (formerly Boom Big International Limited)	200 ordinary shares	20%
Sun Hung International Limited	Lam Hon Hung	1,500,000 ordinary shares	20%
Winner Godown Limited	Chang Hong Kwai Chang Hong Song	225,000 ordinary shares 225,000 ordinary shares	15% 15%

Save as disclosed above, the directors and the chief executive of the Company are not aware that there is any person (other than any directors or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered into the register required to be kept under Section 336 of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

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 that member of the Group 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 CONTRACTS

The following material contracts (not being contracts in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the date of this circular:

1. The Company received an irrevocable undertaking dated 10 April 2007 from Wing Tai Holdings Limited and its wholly-owned subsidiary Crossbrook under which, Crossbrook conditionally undertook, amongst other things, to accept a voluntary conditional securities exchange offer made by Cazenove Asia Limited on behalf of the Company to acquire all the issued Winsor Shares (other than those already held by the Company or its subsidiaries) (the "Offer") in respect of all the Winsor Shares in which it was beneficially interested, being 71,790,500 Winsor Shares based on an exchange ratio of 2.825 Shares per Winsor Share.

On the basis of the consideration of HK\$12.80 per Winsor Share under the Offer (comprising the value of 2.825 Shares based on the closing price of HK\$4.53 per Share as quoted on the Stock Exchange on 23 March 2007) 71,790,500 Winsor Shares are valued at approximately HK\$919 million.

2. On 22 November 2007, the Company and its wholly-owned subsidiary, USI Properties International Limited (“USIPI”), entered into share sale and purchase agreements (the “Agreements”) with Winsor and its wholly-owned subsidiaries, Winsor Properties and Allied Effort Limited (“Allied Effort”) (together, the “Purchasers”). Pursuant to the Agreements, USIPI agreed to sell and the Purchasers agreed to purchase the entire issued share capital of Unimix Properties Limited (“Unimix Properties”) and Grandeur Investments Limited (“Grandeur”) and 70% of the issued share capital of Winnion Limited (“Winnion”), being the Company’s entire interest in Winnion, and certain related intra-group receivables for an aggregate consideration of HK\$1,125 million, subject to post-completion adjustment.

6. BORROWINGS

As at the close of business on 5 January 2009, the Group had total outstanding borrowings of approximately HK\$5,089.6 million, comprising secured bank loans, unsecured bank loans, and other long-term loans of approximately HK\$4,707.0 million, HK\$215.0 million, HK\$167.6 million respectively.

As at 5 January 2009, the Group has not issued any debt securities and have no other liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments.

7. CONTINGENT LIABILITIES

As at 5 January 2009, the Group had contingent liabilities in respect of guarantees given to bank(s) of approximately HK\$420.6 million.

As at 5 January 2009, certain of the Group’s investment properties, freehold properties, leasehold land and land use rights, leasehold buildings, properties for sales, strategic investments and bank deposits with carrying value of approximately HK\$10,012.4 million, HK\$45.3 million, HK\$38.6 million, HK\$84.1 million, HK\$2,928.5 million, HK\$89.8 million and HK\$78.4 million, respectively were pledged to secure loans and credit facilities for the Group.

Save as aforesaid or as otherwise disclosed herein and apart from intra-group liabilities, none of the companies in the Group had outstanding at the close of business on 5 January 2009, any bank overdrafts, loans or other similar indebtedness, mortgages, charges, guarantees or other material contingent liabilities.

The Directors have confirmed that there has not been any other material change in the indebtedness and contingent liabilities of the Group since 5 January 2009.

8. WORKING CAPITAL

Taking into account the financial resources available to the Group, including internally generated funds and the available banking facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

9. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The interests of the Directors and their respective associates 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 Piu, 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.

10. DIRECTORS’ INTERESTS IN ASSETS AND CONTRACTS

On 18 December 2008, the Company entered into an agreement for the disposal of Universal Glory Holdings (HK) Limited (the “Disposal”), a wholly-owned subsidiary of the Company holding the entire issued share capital of and in Universal Glory (Cambodia) Ltd., to a wholly-owned subsidiary of Wing Tai Corporation Limited (in which each of Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis has an indirect interest) for a consideration of HK\$5,200,000, subject to post-completion adjustments. Details of the Disposal were disclosed in the announcement of the Company dated 18 December 2008.

On 23 April 2008, the Company, DNP Holdings Berhad (“DNP”) and Kualiti Gold Sdn Bhd (the “JV Company”) entered into a joint venture and shareholders’ agreement (the “JV Agreement”) relating to the JV Company for the purposes of acquiring a building in Kuala Lumpur (the “Development”), fitting out and operating the Development as serviced apartments (the “Transaction”). The total commitment of the Group to the JV Company is not expected to exceed HK\$258,750,000. The Transaction was approved by the Independent Shareholders at a special general meeting of the Company held on 6 June 2008. Details of the Transaction were disclosed in the announcement and circular of the Company issued on 24 April 2008 and 22 May 2008 respectively.

As DNP, a party to the JV Agreement, is an associate (as defined under the Listing Rules) of each Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis, each of Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward and Mr. Cheng Man Piu, Francis was taken as having a material interest in the JV Agreement which was significant in relation to the business of the Group subsisting as of the date of this circular.

Save as disclosed in this circular, none of the Directors and proposed Directors 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 and 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.

11. 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	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 HM DX Bermuda
Hong Kong branch share registrars and transfer office	Tricor Standard Limited 26th Floor, Tesbury Centre 28 Queen's Road East Hong Kong

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

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection from the date of this circular at the head office of the Company at 25th Floor, Unimix Industrial Centre, 2 Ng Fong Street, San Po Kong, Kowloon, Hong Kong during normal business hours on any business day up to and including 13 March 2009:

- (a) the memorandum and articles of association and bye-laws of the Company;
- (b) the audited consolidated accounts of the Company and its subsidiaries for the financial years ended 31 December 2006 and 2007;

- (c) the written approval by the Major Shareholders dated 23 December 2008;
- (d) the material contracts referred to in this Appendix; and
- (e) a copy of each circular issued pursuant to the requirements set out in Chapter 14 and/or Chapter 14A of the Listing Rules which has been issued since the date of the latest published audited accounts of the Company.