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If you have sold or transferred all your shares in USI Holdings Limited, 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 TRANSACTION
FORMATION OF A JOINT VENTURE
FOR DEVELOPMENT OF LAND IN HONG KONG

26th October, 2007

* 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:

“Board”	the board of directors of the Company
“Company”	USI Holdings Limited
“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
“Group”	the Company, its subsidiaries and its jointly controlled entities
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“HK\$”	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

DEFINITIONS

“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
“Latest Practicable Date”	22nd October, 2007, 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
“MOA”	the memorandum of agreement entered into by Gempres, the other JV Partners and the JV Company on 5th October, 2007
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Companies
“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
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USI Shares”	shares of HK\$0.50 each in the share capital of the Company
“Wealthy Vision”	Wealthy Vision Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of K. Wah
“Winsor Properties”	Winsor Properties Holdings Limited, a listed subsidiary of the Company

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 *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:*

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

26th October, 2007

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

The Board announced on 5th October, 2007 that the Company had 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

* *For identification purpose only*

LETTER FROM THE BOARD

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.

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

DETAILS OF THE MOA

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, Gempres, 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 Gempres 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.

LETTER FROM THE BOARD

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 5th October, 2007. The JV Company is now owned by the JV Partners as follows:

JV Partner	Number of issued shares held	Percentage shareholding
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>

LETTER FROM THE BOARD

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 director. 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 5th 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) has advanced to the JV Group a further loan of HK\$678,750,000, which represents 15% of the balance of the premium, which was due on 15th October, 2007.

The other JV Partners have advanced 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 to pay to the Hong Kong Government the balance of the premium in respect of the Land.

LETTER FROM THE BOARD

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 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.

LETTER FROM THE BOARD

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.

The Directors are optimistic about the property market in Hong Kong, especially the luxury residential sector. The Board believes that the acquisition of the interest in the Land through the JV Company will not only enhance the Company's assets portfolio but also strengthen the edge of the Company in luxury residential market in Hong Kong. The Directors consider that the MOA has been made on normal commercial terms, which are fair and reasonable so far as the Company and the Shareholders are concerned, and that the MOA is in the interests of the Company and the Shareholders as a whole.

Financial effects of the MOA

The commitment of the Group in relation to the JV 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 Land is in development stage and therefore will not bring in positive contribution for the earnings of the Group for the financial year ending 31st December, 2007.

GENERAL

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.

The JV Partners will endeavour to negotiate a shareholders' agreement, which shall contain detailed provisions for matters covered in the MOA. The MOA will terminate upon the signing of such shareholders' agreement. In the event that the terms of such shareholders' agreement materially differ from the terms of the MOA described in this circular, the Company will issue a further announcement in compliance with the Listing Rules.

LETTER FROM THE BOARD

In the event that there is any increase in the total commitment of the Company in relation 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.

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
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

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) as 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 USI Shares held				Total	Percentage of the Company's issued share capital <i>(Note a)</i>
	Personal interests	Family interests	Corporate interests	Other interests		
Cheng Wai Chee, Christopher	2,512,499	–	148,439,086 <i>(Note b)</i>	326,016,024 <i>(Note c)</i>	476,967,609	48.30%
Cheng Wai Sun, Edward	2,436,500	–	–	326,016,024 <i>(Note c)</i>	328,452,524	33.26%
Cheng Man Piu, Francis	–	–	–	326,016,024 <i>(Note c)</i>	326,016,024	33.01%
Ng Tak Wai, Frederick	135,750	762,000	–	–	897,750	0.09%
Au Hing Lun, Dennis	486,500	–	–	–	486,500	0.05%
Kwok Ping Luen, Raymond	–	–	–	6,918,425 <i>(Note d)</i>	6,918,425	0.70%

Notes:

- (a) The total number of issued USI Shares as at the Latest Practicable Date was 987,496,918.
- (b) Mr. Cheng Wai Chee, Christopher was deemed to be interested in 148,439,086 USI 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 USI 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 which assets include indirect interests in 326,016,024 USI Shares beneficially owned by Brave Dragon Limited, 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 USI 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:–

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.

(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:–

Name of Director	Date of award	Number of incentive shares	Vesting date/ period
Cheng Wai Chee, Christopher	13.9.2005	300,000	13.9.2008
	25.4.2006	409,500	12.1.2008 to 11.1.2009
	26.7.2007	327,000	8.2.2008 to 7.2.2010
Cheng Wai Sun, Edward	13.9.2005	300,000	13.9.2008
	25.4.2006	409,500	12.1.2008 to 11.1.2009
	26.7.2007	327,000	8.2.2008 to 7.2.2010
Ng Tak Wai, Frederick	13.9.2005	45,000	13.9.2008
	25.4.2006	44,250	12.1.2008 to 11.1.2009
Au Hing Lun, Dennis	13.9.2005	75,000	13.9.2008
	25.4.2006	82,500	12.1.2008 to 11.1.2009
	26.7.2007	131,000	8.2.2008 to 7.2.2010

Notes:

- (a) Awards of the incentive shares are rights given to selected employees (including executive directors) to subscribe in cash for USI 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 USI Share. Funds for subscription of shares will be provided by the Company when the right to subscribe for USI Shares is exercised.

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

Name of Director	Number of ordinary shares held				Total	Percentage of the issued share capital of Winsor Properties <i>(Note a)</i>
	Personal interests	Family interests	Corporate interests	Other interests		
Cheng Wai Chee, Christopher	-	27,000	-	-	27,000	0.01%

Notes:

- (a) The total number of issued shares in the capital of Winsor Properties as at the Latest Practicable Date was 259,685,288 shares.

All the interests in shares disclosed above under this section represent long position in the 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.

3. 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:

Name of Shareholder	Number of USI Shares beneficially held	Percentage of shareholding <i>(Note 1)</i>
Brave Dragon Limited	106,345,862	10.77%
Crossbrook Group Limited	202,808,162	20.54%
Wing Tai Holdings Limited	326,016,024	33.01% <i>(Note 2)</i>

APPENDIX**GENERAL INFORMATION**

Name of Shareholder	Number of USI Shares beneficially held	Percentage of shareholding <i>(Note 1)</i>
Deutsche Bank International Trust Co. (Jersey) Limited	326,016,024	33.01% <i>(Note 3)</i>
Deutsche Bank International Trust Co. (Cayman) Limited	326,016,024	33.01% <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	13.72% <i>(Note 4)</i>
Renowned Development Limited	135,446,118	13.72% <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. Limited	76,184,600	7.71%
Franham Group Limited	76,184,600	7.71% <i>(Note 7)</i>
Chou Wen Hsien	112,824,744	11.43% <i>(Note 8)</i>
Chou Yim Wan Chun, Ina	112,824,744	11.43% <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 USI Shares as at the Latest Practicable Date was 987,496,918.
- (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 Garment Manufactory (Singapore) Pte Limited. Wing Tai Garment Manufactory (Singapore) Pte Limited owned 16,862,000 USI 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) which 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 USI 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 USI 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 USI Shares. Broxbourne Assets Limited beneficially owned 12,992,968 USI 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 USI Shares respectively.

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

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

(7) Franham Group Limited beneficially owned 100% of the issued share capital of Gala Land Investment Co. Limited ("Gala Land"), therefore, it was deemed to be interested in the USI 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 USI Shares respectively.

Mr. Chou Wen Hsien was entitled to exercise 50% of the voting power of Franham Group Limited, 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 Limited, each of Mr. Chou Wen Hsien and Madam Chou Yim Wan Chun, Ina was deemed to be interested in 112,824,744 USI Shares.

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

Mr. Chow Chung Kai was entitled to exercise 50% of the voting power of Franham Group Limited, 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 Limited, each of Mr. Chow Chung Kai and Madam Chow Yu Yue Chen was deemed to be interested in 112,609,202 USI 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 is not aware of any other person (other than the Directors and the chief executive of the Company) who has 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 have been recorded in the register kept by the Company pursuant to section 336 of the SFO.

4. 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)).

5. 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.

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 Group's management team is separated from and independent of those of the Group One Companies, Group Two Company and Group Three Companies. The Group's management team has been instructed that whatever businesses to be transacted with the Group One Companies, Group Two Company, Group Three Companies and/or any companies controlled thereby or affiliated therewith shall be transacted at arm's length. Furthermore, 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 are non-executive directors of and interested in Winsor Properties. Mr. Au Hing Lun, Dennis is an executive director of Winsor Properties. The industrial buildings rental business and property development business of Winsor Properties may be regarded as competitive to the Group's property rental business and property development business.

The Group's management team is separated from and independent of the management team of Winsor Properties. The Group's management team has been instructed that whatever businesses to be transacted with Winsor Properties and/or any companies controlled thereby or affiliated therewith shall be transacted at arm's length. The industrial buildings rented out by the Group and Winsor Properties are targeting at different customer bases and different market segments. Furthermore, 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 industrial property rental business and property development business of Winsor Properties.

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. 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

Chung Siu Wah, Henry, an associate
of the Hong Kong Institute
of Chartered Secretaries

Qualified accountant	Fung Ching Man, Janet, a fellow member of the Hong Kong Institute of Certified Public Accountants
Principal share registrar and transfer office	The Bank of Bermuda Limited Bank of Bermuda Building 6 Front Street, Hamilton HM 11 Bermuda
Hong Kong branch share registrar 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.