



金榜融資(亞洲)有限公司
GOLDBOND CAPITAL (ASIA) LIMITED

21 May 2007

*The independent board committees and
the independent shareholders of USI Holdings Limited*

Dear Sirs,

**VOLUNTARY CONDITIONAL SECURITIES EXCHANGE OFFER BY
CAZENOVE ASIA LIMITED
ON BEHALF OF
USI HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN THE CAPITAL OF
WINSOR PROPERTIES HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY HELD
BY USI HOLDINGS LIMITED OR ITS SUBSIDIARIES)
AND
CONNECTED TRANSACTIONS
AND
WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the independent board committees and independent shareholders of USI in connection with i) the Connected Transaction; ii) the SHKP Connected Transaction; and iii) the Whitewash Waiver, details of which are set out in the letter from the Board (the "Letter from the Board") contained in the circular dated 21 May 2007 issued by USI to the USI Shareholders (the "Circular"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

Under the Listing Rules, the acquisition of Winsor Shares by USI pursuant to the Offer constitutes a very substantial acquisition for USI and the Offer is therefore conditional upon the approval of the USI Shareholders at the USI SGM. The Relevant USI Shareholders will be required to abstain from voting at the USI SGM in respect of any USI Shares held by or on behalf of any of them in relation to the resolution relating to the Very Substantial Acquisition.

The allotment and issue of new USI Shares to the Winsor Shareholders (other than Crossbrook, the Directors and their associates and any other connected persons of USI) who accept the Offer is also subject to the approval of the USI Shareholders at the USI SGM pursuant to Rule 13.36(1)(a) of the Listing Rules. The Relevant USI Shareholders will be required to abstain from voting at the USI SGM in respect of any USI Shares held by or on behalf of any of them in relation to the resolution relating to the above allotment and issue of new USI Shares for the purposes of Rule 13.36(1)(a) of the Listing Rules.

The acquisition of Winsor Shares by USI from Crossbrook, the Directors and their associates and any other connected persons of USI under the Offer and the allotment and issue of new USI Shares by USI to such persons as consideration under the Offer constitute a connected transaction for USI under the Listing Rules. The allotment and issue of new USI Shares to such of the above persons who accept the Offer also requires the approval of the USI Shareholders at the USI SGM pursuant to Rule 13.36(1)(a) of the Listing Rules. The Offer is therefore conditional upon the acquisition of Winsor Shares from Crossbrook and from the Directors and their associates and any other connected persons of USI (other than SHKP, its associates and Mr. Kwok Ping Luen, Raymond) under the Offer and the allotment and issue of new USI Shares to each of them as consideration under the Offer having been approved by the independent shareholders of USI at the USI SGM as a connected transaction for the purposes of Chapter 14A of the Listing Rules and for the purposes of Rule 13.36(1)(a) of the Listing Rules in accordance with the requirements of the Listing Rules. The Relevant USI Shareholders will be required to abstain from voting at the USI SGM in respect of any USI Shares held by or on behalf of any of them in relation to the resolution relating to the Connected Transaction for the purposes of Chapter 14A of the Listing Rules and the allotment and issue of new USI Shares to such of the above persons who accept the Offer for the purposes of Chapter 14A and Rule 13.36(1)(a) of the Listing Rules.

The acquisition of Winsor Shares from SHKP, its associates and from Mr. Kwok Ping Luen, Raymond under the Offer and the allotment and issue of new USI Shares to each of them as consideration under the Offer also constitute a connected transaction for USI under the Listing Rules. The allotment and issue of new USI Shares to such of the SHKP Parties who accept the Offer will also require the approval of the USI Shareholders at the USI SGM pursuant to Rule 13.36(1)(a) of the Listing Rules. The above acquisition and allotment and issue of new USI Shares will therefore be subject to the separate approval of the independent shareholders of USI at the USI SGM as a connected transaction for the purposes of Chapter 14A of the Listing Rules and for the purposes of Rule 13.36(1)(a) of the Listing Rules in accordance with the requirements of the Listing Rules. Such approval is not a condition of the Offer, and SHKP has undertaken not to

accept the Offer in respect of Winsor Shares beneficially held by it or any of its associates except to the extent that such approval is obtained. The SHKP Shareholders and any other USI Shareholder and any of their respective associates who have a material interest in the SHKP Connected Transaction will be required to abstain from voting at the USI SGM in respect of any USI Shares held by or on behalf of any of them in relation to the resolution relating to the SHKP Connected Transaction for the purposes of Chapter 14A of the Listing Rules and the allotment and issue of new USI Shares to such of the SHKP Parties who accept the Offer for the purposes of Chapter 14A and Rule 13.36(1)(a) of the Listing Rules.

An independent board committee comprising three independent non-executive directors of USI (being Mr. Simon Murray, Mr. Fang Hung, Kenneth and Mr. Yeung Kit Shing, Jackson) has been established by the Board to make a recommendation to the relevant independent shareholders of USI in connection with the Connected Transaction and the SHKP Connected Transaction and to advise the relevant independent shareholders of USI as to whether the above connected transactions are fair and reasonable and in the interests of the USI and its shareholders as a whole.

If the Offer becomes unconditional, Crossbrook will acquire 202,808,162 new USI Shares pursuant to the Offer. Although the Whitewash Parties and parties acting in concert with them (namely Wing Tai and members of the Cheng Family) currently hold more than 50% of the voting rights of USI, an obligation on the part of the Whitewash Parties to make a mandatory general offer for all the securities of USI not already owned by them will arise under Rule 26 of the Code if and to the extent the acquisition of new USI Shares by Crossbrook would result in the Whitewash Parties holding 30% or more of the voting rights of USI. An application has been made by or on behalf of USI and the Whitewash Parties to the Executive for the Whitewash Waiver to the extent the above obligation to make a mandatory general offer arises. The Executive has indicated that it will grant the Whitewash Waiver to USI and the Whitewash Parties, subject to the approval of the Whitewash Waiver by the USI Shareholders other than members of the Cheng Family, Wing Tai, any other USI Shareholder and any of their respective associates who are involved in or have a material interest in the Offer, the Very Substantial Acquisition, the Connected Transaction or the Whitewash Waiver at the USI SGM. An independent board committee comprising Mr. Simon Murray, Mr. Fang Hung, Kenneth and Mr. Yeung Kit Shing, Jackson has been established by the Board to make a recommendation to the independent shareholders of USI in connection with the Whitewash Waiver and to advise them as to whether the Whitewash Waiver is fair and reasonable and in the interests of USI and its shareholders as a whole.

BASIS OF OPINION

In formulating our opinions and recommendations, we have relied on the statements, information, opinions, valuations and representations contained or referred to in the Circular (together, the "Relevant Information"). We have assumed that all statements, information, opinions, valuations and representations contained or referred to in the Circular were true, complete and accurate in all respects at the time they were made and/or given and continue to be true in all

respects as at the date of this letter of advice (the “**Letter**”). We have also assumed that all statements of belief, opinions, assumptions and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and were honestly made. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us and the statements made by the Directors in connection with the Circular or the truth, accuracy and completeness of any other Relevant Information and we have been advised by the Directors that no material facts in respect of USI and/or the USI Group have been omitted from the information and representations provided and referred to in the Circular.

We consider that we have been provided with sufficient information to enable us to reach an independent view to justify our reliance on the truth, accuracy and completeness of the Relevant Information and to provide a reasonable basis for our recommendations. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the Relevant Information untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the Relevant Information, nor have we conducted any independent investigation into any related transactions referred to in the Circular, or into the businesses, affairs or prospects of USI.

We are a licensed securities dealer and corporate finance adviser under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and together with our affiliates provide a full range of financial advisory and broking services. In the course of normal trading activities, we and our affiliates may from time to time effect transactions and hold securities, including derivative securities, of USI for our own account or the accounts of our customers.

The number of new USI Shares that USI will issue as consideration under the Offer and other figures derived from such number are approximate figures only. As any resulting fractions of a new USI Share under the Offer will be disregarded and such fractions of a new USI Share will not be issued under the Offer, the figures may vary depending on, where relevant, which Winsor Shareholders accept the Offer and the number of Winsor Shares held by each such shareholder.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the terms of the Connected Transaction, the SHKP Connected Transaction and the Whitewash Waiver, we have considered the following principal factors and reasons:

A. Background of the Offer

As stated in the Letter from the Board, on 10 April 2007, USI jointly announced with Winsor that a voluntary conditional securities exchange offer was to be made by Cazenove on behalf of USI to acquire all the issued shares in the share capital of Winsor (other than those already held by USI or its subsidiaries). The Offer is conditional upon, among other

conditions, valid acceptances of the Offer having been received (and, where permitted, not withdrawn) by 4:00 p.m. on the First Closing Date (or such later time(s) and/or date(s) as USI may, subject to the rules of the Code, decide) in respect of Winsor Shares which, together with the Winsor Shares acquired or agreed to be acquired by USI or its subsidiaries before or during the Offer, will result in USI (together with its subsidiaries) holding more than 50% of the voting rights of Winsor. As such, upon the Offer becoming unconditional, Winsor will become a subsidiary of USI.

The consideration for the Offer is 2.825 new USI Shares for each Winsor Share (the "Consideration").

USI has received a conditional undertaking from Wing Tai and Crossbrook, a wholly owned subsidiary of Wing Tai. Under the undertaking, Crossbrook has conditionally undertaken, amongst other things, to accept the Offer in respect of all of the Winsor Shares in which it is beneficially interested, being 71,790,500 Winsor Shares (representing approximately 27.65% of the total issued share capital of Winsor as at the Latest Practicable Date). Crossbrook's obligation to accept the Offer in respect of such Winsor Shares is conditional upon approval of the provision by Wing Tai and Crossbrook of the Wing Tai Undertaking and the acceptance of the Offer by Crossbrook having been obtained from the shareholders of Wing Tai who are not precluded by the SGX-ST Listing Manual from voting.

The Wing Tai Undertaking also provides that prior to the closing or lapsing of the Offer, Crossbrook shall not sell, transfer, charge, encumber, grant any option over or otherwise dispose of or permit the sale, transfer, charging or other disposition or creation or grant of any other encumbrance or option of or over all or any of the Winsor Shares which are the subject of the undertaking or interest in such shares except under the Offer, or accept or procure the acceptance of any other offer in respect of all or any of such shares.

The Wing Tai Undertaking further provides that Crossbrook and Wing Tai shall, and Wing Tai shall procure its subsidiaries, their respective directors, and the directors of each of Crossbrook and Wing Tai to, comply with all provisions in the Code which are applicable in the context of the Offer and the Whitewash Waiver (including the restrictions in relation to the dealing in securities of Winsor and USI). Without prejudice to the foregoing, each of Crossbrook and Wing Tai shall not, and Wing Tai shall procure its subsidiaries, their respective directors, and the directors of each of Crossbrook and Wing Tai shall not, enter into any disqualifying transactions referred to in paragraph 3 of Schedule VI of the Code in the periods referred to in that paragraph.

The intention of the Directors in making the Offer is to restructure the interests of the USI Group and the Wing Tai Group in Winsor, and not to privatise Winsor.

B. Reasons and benefits for the Offer

USI is an exempted company incorporated in Bermuda with limited liability and is listed on the Exchange. It is an investment holding company and its principal subsidiaries are engaged in garment manufacturing and trading, branded products distribution, property rental and management, property development, property development management, provision of hospitality services and investing activities.

Winsor is an exempted company incorporated in the Cayman Islands with limited liability and is listed on the Exchange. It is an investment holding company and its principal subsidiaries are engaged in property investment, development and management, warehousing and investment holding.

The reasons and benefits of the Offer as stated in the Circular, amongst others, are summarised below:

- (i) to enhance the value of each of USI and Winsor for the benefit of both companies and their shareholders by restructuring the interests of USI and Wing Tai in Winsor;
- (ii) to have a stronger balance sheet and recurrent operating income and stabilized yield which would put the Enlarged Group in a better position to capitalise on future opportunities in the property development and investment sector;
- (iii) to raise the profile and corporate images of both USI and Winsor in a manner which would potentially allow the underlying values of both USI and Winsor to be better reflected in their respective share prices; and
- (iv) to enlarge the shareholder base of USI by the issue and allotment of new shares to the current shareholders of Winsor to enhance the liquidity of the USI Shares.

As stated in the Letter from the Board, the Directors (other than, in respect of the Connected Transaction, the SHKP Connected Transaction and the Whitewash Waiver, the independent non-executive directors, whose views are set out in the Letter from the IBCs in the Circular) consider that the terms of the Offer, the transactions contemplated thereby (including the Very Substantial Acquisition, the Connected Transaction and the SHKP Connected Transaction) and the Whitewash Waiver are fair and reasonable and are in the interests of the USI Shareholders as a whole.

C. Business Portfolio of USI and Winsor

Set out below are the summary information of the principal property portfolio and turnover breakdown of the USI Group and its associated companies and the Winsor Group and its associated companies based on the property valuation reports as set out in Appendix IV to the Circular (the “Valuation Reports”), financial information relating to the USI Group as set out in Appendix I and financial information relating to the Winsor Group as set out in Appendix II to the Circular.

(i) Principal property portfolio of USI as at 31 March 2007 (Note 1)

Table 1

Type	Property and location	Effective interest (%)	Gross floor area (approx. sq. ft.) (Note 2)	Purpose
1) Residential	The Waterfront, Hong Kong	7.5	3,662	Development
	The Giverny, Hong Kong	50	101,501	Development
	The Grandville, Hong Kong	40	11,756	Development
	The Kovan Melody, Singapore	12	12,457	Development
	157 Argyle Street, Hong Kong	80	72,000	Development
2) Commercial and Industrial	Infiniti Mall, Shanghai	8	42,918	Investment (Note 3)
	Shui Hing Centre, Hong Kong	100	186,827	Investment
	Unimix Industrial Building, Hong Kong	86.4	340,279	Investment
	314-324 Hennessy Road, Hong Kong	70	80,344	Investment
	No. 1 Savile Row, United Kingdom	100	10,715	Investment
3) Hospitality	The Lanson Place Hotel, Hong Kong	60	68,458	Hospitality Investment
	The Lanson Place, PRC	23.4	55,517	Hospitality Investment

Notes:

- 1) Principal properties of the USI Group and its associated companies with market value attributable to the USI Group above HK\$40 million as disclosed in the Valuation Reports.
- 2) Gross floor area based on the USI Group’s effective interest in that particular property.
- 3) Held as investment.

Principal property portfolio of Winsor as at 31 March 2007 (Note 1)

Table 2

Type	Property and location	Effective interest (%)	Gross floor area (approx. sq. ft.) (Note 2)	Purpose
1) Residential	Oxley Walk, Singapore	30	104,006	Development
2) Commercial	How Ming Street (Landmark East), Hong Kong	100	1,202,623	Investment
	314-324 Hennessy Road, Hong Kong	30	34,433	Investment
3) Industrial	Regent Centre, Hong Kong	95.5	628,784	Investment
			(the remaining portion only)	
	Winner Godown Building, Hong Kong	100	497,140	Investment
	Lucky Industrial Building, Hong Kong	100	292,520	Investment

Notes:

- 1) Principal properties of the Winsor Group and its associated companies with market value attributable to the Winsor Group above HK\$40 million as disclosed in the Valuation Reports.
- 2) Gross floor area based on the Winsor Group's effective interest in that particular property.

ii) *Turnover breakdown of the USI Group*

Table 3

	USI Group					
	For the year ended 31 December 2006 (audited) HK\$'000	% to total turnover	For the year ended 31 December 2005 (audited) HK\$'000	% to total turnover	For the year ended 31 December 2004 (audited) HK\$'000	% to total turnover
Turnover	2,699,400	100%	1,767,900	100%	1,455,800	100%
i) Garment manufacturing and trading	946,600	35.07%	1,066,100	60.30%	1,107,600	76.08%
ii) Branded products distribution	255,500	9.47%	235,600	13.33%	214,000	14.71%
iii) Property development	1,358,700	50.33%	375,400	21.23%	61,500	4.22%
iv) Property investment and management	114,100	4.23%	62,500	3.54%	58,400	4.01%
v) Hospitality management	5,200	0.19%	5,300	0.30%	—	—
vi) Investing activities	19,300	0.71%	23,000	1.30%	14,300	0.98%

Turnover breakdown of the Winsor Group

Table 4

	Winsor Group					
	For the six months ended 30 September 2006 (unaudited) HK\$'000	% to total turnover	For the year ended 31 March 2006 (audited) HK\$'000	% to total turnover	For the year ended 31 March 2005 (audited) HK\$'000	% to total turnover
Turnover	103,114	100%	933,163	100%	508,936	100%
i) Sale of properties	28,211	27.36%	772,116	82.74%	312,343	61.37%
ii) Rental and property management	56,506	54.80%	129,605	13.89%	168,786	33.17%
iii) Warehousing	18,397	17.84%	31,442	3.37%	27,807	5.46%

As seen in Table 1 and Table 2 above, the properties held by the USI Group and its associated companies are principally residential development and commercial, industrial and hospitality investment property projects whereas the property portfolio of the Winsor Group and its associated companies comprises mainly of commercial and industrial investment properties. According to the annual report for the year ended 31 March 2006 and the interim report for the six months ended 30 September 2006 of the Winsor Group, we note that the Winsor Group has a relatively small portfolio in residential development projects and is more focused on property investment projects. The Winsor Group has a larger portfolio of investment properties than USI in terms of gross floor area.

As shown in Table 3 and Table 4 above, the Winsor Group's turnover from property investment, being income from rental and property management excluding revaluation gains, accounted for approximately 33.17%, 13.89% and 54.80% of its total turnover for each of the two years ended 31 March 2006 and the six months ended 30 September 2006 respectively. In comparison, the USI Group's turnover from property investment and hospitality management accounted for only approximately 4.01%, 3.84% and 4.42% of its total turnover respectively for each of the three years ended 31 December 2006. The above results show that the Winsor Group is more focused on the property investment business with a higher level of income and a larger part of its total turnover generated from its property investment business compared to the USI Group.

Although each of the USI Group and the Winsor Group focus on different but complementary aspects of the property business, they are both engaged in the property business. Accordingly, the acquisition of Winsor Shares would bring synergies to USI. In view of the above, we concur with the Directors' view that completion of the Offer will provide additional recurrent operating income and stabilized yield to USI.

D. Fundraising ability

We have examined the fund raising exercises in the last 2 years immediately before 23 March 2007, being the Last Trading Date conducted by property companies listed on the Main Board of the Exchange (the “Selected Companies”):

Table 5

	Date of announcement	Company	Market Capitalization (HK\$'000) <i>Note 1</i>	Funds raised (US\$ million)	Net asset value (HK\$million) <i>Note 3</i>	Price to earning ("P/E") ratio <i>Note 5</i>
1	10 May, 2006	Sun Hung Kai Properties Ltd	226,881,428	1,013.90	175,978.0	13.0
2	7 November, 2006	Hang Lung Properties Ltd	91,756,035	858.9	50,714.2	16.4
3	10 November, 2006	Henderson Land Dvlp Co Ltd	85,667,778	708.1	86,359.3	8.3
4	12 December, 2005	New World Development Co Ltd	63,205,491	158.7	54,781.9	244.6
5	5 October, 2006	Kerry Properties Ltd	49,922,016	180.5	29,324.9	10.2
6	18 April, 2006	Henderson Investment Ltd	44,430,033	401.8	29,254.9	11.4
7	24 October, 2006	Hang Lung Group Ltd	36,779,905	88.5	26,789.4	9.1
8	20 January, 2006	China Resources Land Ltd	31,711,826	144.1	9,600.2	40.9
9	18 January, 2007	Hopson Development Hldg Ltd	24,831,380	235.9	5,688.3	17.7
	3 January, 2007	Hopson Development Hldg Ltd	24,831,380	137.3	5,688.3	17.7
	9 November, 2006	Hopson Development Hldg Ltd	24,831,380	169.3	5,688.3	17.7
	3 November, 2006	Hopson Development Hldg Ltd	24,831,380	128.1	5,688.3	17.7
	19 September, 2006	Hopson Development Hldg Ltd	24,831,380	104.4	5,688.3	17.7
	25 July, 2006	Hopson Development Hldg Ltd	24,831,380	47.3	5,688.3	17.7
	16 November, 2005	Hopson Development Hldg Ltd	24,831,380	12.9	5,688.3	17.7
	9 August, 2005	Hopson Development Hldg Ltd	24,831,380	125.8	5,688.3	17.7

	Date of announcement	Company	Market Capitalization (HK\$'000) Note 1	Funds raised (US\$ million)	Net asset value (HK\$million) Note 3	Price to earning ("P/E") ratio Note 5
10	2 March, 2006	Chinese Estates Holdings Ltd	24,366,933	65	35,532.7	3.2
	28 February, 2006	Chinese Estates Holdings Ltd	24,366,933	186.8	35,532.7	3.2
	16 February, 2006	Chinese Estates Holdings Ltd	24,366,933	223.5	35,532.7	3.2
11	12 February, 2007	Kowloon Development Co Ltd	17,697,478	677.5	9,052.8	18.4
	15 September, 2006	Kowloon Development Co Ltd	17,697,478	148.1	9,052.8	18.4
	28 April, 2006	Kowloon Development Co Ltd	17,697,478	181.3	9,052.8	7.8
12	25 May, 2005	New World China Land Ltd	17,575,476	97.7	24,718.1	7.8
	13 April, 2005	New World China Land Ltd	17,575,476	809.8	24,718.1	7.8
13	29 September, 2006	Great Eagle Holdings Ltd	16,073,081	191.7	22,689.2	2.0
14	26 October, 2006	Shenzhen Investment Ltd	11,301,597	112.2	4,729.7	24.2
15	28 November, 2006	Neo-China Group (Holdings) Ltd	7,494,158	100.1	3,174.7	19.9
	10 February, 2006	Neo-China Group (Holdings) Ltd	7,494,158	79.9	3,174.7	16.1
	12 May, 2006	Neo-China Group	7,494,158	172.8	3,174.7	1,450.0
16	6 April, 2006	Tian An China Invest Co Ltd	6,380,375	115	5,911.0	16.1
17	25 January, 2006	Sinolink Worldwide Hldgs Ltd	5,056,073	57.2	3,540.8	16.1
18	12 February, 2007	China Seven Star Shopping Ltd	4,914,841	50	68.6	4.3
19	5 December, 2006	Shanghai Real Estate Ltd	4,654,130	106.5	2,623.6	6.8
	29 October, 2005	Shanghai Real Estate Ltd	4,654,130	49.8	2,623.6	6.8
20	17 November, 2006	Lai Sun Development Co Ltd	3,823,751	65.5	3,937.1	6.8

	Date of announcement	Company	Market Capitalization (HK\$'000) <i>Note 1</i>	Funds raised (US\$ million)	Net asset value (HK\$million) <i>Note 3</i>	Price to earning ("P/E") ratio <i>Note 5</i>
21	19 July, 2006	Coastal Greenland Ltd	2,824,934	40	1,720.4	24.2
22	10 November, 2006	Asia Standard Intl Grp Ltd	1,680,901	38.4	3,500.6	7.4
23	29 November, 2006	Shanghai Zendai Property Ltd	1,618,047	32.4	804.1	6.8
24	15 October, 2006	Hon Kwok Land Inv Co Ltd	1,517,704	41.6	2,173.7	2.4
25	12 February, 2007	Cheuk Nang (Holdings) Ltd	1,368,898	21	2,337.1	4.1
	4 December, 2006	Cheuk Nang (Holdings) Ltd	1,368,898	50.2	2,337.1	4.1
	28 July, 2006	Cheuk Nang (Holdings) Ltd	1,368,898	5.7	2,337.1	4.1
26	30 June, 2006	Capital Estate Ltd	802,760	6.8	498.0	9.4
	20 October, 2005	Capital Estate Ltd	802,760	27.1	498.0	9.4
27	22 March, 2006	Asia Orient Holdings Ltd	621,005	21.3	1,865.7	5.3
	11 January, 2006	Asia Orient Holdings Ltd	621,005	3.8	1,865.7	5.3
28	11 January, 2007	Grand Field Grp Hldg Ltd	295,985	2.4	319.9	80.2
		USI	2,386,255 <i>Note 7</i>	N/A	2,712.8 <i>Note 4</i>	3.23 <i>Note 2</i>
		Winsor	3,427,846 <i>Note 7</i>	N/A	4,876.4 <i>Note 4</i>	4.08 <i>Note 2</i>

Source: Bloomberg, Thomson and website of the Exchange

Notes:

1. Based on the share prices of the Selected Companies as at the Last Trading Date.
2. Earnings per share based on the latest published annual report of the USI Group and the Winsor Group respectively.
3. Net asset value based on the latest published annual report of the Selected Companies.
4. Net asset value based on the latest published annual report of the USI Group and the interim report of Winsor Group respectively.
5. Based on the share prices as at the Last Trading Date and the earnings per shares published in the latest annual report of the Selected Companies.
6. Reported loss in the latest published annual report.
7. Market capitalization as at the Latest Trading Date.

The above information relates to a total of 28 Selected Companies. We note that all of the Selected Companies which have conducted fundraising exercises in the relevant period have market capitalisations of approximately HK\$296 million or above as at the Last Trading Date, and among them, a total of 21 Selected Companies, representing in number 75% of all the Selected Companies, have a larger market capitalisation than USI as at the Last Trading Date. In addition, the average amount of funds raised by these 21 Selected Companies was approximately US\$159.54 million. Further, we note that a total of 19 Selected Companies, representing in number approximately 68% of all the Selected Companies, had a higher net asset value based on their respective latest published annual report than USI.

Based on the pro forma financial information set out in Appendix III to the Circular, the net asset value (the “NAV”) of the USI Group will increase from approximately HK\$2,712.8 million as at 31 December 2006 to approximately HK\$4,974.2 million (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1%) and approximately HK\$7,803.0 million (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 100%) and the gearing of the USI Group will decrease from approximately 38.54% as at 31 December 2006 to approximately 25.20% (either assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1% or 100% respectively). In addition, assuming USI (together with its subsidiaries) will hold 50.1% of the issued share capital of Winsor after completion of the Offer, USI’s issued share capital will increase from 526,767,089 USI Shares as at the Last Trading Date to 772,855,502 USI Shares and 1,138,927,358 USI Shares (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1% and 100% respectively) and the market capitalisation of USI will increase from approximately HK\$2,386.3 million as at the Last Trading Date to approximately HK\$3,501.0 million and approximately HK\$5,159.3 million (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1% and 100% respectively) based on the share price of HK\$4.53 per USI Share as at the Last Trading Date.

We are of the view that, upon completion of the Offer, USI will have a higher NAV, a larger market capitalisation and a lower gearing ratio, and the stronger balance sheet should put USI in a better position to access the equity capital markets to raise capital for future business expansion.

Furthermore, by having a larger balance sheet and lower gearing ratio, the USI Group will be able to participate in more sizable property projects and will also be in a better position to obtain bank borrowings to finance its projects.

E. Financial performance of Winsor

Set out below is a summary of the financial results of the Winsor Group extracted from Winsor's annual report for the year ended 31 March 2006 and interim report for the six months ended 30 September 2006:

	For the six months ended 30 September 2006 (unaudited) HK\$'000	For the six months ended 30 September 2005 (unaudited) HK\$'000	For the year ended 31 March 2006 (audited) HK\$'000	For the year ended 31 March 2005 (restated) HK\$'000	For the year ended 31 March 2004 (restated) HK\$'000
Turnover	103,114	863,185	933,163	508,936	220,813
Gross profit	55,724	158,984	204,705	410,127	137,750
Operating profit	399,446	511,574	942,168	478,144	112,715
Profit after tax	475,568	454,348	819,058	463,761	106,252
Net profit attributable					
to shareholders	474,016	452,737	816,627	459,809	99,342
Minority interests	1,552	1,611	2,431	3,952	6,910
Net asset value	4,876,352	4,056,827	4,418,515	3,735,020	2,614,663

For the year ended 31 March 2004

For the year ended 31 March 2004, the Winsor Group recorded turnover and profit attributable to Winsor Shareholders of approximately HK\$220.8 million and HK\$99.3 million respectively. Turnover from rental and property management amounted to approximately HK\$177.4 million, representing about 80.3% of the total turnover, while turnover from sale of properties amounted to approximately HK\$16.4 million, representing about 7.4% of the total turnover. As stated in the annual report of Winsor for the year ended 31 March 2004, the total area of floor spaces leased out by the Winsor Group was about 2.1 million sq.ft., representing an occupancy rate of 82.4% in respect of properties held for rental and property management by the Winsor Group at 31 March 2004.

For the year ended 31 March 2005

As stated in the annual report of Winsor for the year ended 31 March 2005, the total turnover of the Winsor Group was approximately HK\$508.9 million for the year ended 31 March 2005, representing an increase of 130.5% compared to HK\$220.8 million for the previous financial year. The overall increase was attributed to the sale of properties. However, rental income of the Winsor Group decreased slightly from the previous financial year due to the loss of rental income from properties which were sold during the year ended 31 March 2005. On the other hand, profit attributable to Winsor Shareholders was about HK\$459.8 million for the year ended 31 March 2005, representing a more than 400% increase from HK\$99.3 million for the previous financial year. Such substantial increase in profit was mainly due to the substantial growth in the sale of properties in the year ended 31 March 2005.

For the year ended 31 March 2006

For the year ended 31 March 2006, the Winsor Group's turnover was about HK\$933.2 million, compared to HK\$508.9 million for the previous financial year. The overall growth was attributable to the increase in sale of properties. Profit attributable to Winsor Shareholders for the year ended 31 March 2006 was HK\$816.6 million, an increase of 77.6% from HK\$459.8 million for the previous financial year. The Winsor Group was able to maintain its strong financial performance by leveraging on the strengthening of the rental market as a result of the improved economic environment.

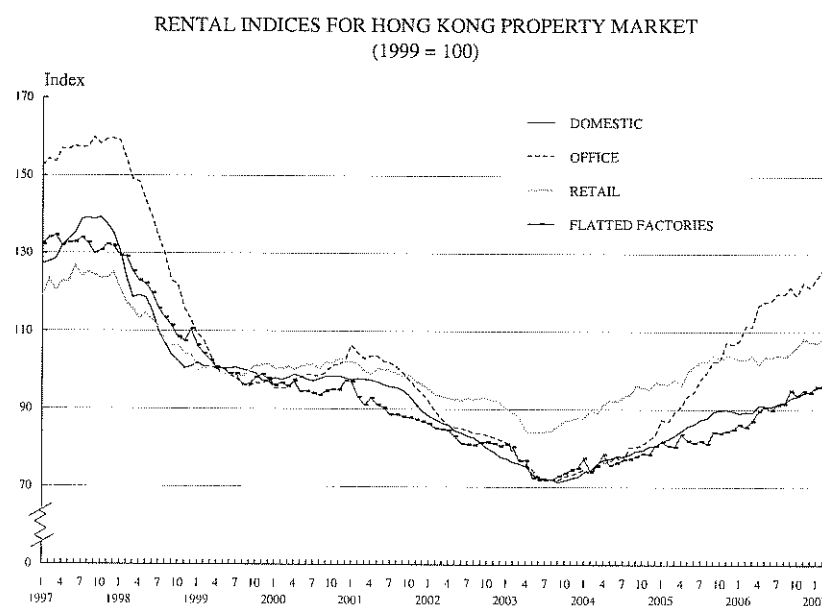
For the six months ended 30 September 2006

As disclosed in Winsor's interim report for the six months ended 30 September 2006, the Winsor Group had a turnover of HK\$103.1 million for the six months ended 30 September 2006, compared to HK\$863.2 million for the corresponding period in the previous year. The decrease was mainly due to the sale of a property on 31 August 2005 as a result of which no further rental income was generated from that property after the sale. The unaudited profit after tax for the six months ended 30 September 2006 was HK\$475.6 million, an increase of 4.7% from HK\$454.3 million for the corresponding period in the previous year. This increase in profit was due to the improvement in the rental and property management business. The overall occupancy rate of the Winsor Group's rental properties was 95.3% as at 30 September 2006. As stated in Winsor's interim report for the months ended 30 September 2006, given the rising trend of rents in Hong Kong, there is further room for the growth of Winsor Group's existing rental property portfolio in Hong Kong.

We note that the Winsor Group had recorded significant growth in both turnover and net profit over the three years ended 31 March 2006 and increase in net profit for the six months ended 30 September 2006. Moreover, the Winsor Group had also recorded a net cash surplus (after netting off total debts from cash and bank balances) of HK\$354.8 million as at 31 March 2006 and a net cash surplus of HK\$401.3 million as at 30 September 2006.

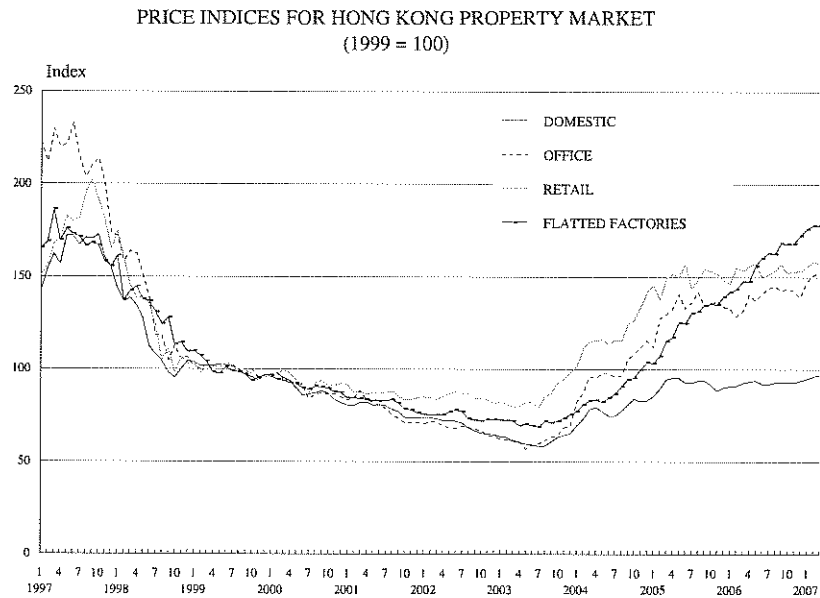
We have also looked into certain recent property market statistics published by the Hong Kong Government on the price trend of different types of properties in Hong Kong. According to the market statistics released by the Rating and Valuation Department of the Hong Kong Government, both the price indices and rental indices, which reflect the general trend of the Hong Kong property market, have been on a downward trend since the end of 1997 and have rebounded since the second quarter of 2003 and are on a continuously upward trend. The following charts illustrate the price indices and rental indices from 1 January 1997 to 28 February 2007:

Chart 6



Source: *Hong Kong Property Review – Monthly Supplement, Rating and Valuation Department, Hong Kong*

Chart 7



Source: *Hong Kong Property Review – Monthly Supplement, Rating and Valuation Department, Hong Kong*

Moreover, as stated in the Hong Kong 2007-08 Budget, it is expected that the Hong Kong economy will continue to record solid growth in 2007. The gross domestic product is expected to increase by 4.5% to 5.5%, higher than the average growth rate for the past ten years. Along with the strong recovery of the Hong Kong economy, the deflation that had persisted for a number of years also ended in mid-2004 and the number of negative equity cases had fallen from the highest level of over 100,000 to 8,400 by the end of 2006, in tandem with a significant recovery in the Hong Kong property market. In the light of the favorable business environment in Hong Kong, it is expected that the prices of residential, commercial and industrial properties will continue to maintain their respective upward trends. Based on the information set out above, it is expected that the property market in Hong Kong will remain relatively stable and the prices of properties in Hong Kong generally will continue to rise.

In view of the strong liquidity position, the continuing trend of growth in terms of profit making financial performance of the Winsor Group and also the upward trend expected of the property market in Hong Kong, we concur with the Directors' view that completion of the Offer, and the resultant ability to consolidate the results of the Winsor Group into the financial statements of the USI Group, will enhance the overall value of the USI Group which will in turn further benefit USI's existing business and future expansion.

F. Liquidity of shares of USI

Under the Offer, USI will issue and allot new shares to the Winsor Shareholders who accept the Offer. This will increase the number of USI Shareholders and the size of its public shareholding, which in turn will improve the liquidity of shares of USI.

Base on the Consideration and assuming that the USI Group will have 50.1% equity interest in Winsor upon completion of the Offer, USI's issued share capital will increase to approximately 772,855,502 USI Shares and USI will become a company with a HK\$3,501.0 million market capitalisation based on the share price of HK\$4.53 per USI Share as at the Last Trading Date. In the event that the Offer is accepted in full, USI's issued share capital will increase to approximately 1,138,927,358 USI Shares with a market capitalisation of approximately HK\$5,159.3 million based on the share price of HK\$4.53 per USI Share as at the Last Trading Date. We have also noted that the price and trading volume of the USI Shares have increased after the publication of the Joint Announcement. We consider that to be an indication of the increased market interest in USI.

In view of the above, we concur with the Directors' view that completion of the Offer will increase the shareholder base of USI and enhance liquidity of its shares upon the Offer becoming unconditional and we are of the view that the Offer is fair and reasonable and is in the interests of USI and the USI Shareholders as a whole.

G. Basis of Consideration and valuation

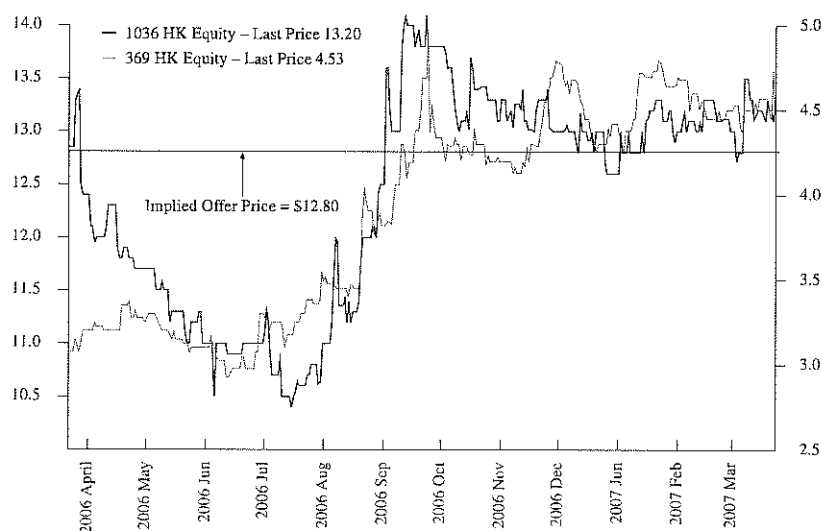
As stated in the Letter from the Board, the Consideration of 2.825 USI Shares per Winsor Share was determined based on the recent financial performances of USI and Winsor, including the net asset values of USI and Winsor and taking into account the recent trading performance of USI Shares and Winsor Shares.

To assess whether the Consideration is in the interests of USI and the USI Shareholders as a whole, we have considered the following factors:

i) ***The historical share prices and exchange ratios of Winsor Shares and USI Shares***

The following table shows the historical price performance of Winsor Shares and USI Shares for the period commencing from 23 March 2006 up to the and including the Last Trading Date (the “One Year Period”):

Chart 8



Source: Bloomberg

As shown in Chart 8, during the One Year Period, the lowest and the highest closing prices of the Winsor Shares were HK\$10.40 on 17 July 2006 and HK\$14.10 on both 14 September 2006 and 25 September 2006. The closing price of HK\$13.20 per Winsor Share on the Last Trading Date represents a discount of approximately 6.38% to the highest closing price of the Winsor Shares during the One Year Period. The lowest and the highest closing prices of the USI Shares were HK\$2.93 on 13 June 2006 and 14 June 2006 and HK\$4.97 on 25 September 2006. The closing price of HK\$4.53 per USI Share on the Last Trading Date represents a discount of approximately 8.85% to the highest closing price of the USI Shares during the One Year Period. As shown above, the share price of USI and Winsor generally moved in similar directions during the One Year Period.

In light of the strong performance of the price of the Winsor Shares throughout the One Year Period, we have further examined whether the terms of the Offer are in the interests of USI and the USI Shareholders as a whole. We set out below a table comparing the exchange ratio between the USI Shares and Winsor Shares in various historical periods:

Table 9

	USI Share price (HK\$)	Winsor Share price (HK\$)	Exchange ratios (number of USI Shares per Winsor Share)
Last Trading Date (as at 23 March 2007)	4.53	13.20	2.914
Highest price within the One Year Period	4.97	14.10	2.837
Lowest price within the One Year Period	2.93	10.40	3.550
Average closing price for the last 5 consecutive trading days up to and including the Last Trading Date	4.56	13.19	2.893
Average closing price for the last 30 consecutive trading days up to and including the Last Trading Date	4.51	13.11	2.907
Average closing price for the last 60 consecutive trading days up to and including the Last Trading Date	4.55	13.04	2.866
Latest Practicable Date	4.95	13.82	2.792
Net asset value ("NAV") per share as disclosed in the 2006 annual and interim report	5.15	18.78	3.647

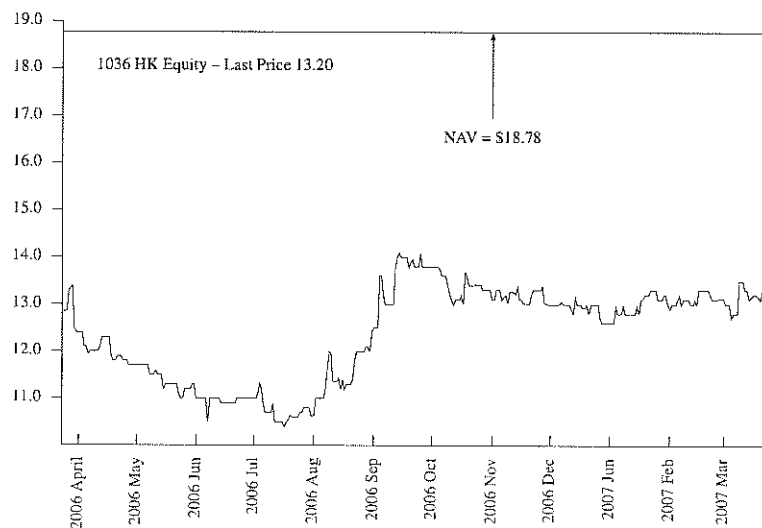
As shown above, the exchange ratio of 2.825 USI Shares to each Winsor Share under the Offer is comparable with the historical exchange ratios between the USI Share price and Winsor Share price, and is below the exchange ratio based on NAV per share of USI and Winsor.

Net asset value per share

Based on the Consideration and the closing price of USI Shares of HK\$4.53 per USI Share as at the Last Trading Date, the implied value of the Offer was approximately HK\$12.80 (the “Implied Offer Price”), which represents a discount of approximately 31.84% to the NAV per Winsor Share of approximately HK\$18.78 as at 30 September 2006.

We have assessed the daily closing prices of Winsor Shares quoted on the Exchange against the NAV per Winsor Share of approximately HK\$18.78 as at 30 September 2006, and have noticed that the Winsor Shares have been trading at discounts to the NAV per Winsor within the One Year Period. The highest trading discount to the NAV per Winsor Share was approximately 44.62% (based on the lowest price of Winsor Shares within the One Year Period) and the lowest trading discount to the NAV per Winsor Share was approximately 24.92% (based on the highest Winsor Share price within the One Year Period).

Chart 10



Source: Bloomberg

ii) *Comparable general offer*

In order to assess the fairness and reasonableness of the Consideration, we have identified, to the best of our knowledge and based on the information from the website of the Exchange, all general offers made (excluding privatisation) for companies that were listed on the main board of the Exchange within a fourteen-month period prior to the Latest Practicable Date. Among all these listed companies, we then identified four companies which were also engaged in the similar business of Winsor, i.e. property development and investment business (the “Comparable Offers”). However, none of the Comparable Offers were solely securities exchange offers. We therefore, valued the Consideration based on the Implied Offer Price for a more relevant comparison. Summarised in the table below are the key statistics of the Comparable Offers:

Table 11

Company	Stock code	Date of announcement	Premium/(discount) represented by the offer price over/(to) the closing price on respective last trading dates (%)	P/E (times) <i>Note 1</i>	discount to NAV <i>Note 2</i>
Magnum International Holdings Limited	305	30 March 2006	(60.56)	N/A <i>Note 7</i>	N/A <i>Note 8</i>
Chun Wo Holdings Limited	711	22 February 2006 and 9 May 2006 <i>Note 3</i>	4.23	10.57	29%
Hanny Holdings Limited	275	1 September 2006	7.65	N/A <i>Note 7</i>	60%
Cosmopolitan International Holdings Limited	120	4 October 2006	(41.86)	N/A <i>Note 7</i>	64%
Maximum			7.65	10.57	64%
Minimum			(60.56)	10.57	29%
Mean			premium: 5.94 discount: (51.21)	10.57	51%
Winsor			(3.03) <i>Note 4</i>	4.08 <i>Note 5</i>	32% <i>Note 6</i>

Source: The Exchange website

Notes:

1. Calculated as offer price divided by the latest audited earnings per share set out in the respective offer/response document.
2. Calculated as offer price divided by the latest published net asset value per share set out in the respective offer/response document.
3. The offer price was revised upwards.
4. The offer price is based on Implied Offer Price.
5. Earnings per share based on the annual report for the year ended 31 March 2006 of the Winsor Group.
6. Net asset value per share based on the 2006 interim report for the six months ended 30 September 2006 of the Winsor Group.
7. The company recorded net loss.
8. Recorded net deficiency in asset.

As illustrated in Table 11, the Implied Offer Price represents a discount of 3.03% to the closing price of Winsor Shares of HK\$13.2 per Winsor Share on the Last Trading Date and also represents an implied discount to NAV of approximately 32.0%, which is within the respective range of that of the Comparable Offers. The implied P/E of Winsor of approximately 4.08 times which is calculated based on the Implied Offer Price over Winsor's earning per share as at 31 March 2006 is below the P/E of the Comparable Offers.

iii) Comparable companies

We have also identified 14 Hong Kong listed companies on Bloomberg which are under the same business category "Real Estate Operation/Development" and with a similar market capitalisation as at the Latest Trading Date as Winsor, ranging from

approximately HK\$2,000 million to HK\$5,000 million (the “Comparable Companies”) and compared their relevant market ratios with that of Winsor, as represented by the Implied Offer Price. Summarised in the table below are the key statistics of the Comparable Companies:

Table 12

Company name	Stock code	Closing price on the Last Trading Date (HK\$)	Latest audited financial year	Historical earnings per share (HK\$) <i>Note 1</i>	Price earnings ratio (times) <i>Note 4</i>	Net asset value per share (“NAV per share”) (HK\$) <i>Note 2</i>	Price to book value ratio (times)
Far East Consortium International Ltd.	35	3.27	31 March 2006	0.236	13.86	2.55	1.28
Liu Chong Hing Investment Ltd.	194	11.2	31 December 2006	0.590	18.98	15.05	0.74
Associated International Hotels Ltd.	105	11.9	31 March 2006	0.600	19.83	12.58	0.95
Lai Sun Development Co. Ltd.	488	0.27	31 July 2006	0.040	6.75	0.28	0.96
Tai Cheung Holdings Ltd.	88	4.81	31 March 2006	0.350	13.74	5.42	0.89
Hong Kong Ferry (Holdings) Co. Ltd.	50	8.36	31 December 2006	0.342	24.44	9.50	0.88
Tomson Group Ltd.	258	2.03	31 December 2005	0.180	11.28	3.03	0.67
Lai Fung Holdings Ltd.	1125	0.35	31 July 2006	0.022	15.91	0.65	0.54
China Motor Bus Co., Ltd.	26	59.5	30 June 2006	8.670	6.86	91.96	0.65
Costal Greenland Ltd.	1124	1.22	31 March 2006	0.051	23.92	0.74	1.65
Tian Teck Land Ltd.	266	5.25	31 March 2006	0.280	18.75	5.08	1.03
Keck Seng Investments (Hong Kong) Ltd.	184	3.8	31 December 2006	0.597	6.37	5.03	0.76
Termbray Industrial International (Holdings) Ltd.	93	0.52	31 March 2006	0.002	260.00	0.47	1.11
Skyfame Realty (Holdings) Ltd.	59	1.64	31 December 2006	0.005	328.00	0.46	3.57
Maximum					328.00		3.57
Minimum					6.37		0.54
Mean					54.91		1.12
Winsor		12.80 <i>Note 3</i>	31 March 2006	3.14	4.08	18.78	0.68

Source: Bloomberg and the Exchange website

Notes:

1. Based on the latest whole-year audited financial statements of the relevant Comparable Companies.
2. Based on the latest published net asset value and the issued share capital as at the Latest Practicable Date.
3. Based on the Implied Offer Price.
4. Price earning ratio base on the earnings per share published in the latest annual report and the closing prices as at the Last Trading Date of the Comparable Companies.

As shown in the above table, the price earnings ratio represented by the Implied Offer Price is lower than the price earnings ratios of the Comparable Companies and is close to the bottom end of the range of that of the Comparable Companies, while the price to book ratio represented by the Implied Offer Price is within the range of that of the Comparable Companies.

Based on the factors referred to in (i) to (iii) above, we consider that it is in the interests of USI to acquire an additional interest in Winsor at the Consideration and we consider that the Consideration and the Offer are fair and reasonable and are in the interests of USI and the USI Shareholders as a whole.

H. Financial effect

As stated in the Letter from the Board, upon completion of the Offer, USI will hold a majority stake in Winsor and the results of the Winsor Group will be consolidated into the USI Group's financial statements. The unaudited pro forma consolidated financial statement of the Enlarged Group is set out in Appendix III to the Circular.

Earnings

Based on the unaudited pro forma income statements of the Enlarged Group set out in Appendix III to the Circular (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1%), upon completion of the Offer, the USI Group's net profit and earnings per USI Share be increase from approximately HK\$825.9 million and approximately HK\$1.57 respectively for the year ending 31 December 2006 to approximately HK\$2,079.8 million and approximately HK\$2.69 respectively (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1%) and approximately HK\$2,284.9 million and approximately HK\$2.01 respectively (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 100%). Accordingly, the consolidation of the financial results of the Winsor Group into the USI Group's financial statements will have a positive effect on the USI Group's income statement and earnings per share as set out in the unaudited pro forma income statements for the period ended 31 December 2006 of the Enlarged Group in Appendix III to the Circular.

Net asset value

Based on the unaudited pro forma balance sheets of the Enlarged Group as set out in Appendix III to the Circular (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1%), the USI Group's net asset value attributable to USI Shareholders will increase from approximately HK\$2,712.8 million as at 31 December 2006 to approximately HK\$4,974.2 million (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1%) and approximately HK\$7,803.0 million (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 100%) and its net asset value per share will increase by approximately 25.05% from approximately HK\$5.15 as at 31 December 2006 to approximately HK\$6.44 (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1%) and increase by approximately 33.01% to approximately HK\$6.85 (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 100%). Accordingly, the consolidation of the assets and liabilities of the Winsor Group into the financial statements of the USI Group will enlarge the asset base of the USI Group and have a positive effect on the net asset value per USI Share upon the completion of the Offer as set out in the unaudited pro forma balance sheets and statements of adjusted net tangible assets of the Enlarged Group as at 31 December 2006 in Appendix III to the Circular.

Liquidity and Gearing

Based on the audited consolidated balance sheet of the USI Group as at 31 December 2006 as set out in Appendix I to this Circular, as at 31 December 2006, the USI Group had current assets of approximately HK\$1,105.4 million and current liabilities of approximately HK\$518.3 million, and accordingly it had net current assets of approximately HK\$587.1 million and a ratio of current assets to current liabilities of approximately 2.13. In addition, the USI Group's gearing ratio as at 31 December 2006 was approximately 38.54%, as represented by the USI Group's total liabilities of approximately HK\$1,836.4 million as a percentage to its total assets of approximately HK\$4,764.4 million.

Based on the unaudited pro forma balance sheets of the Enlarged Group as set out in Appendix III to the Circular (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1%), the consolidation of the assets and liabilities of the Winsor Group into the pro forma balance sheet of the USI Group upon completion of the Offer will increase the USI Group's net current assets from approximately HK\$587.1 million as at 31 December 2006 to approximately HK\$1,041 million (either assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1% or 100%), resulting in a ratio of current assets to current liabilities of approximately 2.26 which represents an improvement from approximately

2.13 as at 31 December 2006 and the new gearing ratio will be approximately 25.20%, as represented by the Enlarged Group's total liabilities of approximately HK\$2,708.1 million as a percentage to its total assets of approximately HK\$10,746.7 million (either assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1% or 100%).

Moreover, as the Offer will be based on a share exchange ratio of 1 Winsor Share to 2.825 new USI Shares, no cash outlay will be incurred by USI (other than in respect of stamp duty and expenses in connection with the Offer). Also, as shown in the unaudited pro forma cash flow statement of the Enlarged Group set out in Appendix III to the Circular (assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1%), the cash and cash equivalents of the USI Group will increase from approximately HK\$400.6 million as at 31 December 2006 to approximately HK\$910.0 million (either assuming the shareholding of the USI Group in Winsor after completion of the Offer will be 50.1% or 100%). Accordingly, liquidity and gearing of the USI Group will be improved upon completion of the Offer.

I. Dilution effect

We have also taken into account the potential dilution effect which completion of the Offer would have on the shareholdings in USI. Based on the Consideration and 216,693,901 Winsor Shares in issue as at the Latest Practicable Date (excluding those held by USI or its subsidiaries) which are the subject of the Offer, the maximum number of new USI Shares that USI would issue as consideration under the Offer is approximately 612,160,269. This represents approximately 116.21% of the existing issued share capital of USI of 526,767,089 USI Shares as at the Latest Practicable Date, and approximately 53.75% of the enlarged issued share capital of USI of 1,138,927,358 USI Shares immediately following completion of the Offer (assuming all the Winsor Shares which are the subject of the Offer were tendered for acceptance under the Offer). However, given the fact that the equity interest of all the USI Shareholders (to the extent they are not also shareholders of Winsor) will be diluted proportionally to the same extent to their respective shareholdings, the number of USI Shares held by them will remain unchanged and they will become shareholders in an enlarged group with a larger market capitalisation as a result of the Offer, we consider such potential dilution to be fair and reasonable as far as the USI Shareholders are concerned.

J. Connected Transaction and SHKP Connected Transaction

In view of the benefits of the Offer discussed in the previous sections above and the fact that terms offered by USI to the connected persons referred to in Introduction to this letter are the same as that offered to other shareholders of USI, we are of the view that the terms of the Connected Transaction and the SHKP Connected Transaction and the Offer are fair and reasonable and are in the interests of USI and the USI Shareholders as a whole.

K. Whitewash Waiver

As at the Latest Practicable Date, Wing Tai's subsidiaries held 110,595,862 USI Shares representing a shareholding of approximately 21% in USI. Wing Tai has conditionally undertaken to accept the Offer in respect of all of the Winsor Shares in which it is beneficially interested, being 71,790,500 Winsor Shares. The acquisition of new USI Shares by Crossbrook would result in the Whitewash Parties holding 30% or more of the voting rights of USI if (a) the conditions to the Offer are satisfied (or waived where permitted) and (b) valid acceptances of the Offer are received in respect of not more than approximately 183.3 million Winsor Shares (representing approximately 70.59% of the issued share capital of Winsor as at the Latest Practicable Date). An obligation on the part of the Whitewash Parties to make a mandatory general offer for all the securities of USI not already owned by them will arise under Rule 26 of the Code if and to the extent the acquisition of new USI Shares by Crossbrook would result in the Whitewash Parties holding 30% or more of the voting rights of USI.

It is one of the conditions of the Offer that the Whitewash Waiver be obtained. An application has been made by or on behalf of USI and the Whitewash Parties to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on Dispensations from Rule 26 of the Code to the extent the above obligation to make a mandatory general offer arises.

As stated in the Letter from the Board, the Whitewash Waiver, if granted by the Executive, would be subject to the approval of the USI Shareholders other than members of the Cheng Family, Wing Tai, any other USI Shareholder and any of their respective associates who are involved in or have a material interest in the Offer, the Very Substantial Acquisition, the Connected Transaction or the Whitewash Waiver. If the Whitewash Waiver is not available for any reason, the Offer will not become unconditional and will not proceed.

In view of the benefits of the Offer discussed in the previous sections and the fact that terms offered by USI to Wing Tai are the same as that offered to other shareholders of USI, we are of the view that the Whitewash Waiver is fair and reasonable and are in the interests of USI and the USI Shareholders as a whole.

RECOMMENDATION

We note that the Offer is subject to a number of conditions, including approval of the Connected Transaction and the Whitewash Waiver by the relevant independent shareholders of USI at the USI SGM.

Having considered the above principal factors and reasons, and in particular:

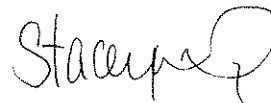
- completion of the Offer will provide additional recurrent operating income and stabilized yield to USI;
- the continuously growing property market in Hong Kong;
- completion of the Offer will enhance the balance sheet and income statement of the USI Group and would put USI in a better position to access the equity capital markets;
- completion of the Offer will enlarge the shareholder base of USI and hence, its share liquidity;
- the exchange ratio of the Consideration is comparable with the historical exchange ratios between the USI Share price and the Winsor Share price;
- the exchange ratio under the Consideration is comparable to the Comparable Offers;
- the price earnings ratios as represented by the Implied Offer Price of HK\$12.80 per Winsor Share is lower than the price earnings ratios of the Comparable Companies as record on the Last Trading Date;
- the financial effect which completion of the Offer will have on USI as a whole;
- the Connected Transaction and the SHKP Connected Transaction;
- the Whitewash Waiver; and
- all of the other analyses, reasons and factors mentioned in this letter,

we consider that the terms of each of the Offer, the Connected Transaction, the SHKP Connected Transaction (including the allotment and issue by USI of new USI Shares to Crossbrook, the Directors and their associates and any other connected persons of USI who are Winsor Shareholders and who accept the Offer) and the Whitewash Waiver are in the interests of USI and the USI Shareholders as a whole and fair and reasonable. Accordingly, we advise the IBCs to recommend to the relevant independent shareholders of USI to vote in favour of each of the relevant resolutions to be proposed at the USI SGM. We also advise the relevant independent shareholders of USI to vote in favour of each of the relevant resolutions to be proposed at the USI SGM.

Yours faithfully,

For and on behalf of

Goldbond Capital (Asia) Limited

A handwritten signature in black ink, appearing to read 'Stacey Wong', with a stylized flourish at the end.

Stacey Wong

Head of Corporate Finance