


USI Holdings Limited



Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12/F One International Finance Centre
1 Harbour View Street, Central




By Fax 

27th March 2008

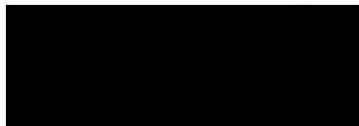
Dear Sirs,

Re : Combined Consultation Paper on Proposed Changes to the Listing Rules

We refer to the Combined Consultation Paper on Proposed Changes to the Listing Rules issued in January 2008 and have pleasure in enclosing our comments on Issue 14 : Codification of waiver to property companies for your consideration.

The Stock Code of our Company is 369. The telephone no., email address and fax no. of the undersigned are ,  and  respectively.

Yours faithfully,




Chung Siu Wah, Henry
Group Legal Counsel

TOTAL P.01

USI Holdings Limited



Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12/F One International Finance Centre
1 Harbour View Street, Central

By Fax 

2nd April 2008

Dear Sirs,

Re : Combined Consultation Paper on Proposed Changes to the Listing Rules

We refer to our comments dated 27th March 2008 on Issue 14 of Combined Consultation Paper on Proposed Changes to the Listing Rules issued in January 2008.

For clarification purposes, we would like to amend the last paragraph of our response to Question 14.1 whereby the same should read as follows:-

“In our view, the provisions of the Listing Rules shall not work to the detriment of the interests of the shareholders of “property development companies” or other “property companies” (including but not limited to “property investment companies”). We are therefore of the opinion that the Proposed Relief should be made to all “property development companies” and all other “property companies” (including but not limited to “property investment companies”).

Yours faithfully,



Chung Siu Wah, Henry
Group Legal Counsel

Question 13.10: Do you agree that Main Board Rule 13.51(2)(m) and GEM Rule 17.50(2)(m) should be amended so as to put beyond doubt that the disclosure obligation arises where a conviction falls under any one (rather than all) of the three limbs (i.e. Main Board Rule 13.51(2)(m)(i), (ii) or (iii) and GEM Rule 17.50(2)(m)(i), (ii) or (iii))?

- Yes
- No

Please provide reasons for your views.

Question 13.11: Do you agree that the draft Rules at Appendix 13 will implement the proposal set out in Questions 13.9 and 13.10 above?

- Yes
- No

Please provide reasons for your views.

Issue 14: Codification of waiver to property companies

Question 14.1: Do you agree that the Proposed Relief should provide relaxation of strict compliance with the shareholders' approval requirements of the Rules only to listed issuers that are actively engaged in property development as a principal business activity?

- Yes
- No

Please provide reasons for your views.

The hardship and practical difficulties in conducting property acquisitions (the "Hardship") are encountered by "property companies" generally but not by "property development companies" only.

Under the Listing Rules, a "property company" is defined as a company whose main non-cash assets consist solely or mainly of properties and whose income is mainly derived from those properties. The Hardship may deny a "property company" from its main source of income and is prejudicial to the interest of its shareholders.

In our view, the provisions of the Listing Rules shall not work to the detriment of the interest of the shareholders of "property companies" and therefore the Proposed Relief should be made to "property companies" generally and should not be restricted to "property development companies".

Question 14.2: Do you agree with the proposed criteria in determining whether property development is a principal activity of a listed issuer (described at paragraphs 14.12 and 14.13 of the Combined Consultation Paper)?

- Yes
 No

Please provide reasons for your views.

The proposed criteria are quite adequate.

Question 14.3: Do you agree that the scope of the Proposed Relief should be confined to acquisition of property assets that fall within the definition of Qualified Property Projects?

- Yes
 No

Please provide reasons for your views.

The scope of the Proposed Relief should cover all property acquisitions through public auctions and public tenders in Hong Kong and elsewhere because:-

- (a) there is no transparency issue for public auctions and public tenders,
 (b) the shareholders' interest should not be prejudiced by the Stock Exchange's worry about the possible existence of integrity problems on the part of someone, and
 (c) integrity issues (if any) should be dealt with by the appropriate law enforcement agents in accordance with the law (criminal as well as civil).

Are you aware of any examples of Hong Kong listed issuers encountering difficulties in strict compliance with the Rules when participating in other types of auctions or tenders? If yes, please specify what are the problems faced by the listed issuers in participating in these auctions or tenders.

Seeking shareholders' approval prior to auctions and tenders will put the bidding strategies (including the pricing strategy) in the public domain. This will substantially reduce the listed issuers' chances of success in the bidding processes. This is prejudicial to the interests of the shareholders as a whole.

If the bids are to be made through joint ventures, the disclosure of bidding strategies will not be acceptable to the listed issuers' joint venture partners.

Submitting bids subject to shareholders' approval will not be acceptable to the vendors as, to them, acceptance of bids subject to shareholders' approval is equivalent to granting an option to the listed issuers. When the property prices go south between the public auctions/tenders and the EGM dates, the likelihood is that the shareholders will not approve the acquisitions.

Furthermore, the time tables of auctions/tenders may not allow sufficient time for listed issuers to seek shareholders' approval.

Question 14.4: Do you agree that Qualified Property Projects which contain a portion of a capital element should qualify for relief from the notifiable transaction Rules set out in Main Board Chapter 14?

Yes

No

If yes, should the Proposed Relief specify a percentage threshold for the capital element within a project? Please provide reasons for your views.

The Proposed Relief should be made available to property projects whether or not the same contain capital elements and regardless the size of the capital elements because:-

(a) the Proposed Relief should be made available to "properties companies" generally and should not be restricted to "property development companies" – see comments on question 14.2;

(b) it is a growing business model for "property development companies" to develop properties, rent the same out and then divest the same to REITs and pension schemes etc.; and

(c) in their nature, amendments to the Listing Rules are to change the existing rules where the circumstances so warrant.

Question 14.5: Do you agree that the scope of the exemption from strict compliance with Main Board Chapter 14A in relation to the shareholders' approval requirements for property joint ventures with connected persons should be limited to scenarios where the connected person is only connected by virtue of being a joint venture partner with the listed issuer in existing single purpose property projects?

- Yes
- No

Please provide reasons for your views.

This is consistent with the policy to safeguard the interests of minority shareholders from being comprised by connected parties having influence over the listed issuers.

Question 14.6: Do you agree that the General Property Acquisition Mandate is useful to confer protection on shareholders and is necessary as regards property joint ventures with connected persons where the connected person is only connected by virtue of being a joint venture partner with the listed issuer in existing single purpose property projects (Type B property joint ventures)?

- Yes
- No

If yes, should the General Property Acquisition Mandate include any limit on the size of the Annual Cap by reference to some quantifiable thresholds? Please provide reasons for your views.

Question 14.7: Are the disclosure obligations described at paragraph 14.51 of the Combined Consultation Paper appropriate?

- Yes
- No

Please provide reasons for your views.

The plea of the "property companies" is to take away the provisions of the Listing Rules which impose hardship and practical difficulties in conducting property acquisitions whereby the interests of the shareholders as whole will not be prejudiced. Properties companies do not ask for less disclosures.

TOTAL P. 06

Question 14.8: Do you agree that the draft Rule amendments at Appendix 14 will implement the proposals set out in Issue 14 of the Combined Consultation Paper?

- Yes
- No

Please provide reasons for your views.

Issue 15: Self-constructed fixed assets

Question 15.1: Do you agree that the notifiable transaction Rules should be amended to specifically exclude any construction of a fixed asset by a listed issuer for its own use in the ordinary and usual course of its business?

- Yes
- No

Please provide reasons for your views.

Question 15.2: Do you agree that the draft Rules at Appendix 15 will implement the proposal set out in **Question 15.1** above?

- Yes
- No

Please provide reasons for your views.

