

USI HOLDINGS LIMITED

富聯國際集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code : 369)



CHAIRMAN'S STATEMENT

Dear Shareholders,

The last six months have witnessed significant transformation within the Group. Riding on outstanding performance over the last two years, we successfully pursued the restructuring of Wing Tai Holding's interest in Winsor Properties Holdings Limited which is now a listed subsidiary of USI. In a very short time, we have made great stride toward attaining our goal to be a fully fledged integrated property developer with a strong Asian presence and China focus.

With the distinct yet complementary listed platforms of USI and Winsor Properties, USI's growth strategy will now be backed by a stronger balance sheet and the recurrent income generated by Winsor Properties' investment portfolio. We are now well-positioned with this stronger platform to pursue additional growth through higher financial flexibility, more extensive partnership opportunities and with better access to the capital market.

The Group is now poised to execute its three-pronged growth strategy. We will continue to excel in property development while Winsor Properties will pursue its focused investment business. We will make efforts to strengthen the brand presence of Lanson Place in the Asian markets. Additionally, the Group will actively explore various opportunities in comprehensive developments in China which include office, commercial, hotel and residential components. We are set to replicate our success in Hong Kong and Asia in the robust China market.

Our core values of value creation, seizing opportunities at the right time, strong partnerships, and commitment to quality will continue to be the hallmarks of the way we do business. Our future will be deal-driven and we are confident that our proven track record, our strong, hands-on management team and extensive partnership network will act as a solid foundation from which we can capture bigger and better opportunities.

We see tremendous potential in a variety of segments of the property market in Asia and China. We appreciate your continued support in these exciting times.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 18 September 2007

INTERIM RESULTS

The Board of Directors (the “Directors”) of USI Holdings Limited (the “Company” or “USI”) presents the interim report including the unaudited condensed consolidated interim financial information of the Company, its subsidiaries and its jointly controlled entities (the “Group”) for the six months ended 30 June 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

		Unaudited	
		Six months ended 30 June	
	Note	2007	2006
		HK\$'M	HK\$'M
Revenue	4	1,178.0	1,860.9
Cost of sales		<u>(552.7)</u>	<u>(980.8)</u>
Gross profit		625.3	880.1
Other operating income		7.7	4.4
Selling and distribution costs		(91.0)	(62.0)
Administrative expenses		(145.5)	(147.1)
Change in fair value of investment properties		137.6	36.4
Excess of the Group's share of fair value of net assets of subsidiaries acquired over the cost of acquisition (“discount on acquisition”)	15	<u>1,007.5</u>	–
Profit from operations	5	1,541.6	711.8
Finance charges		<u>(20.5)</u>	<u>(23.8)</u>
Finance income		6.4	3.1
Net finance charges		(14.1)	(20.7)
Share of results of associates		<u>5.1</u>	<u>17.9</u>
Profit before taxation		1,532.6	709.0
Taxation	6	<u>(95.3)</u>	<u>(127.8)</u>
Profit for the period		<u>1,437.3</u>	<u>581.2</u>
Attributable to:			
Equity holders of the Company		1,408.5	585.3
Minority interests		<u>28.8</u>	<u>(4.1)</u>
		<u>1,437.3</u>	<u>581.2</u>
Dividends	7	<u>83.5</u>	<u>55.2</u>
Earnings per share for profit attributable to equity holders of the Company (expressed in HK dollar per share)			
– Basic	8	<u>HK\$2.65</u>	<u>HK\$1.11</u>
– Diluted		<u>HK\$2.64</u>	<u>HK\$1.11</u>

The notes on pages 8 to 21 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	Note	Unaudited 30 June 2007 HK\$'M	Audited 31 December 2006 HK\$'M
ASSETS AND LIABILITIES			
Non-current assets			
Leasehold land and land use rights	9	5,106.8	776.3
Investment properties	9	3,134.7	1,563.1
Properties under development	9	551.1	128.7
Other properties, plant and equipment	9	332.6	301.0
Interests in associates		717.0	163.9
Strategic investments		583.1	639.8
Deferred tax assets		1.9	–
Other non-current assets		144.7	86.2
		<u>10,571.9</u>	<u>3,659.0</u>
Current assets			
Inventories		148.7	122.4
Properties for sale		89.7	302.7
Trade and other receivables, deposits and prepayments	10	731.4	192.2
Financial assets at fair value through profit or loss		42.4	–
Derivative financial instruments		29.4	0.2
Sales proceeds held in stakeholders' accounts		106.0	65.8
Amounts due from associates		19.9	18.6
Taxation recoverable		1.4	2.9
Pledged bank deposits		65.2	–
Bank balances and cash		1,144.6	400.6
		<u>2,378.7</u>	<u>1,105.4</u>
Current liabilities			
Trade and other payables and accruals	11	427.1	329.2
Amount due to an associate		4.8	4.9
Taxation payable		284.6	123.4
Short-term bank borrowings and overdrafts		21.3	12.1
Bank loans due within one year	12	335.8	48.7
		<u>1,073.6</u>	<u>518.3</u>
Net current assets		<u>1,305.1</u>	<u>587.1</u>
Total assets less current liabilities		<u>11,877.0</u>	<u>4,246.1</u>

CONDENSED CONSOLIDATED BALANCE SHEET (cont'd)

As at 30 June 2007

	Note	Unaudited 30 June 2007 HK\$'M	Audited 31 December 2006 HK\$'M
Non-current liabilities			
Bank loans due after one year	12	2,330.4	1,000.0
Other long-term loans	13	47.0	187.4
Deferred tax liabilities		1,047.0	130.7
		<u>3,424.4</u>	<u>1,318.1</u>
NET ASSETS		<u>8,452.6</u>	<u>2,928.0</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	14	263.4	263.3
Obligation for the issue of shares of the Company	15	2,129.8	–
Reserves		3,961.1	2,449.5
		<u>6,354.3</u>	<u>2,712.8</u>
Minority interests		<u>2,098.3</u>	<u>215.2</u>
TOTAL EQUITY		<u>8,452.6</u>	<u>2,928.0</u>

The notes on pages 8 to 21 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Capital and reserves attributable to equity holders of the Company											
	Share capital HK\$'M	Share premium HK\$'M	Hedging reserve HK\$'M	Investment revaluation reserve HK\$'M	Employee share-based compensation reserve HK\$'M	Other property revaluation reserve HK\$'M	Translation reserve HK\$'M	Contributed surplus HK\$'M	Retained profits HK\$'M	Total HK\$'M	Minority interests HK\$'M	Total equity HK\$'M
At 1 January 2006	263.1	441.0	2.7	144.1	0.5	12.1	(10.3)	609.5	393.9	1,856.6	127.5	1,984.1
Exchange differences arising on translation of financial statements of operations outside Hong Kong	-	-	-	-	-	-	7.8	-	-	7.8	-	7.8
Surplus arising on revaluation of strategic investments	-	-	-	95.2	-	-	-	-	-	95.2	-	95.2
Decrease in hedging reserve	-	-	(0.5)	-	-	-	-	-	-	(0.5)	0.4	(0.1)
Net income recognised directly in equity	-	-	(0.5)	95.2	-	-	7.8	-	-	102.5	0.4	102.9
Profit for the six months ended 30 June 2006	-	-	-	-	-	-	-	-	585.3	585.3	(4.1)	581.2
Total recognised income for the period	-	-	(0.5)	95.2	-	-	7.8	-	585.3	687.8	(3.7)	684.1
Value of employee services relating to grants of share options and incentive shares	-	-	-	-	1.3	-	-	-	-	1.3	-	1.3
2005 final dividend paid	-	-	-	-	-	-	-	(28.9)	-	(28.9)	-	(28.9)
At 30 June 2006	263.1	441.0	2.2	239.3	1.8	12.1	(2.5)	580.6	979.2	2,516.8	123.8	2,640.6
Exchange differences arising on translation of financial statements of operations outside Hong Kong	-	-	-	-	-	-	7.5	-	-	7.5	-	7.5
Surplus arising on revaluation of strategic investments	-	-	-	61.6	-	-	-	-	-	61.6	-	61.6
Decrease in hedging reserve	-	-	(2.1)	-	-	-	-	-	-	(2.1)	(0.3)	(2.4)
Share of reserves of the associates	-	-	-	-	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Net income recognised directly in equity	-	-	(2.1)	61.6	-	-	7.4	-	-	66.9	(0.3)	66.6
Profit for the six months ended 31 December 2006	-	-	-	-	-	-	-	-	153.0	153.0	91.7	244.7
Total recognised income for the period	-	-	(2.1)	61.6	-	-	7.4	-	153.0	219.9	91.4	311.3
Value of employee services relating to grants of share options and incentive shares	-	-	-	-	1.9	-	-	-	-	1.9	-	1.9
Incentive shares exercised	-	-	-	-	(0.6)	-	-	-	-	(0.6)	-	(0.6)
Shares issued under share incentive scheme	0.2	0.9	-	-	-	-	-	-	-	1.1	-	1.1
2006 interim dividend paid	-	-	-	-	-	-	-	(26.3)	-	(26.3)	-	(26.3)
At 31 December 2006	263.3	441.9	0.1	300.9	3.1	12.1	4.9	554.3	1,132.2	2,712.8	215.2	2,928.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(cont'd)

For the six months ended 30 June 2007

	Capital and reserves attributable to equity holders of the Company												
	Share capital HK\$'M	Obligation for the issue of shares of the Company HK\$'M	Share premium HK\$'M	Hedging reserve HK\$'M	Investment revaluation reserve HK\$'M	Employee share-based compensation reserve HK\$'M	Other property revaluation reserve HK\$'M	Translation reserve HK\$'M	Contributed surplus HK\$'M	Retained profits HK\$'M	Total HK\$'M	Minority interests HK\$'M	Total equity HK\$'M
At 1 January 2007	263.3	-	441.9	0.1	300.9	3.1	12.1	4.9	554.3	1,132.2	2,712.8	215.2	2,928.0
Exchange differences arising on translation of financial statements of operations outside Hong Kong	-	-	-	-	-	-	-	2.5	-	-	2.5	-	2.5
Surplus arising on revaluation of strategic investments	-	-	-	-	115.8	-	-	-	-	-	115.8	1.8	117.6
Increase in hedging reserve	-	-	-	1.3	-	-	-	-	-	-	1.3	-	1.3
Share of post-acquisition reserves on interests previously held as strategic investments	-	-	-	-	-	-	-	-	-	425.0	425.0	-	425.0
Share of reserves of the associates	-	-	-	-	-	-	-	0.9	-	-	0.9	-	0.9
Net income recognised directly in equity	-	-	-	1.3	115.8	-	-	3.4	-	425.0	545.5	1.8	547.3
Profit for the six months ended 30 June 2007	-	-	-	-	-	-	-	-	-	1,408.5	1,408.5	28.8	1,437.3
Total recognised income for the period	-	-	-	1.3	115.8	-	-	3.4	-	1,833.5	1,954.0	30.6	1,984.6
Acquisition of subsidiaries	-	2,129.8	-	-	(409.3)	-	-	-	-	-	1,720.5	1,852.5	3,573.0
Value of employee services relating to grants of share options and incentive shares	-	-	-	-	-	1.1	-	-	-	-	1.1	-	1.1
Incentive shares exercised	-	-	-	-	-	(0.3)	-	-	-	-	(0.3)	-	(0.3)
Shares issued under share incentive scheme	0.1	-	0.3	-	-	-	-	-	-	-	0.4	-	0.4
2006 final dividend paid	-	-	-	-	-	-	-	-	(34.2)	-	(34.2)	-	(34.2)
At 30 June 2007	263.4	2,129.8	442.2	1.4	7.4	3.9	12.1	8.3	520.1	2,965.7	6,354.3	2,098.3	8,452.6

The notes on pages 8 to 21 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

		Unaudited	
		Six months ended 30 June	
	Note	2007	2006
		HK\$'M	HK\$'M
Net cash generated from operating activities		<u>31.5</u>	<u>81.4</u>
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash and cash equivalents)	15	638.1	–
Other investing cash flows		<u>(1,387.6)</u>	<u>(10.0)</u>
Net cash used in investing activities		<u>(749.5)</u>	<u>(10.0)</u>
Net cash generated from financing activities		<u>1,456.4</u>	<u>128.3</u>
Effect of foreign exchange rate changes		<u>1.4</u>	<u>2.2</u>
Increase in cash and cash equivalents		739.8	201.9
Cash and cash equivalents at the beginning of the period		<u>400.6</u>	<u>137.7</u>
Cash and cash equivalents at the end of the period		<u>1,140.4</u>	<u>339.6</u>
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		1,144.6	340.7
Bank overdrafts		<u>(4.2)</u>	<u>(1.1)</u>
		<u>1,140.4</u>	<u>339.6</u>

The notes on pages 8 to 21 are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company, its subsidiaries and its jointly controlled entities (collectively the “Group”) are engaged in property development, property investment and management, provision of hospitality management service, garment manufacturing and trading, branded products distribution and other investing activities.

This condensed consolidated interim financial information has been approved for issue by the Board of Directors on 18 September 2007.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2007 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”) and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2006.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those adopted and as described in the Company's annual financial statements for the year ended 31 December 2006.

The following new standard, amendment to standard and interpretations, which are relevant to the Group's operations are mandatory for accounting periods beginning on or after 1 January 2007 and were adopted by the Group in the current period:

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments – disclosures
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of embedded derivatives
HK(IFRIC) – Int 10	Interim financial reporting and impairment

The adoption of the above new standard, amendment to standard and interpretations did not have any significant impacts to the Group's financial statements.

The Group has not early adopted the following new or revised standards or interpretations that have been issued but are not yet effective. The Directors anticipate that the adoption of these standards or interpretations will not result in substantial changes to the Group's accounting policies:

		Effective for accounting periods beginning on or after
HKAS 23 (Revised)	Borrowing costs	1 January 2009
HKFRS 8	Operating segments	1 January 2009
HK(IFRIC) – Int 11	HKFRS 2 – Group and treasury share transactions	1 March 2007
HK(IFRIC) – Int 12	Service concession arrangements	1 January 2008

4. REVENUE AND SEGMENT INFORMATION

(a) Primary reporting format – business segment

The Group is currently organised into six operating divisions – property development, property investment and management, hospitality management, garment manufacturing and trading, branded products distribution and investing activities. These divisions form the basis on which the Group reports its primary segment information.

For the six months ended 30 June 2007	Property development	Property investment and management	Hospitality management	Garment manufacturing and trading	Branded products distribution	Investing activities	Elimination	Consolidated
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Revenue								
External sales	675.7	69.3	3.2	290.8	136.2	2.8	–	1,178.0
Inter-segment sales	–	2.0	2.5	–	–	–	(4.5)	–
Total	<u>675.7</u>	<u>71.3</u>	<u>5.7</u>	<u>290.8</u>	<u>136.2</u>	<u>2.8</u>	<u>(4.5)</u>	<u>1,178.0</u>
Results								
Segment results before change in fair value of investment properties	434.4	34.7	2.2	(42.1)	(0.7)	(0.7)	–	427.8
Change in fair value of investment properties	–	137.6	–	–	–	–	–	137.6
Segment results	434.4	172.3	2.2	(42.1)	(0.7)	(0.7)	–	565.4
Discount on acquisition								1,007.5
Unallocated corporate expenses								(31.3)
Profit from operations								1,541.6
Finance charges								(20.5)
Finance income								6.4
Net finance charges								(14.1)
Share of results of associates	9.0	–	–	–	–	(3.9)	–	5.1
Profit before taxation								1,532.6
Taxation								(95.3)
Profit for the period								<u>1,437.3</u>
Other items								
Depreciation and amortisation	–	3.3	0.1	6.0	3.8	1.1	–	14.3
Provision for impairment losses in respect of strategic investments	–	–	–	–	–	2.2	–	2.2

4. REVENUE AND SEGMENT INFORMATION (cont'd)

(a) Primary reporting format – business segment (cont'd)

For the six months ended 30 June 2006	Property development HK\$'M	Property investment and management HK\$'M	Hospitality management HK\$'M	Garment manufacturing and trading HK\$'M	Branded products distribution HK\$'M	Investing activities HK\$'M	Elimination HK\$'M	Consolidated HK\$'M
Revenue								
External sales	1,374.6	50.6	2.5	313.2	117.4	2.6	–	1,860.9
Inter-segment sales	–	5.4	1.0	–	–	–	(6.4)	–
Total	1,374.6	56.0	3.5	313.2	117.4	2.6	(6.4)	1,860.9
Results								
Segment results before change in fair value of investment properties	689.9	14.4	(0.3)	(32.0)	(1.2)	30.8	–	701.6
Change in fair value of investment properties	–	36.4	–	–	–	–	–	36.4
Segment results	689.9	50.8	(0.3)	(32.0)	(1.2)	30.8	–	738.0
Unallocated corporate expenses								(26.2)
Profit from operations								711.8
Finance charges								(23.8)
Finance income								3.1
Net finance charges								(20.7)
Share of results of associates	(1.0)	20.0	–	–	–	(1.1)	–	17.9
Profit before taxation								709.0
Taxation								(127.8)
Profit for the period								581.2
Other items								
Depreciation and amortisation	–	2.9	0.1	6.7	3.0	0.8	–	13.5
Provision for trade receivables	–	–	–	4.0	–	–	–	4.0
Provision for slow-moving and obsolete inventories	–	–	–	1.5	–	–	–	1.5

4. REVENUE AND SEGMENT INFORMATION (cont'd)

(b) Secondary reporting format – geographical segment

The following is an analysis of the Group's revenue by geographical areas in which the customer is located, irrespective of the origin of the goods/services:

	Revenue by geographical market	
	Six months ended 30 June	
	2007	2006
	HK\$'M	HK\$'M
Hong Kong	740.6	1,376.8
North America	186.4	184.2
United Kingdom	148.8	199.3
Other European countries	55.1	59.3
Other areas	47.1	41.3
	<u>1,178.0</u>	<u>1,860.9</u>

5. PROFIT FROM OPERATIONS

	Six months ended 30 June	
	2007	2006
	HK\$'M	HK\$'M
Profit from operations has been arrived at after charging:		
Amortisation of trademark	0.1	0.1
Depreciation and amortisation of leasehold land and land use rights and other properties, plant and equipment	14.2	13.4
Loss on disposal of strategic investments	1.0	–
Provision for impairment losses in respect of strategic investments	2.2	–
Provision for trade receivables	–	4.0
Provision for slow-moving and obsolete inventories	–	1.5
Share-based compensation expense	<u>1.1</u>	<u>1.3</u>

6. TAXATION

Hong Kong profits tax has been calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

The amounts of taxation charged to the consolidated income statement represent:

	Six months ended 30 June	
	2007	2006
	HK\$'M	HK\$'M
Current taxation		
– Hong Kong profits tax	68.9	121.1
– Taxation in other jurisdictions	0.4	0.3
	<u>69.3</u>	<u>121.4</u>
Deferred taxation	26.0	6.4
	<u>95.3</u>	<u>127.8</u>

7. DIVIDENDS

During the six months ended 30 June 2007, a final dividend of HK6.5 cents per share in respect of the year ended 31 December 2006 was approved at the Company's annual general meeting held on 8 June 2007 and paid to the shareholders during the period.

The Directors declared the payment of an interim dividend of HK5.0 cents per share in respect of the six months ended 30 June 2007.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share for profit attributable to equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2007	2006
	HK\$'M	HK\$'M
Profit attributable to equity holders of the Company for the purposes of calculating basic and diluted earnings per share	<u>1,408.5</u>	<u>585.3</u>
Number of shares		
Weighted average number of shares outstanding during the period	526,758,647	526,255,339
Effect of shares to be issued for the acquisition of subsidiaries	<u>4,128,811</u>	<u>–</u>
Weighted average number of shares for the purposes of calculating basic earnings per share	530,887,458	526,255,339
Effect of dilutive potential shares issuable under the Company's share option and share incentive schemes	<u>2,931,435</u>	<u>1,070,186</u>
Weighted average number of shares for the purposes of calculating diluted earnings per share	<u>533,818,893</u>	<u>527,325,525</u>

The weighted average number of shares for the purposes of calculating basic earnings per share has been adjusted for the shares of the Company to be issued for the acquisition of Winsor Properties Holdings Limited ("Winsor Properties") on 29 June 2007 as detailed in note 15.

The Group's profit for the period attributable to equity holders of the Company is HK\$1,408.5 million (2006: HK\$585.3 million), which includes change in fair value of investment properties (net of minority interests and deferred taxation) of HK\$85.3 million (2006: HK\$48.6 million) and discount on acquisition of HK\$1,007.5 million (2006: nil). The Group's profit for the period attributable to equity holders of the Company after exclusion of the net revaluation gain and discount on acquisition mentioned above is HK\$315.7 million (2006: HK\$536.7 million), which is equivalent to HK\$0.59 (2006: HK\$1.02) per share on both a basic and a fully diluted basis.

9. CAPITAL EXPENDITURE

	Leasehold land and land use rights HK\$'M	Investment properties HK\$'M	Properties under development HK\$'M	Other properties, plant and equipment HK\$'M
Opening net book value at 1 January 2007	776.3	1,563.1	128.7	301.0
Exchange adjustments	–	–	–	2.1
Gain arising from change in fair value	–	137.6	–	–
Additions	1,255.7	3.7	51.7	12.8
Subsidiary acquired	3,082.4	1,430.3	370.7	31.3
Disposals	–	–	–	(0.8)
Depreciation and amortisation	(7.6)	–	–	(13.8)
Closing net book value at 30 June 2007	<u>5,106.8</u>	<u>3,134.7</u>	<u>551.1</u>	<u>332.6</u>
Opening net book value at 1 January 2006	780.4	1,311.6	89.5	287.2
Exchange adjustments	–	–	–	4.2
Gain arising from change in fair value	–	38.4	–	–
Additions	–	–	14.2	15.5
Disposals	–	–	–	(0.6)
Depreciation and amortisation	(2.0)	–	–	(13.1)
Closing net book value at 30 June 2006	<u>778.4</u>	<u>1,350.0</u>	<u>103.7</u>	<u>293.2</u>

The Group's investment properties are stated at revalued amounts based on professional valuations at 30 June 2007 on an open market value basis.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2007 HK\$'M	31 December 2006 HK\$'M
Trade receivables	668.5	157.7
Less: provision for impairment	(16.8)	(17.6)
Trade receivables (net of provision)	651.7	140.1
Other receivables, deposits and prepayments	79.7	52.1
	<u>731.4</u>	<u>192.2</u>

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

The Group allows different credit periods to its customers. Credit periods vary from 30 to 90 days in accordance with industry practice. The following is an ageing analysis of the Group's trade receivables (net of provision) at the balance sheet date:

	30 June 2007 HK\$'M	31 December 2006 HK\$'M
0 – 30 days	108.5	101.9
31 – 90 days	455.0	23.2
Over 90 days	88.2	15.0
	<u>651.7</u>	<u>140.1</u>

The carrying values of trade receivables (net of provision) and other receivables, deposits and prepayments approximate their fair values.

11. TRADE AND OTHER PAYABLES AND ACCRUALS

	30 June 2007 HK\$'M	31 December 2006 HK\$'M
Trade payables	132.2	81.3
Other payables and accruals	294.9	247.9
	<u>427.1</u>	<u>329.2</u>

The following is an ageing analysis of the Group's trade payables at the balance sheet date:

	30 June 2007 HK\$'M	31 December 2006 HK\$'M
0 – 30 days	104.7	53.0
31 – 90 days	16.4	16.4
Over 90 days	11.1	11.9
	<u>132.2</u>	<u>81.3</u>

The carrying values of the Group's trade and other payables and accruals approximate their fair values.

12. BANK LOANS

The bank loans carry interest at the prevailing market rates and are repayable as follows:

	30 June 2007 HK\$'M	31 December 2006 HK\$'M
Within one year	335.8	48.7
Between one to two years	380.6	157.9
Between two to five years	1,465.6	480.0
After five years	484.2	362.1
	2,666.2	1,048.7
Less: Amounts due within one year shown under current liabilities	(335.8)	(48.7)
Amounts due after one year	<u>2,330.4</u>	<u>1,000.0</u>

Except for bank loans of HK\$623.8 million (31 December 2006: HK\$124.9 million) which are unsecured, the remaining bank loans are secured by the Group's investment properties, leasehold land, properties under development and other properties with carrying value of HK\$2,908.8 million (31 December 2006: HK\$1,558.0 million), HK\$5,098.0 million (31 December 2006: HK\$38.7 million), HK\$551.1 million (31 December 2006: HK\$11.9 million) and HK\$158.8 million (31 December 2006: HK\$151.9 million) respectively.

The carrying values of bank loans approximate their fair values.

13. OTHER LONG-TERM LOANS

	30 June 2007 HK\$'M	31 December 2006 HK\$'M
Interest bearing loans	–	175.1
Interest free loans	<u>47.0</u>	<u>12.3</u>
	<u>47.0</u>	<u>187.4</u>

The loans are from minority shareholders of certain subsidiaries. The interest bearing loans carry interest at prevailing market rates. All the loans are unsecured and have no fixed repayment terms. In the opinion of the Directors, demand for repayment of these loans will not be made within one year from the balance sheet date. The loans are therefore shown in the consolidated balance sheet as non-current liabilities.

The carrying values of other long-term loans approximate their fair values.

14. SHARE CAPITAL

	Number of shares	Amount HK\$'M
Ordinary shares of HK\$0.50 each		
Authorised:		
At 1 January 2006 and 31 December 2006	1,320,000,000	660.0
Increase in authorised share capital	<u>680,000,000</u>	<u>340.0</u>
At 30 June 2007	<u>2,000,000,000</u>	<u>1,000.0</u>
Issued and fully paid:		
At 1 January 2006	526,255,339	263.1
Issue of incentive shares	<u>416,250</u>	<u>0.2</u>
At 31 December 2006	526,671,589	263.3
Issue of incentive shares	<u>95,500</u>	<u>0.1</u>
At 30 June 2007	<u>526,767,089</u>	<u>263.4</u>

15. BUSINESS COMBINATION

On 29 June 2007, the Group acquired an additional 50.93% equity interest in Winsor Properties, a 16.56% owned investee company of the Group, after which the shareholding in Winsor Properties held by the Group increased to 67.49%. The consideration for the acquisition is 2.825 new shares of the Company for each share of Winsor Properties. As at 30 June 2007, the Company has the obligation for the issue of 373,657,355 ordinary shares of the Company with par value of HK\$0.50 each as consideration for the acquisition of Winsor Properties' ordinary shares. The fair value of the ordinary shares of the Company, determined using the published price available at the date of acquisition, amounted to HK\$2,129.8 million. Winsor Properties is principally engaged in property investment and development and management, warehousing and investment holding. Details of the net assets acquired and the discount on acquisition are as follows:

	Fair value HK\$'M	Winsor Properties' carrying amount HK\$'M
Leasehold land and land use rights	3,082.4	–
Investment properties	1,430.3	4,847.3
Properties under development	370.7	–
Other properties, plant and equipment	31.3	31.3
Interests in associates	555.1	448.3
Strategic investments/Available-for-sale financial assets	490.4	490.4
Deferred tax assets	1.9	1.9
Trade and other receivables, deposits and prepayments	38.0	18.6
Financial assets at fair value through profit or loss	42.4	42.4
Derivative financial instruments	28.3	28.3
Sales proceeds held in stakeholders' accounts	5.1	–
Amounts due from group companies	148.6	–
Cash and cash equivalents	660.2	604.9
Trade and other payables and accruals	(88.3)	(78.5)
Bank loans	(100.4)	(100.4)
Taxation payable	(92.8)	(58.4)
Other long-term loans	(35.3)	(35.3)
Deferred tax liabilities	(890.2)	(645.4)
Minority interests	(9.8)	(15.5)
	<u>5,667.9</u>	<u>5,579.9</u>
Minority interests	(1,842.7)	
Share of post-acquisition reserves attributable to the 16.56% interests previously held as strategic investments	(425.0)	
Net assets acquired	<u>3,400.2</u>	
Purchase consideration for the additional 50.93% interest satisfied by:		
Obligation for the issue of shares of the Company	2,129.8	
Transaction costs of the acquisition	22.1	
	<u>2,151.9</u>	
Purchase consideration for the original 16.56% interest	240.8	
	<u>2,392.7</u>	
Discount on acquisition	<u>1,007.5</u>	
Purchase consideration settled in cash	(22.1)	
Cash and cash equivalents in subsidiaries acquired	660.2	
Net cash inflow arising from acquisition	<u>638.1</u>	

15. BUSINESS COMBINATION (cont'd)

Adjustments have been made on Winsor Properties' carrying amount in order to conform with the Group's accounting policies and presentation.

Since Winsor Properties became a subsidiary of the Company on 29 June 2007, it did not make significant contribution to the results and cash flows of the Group during the six months ended 30 June 2007.

16. CAPITAL COMMITMENTS

	30 June 2007	31 December 2006
	HK\$'M	HK\$'M
Capital expenditure in respect of properties under development/investment properties		
– contracted but not provided for in the financial statements	1,330.9	6.6
– authorised but not contracted for	124.9	20.7
Capital expenditure in respect of acquisition of other properties, plant and equipment		
– contracted but not provided for in the financial statements	25.4	86.1
	<u>1,481.2</u>	<u>113.4</u>

17. CONTINGENT LIABILITIES

	30 June 2007	31 December 2006
	HK\$'M	HK\$'M
Guarantees given to banks	<u>1.9</u>	<u>1.9</u>

18. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2007, the Company acquired 27.65% equity interest in Winsor Properties from a substantial shareholder of the Company for a consideration of HK\$1,156.0 million.

The Group had other significant transactions with related parties during the period as follows:

	Six months ended 30 June	
	2007	2006
	HK\$'M	HK\$'M
Key management compensation		
Salaries and other benefits	8.0	6.0
Retirement benefits costs	0.3	0.2
	<u>8.3</u>	<u>6.2</u>
Interest income from associates	2.8	2.4
Project management fee income from associates	4.5	3.9
Project management fee income from a subsidiary of an investee company	<u>1.2</u>	<u>0.9</u>

These transactions were carried out on terms mutually agreed between the parties involved.

19. POST BALANCE SHEET EVENT

On 13 July 2007, the Company acquired an additional 11.77% equity interest in Winsor Properties by issuing 86,378,224 new shares of the Company, after which the shareholding in Winsor Properties held by the Group increased to 79.26%. The consideration for the acquisition is approximately HK\$506.3 million based on the closing share price of the Company on 13 July 2007.

INTERIM DIVIDEND

The Directors declared the payment of an interim dividend of HK5.0 cents per share for the six months ended 30 June 2007 (2006: HK5.0 cents). The interim dividend will be paid on 18 October 2007 to the shareholders whose names appear on the register of members of the Company on 11 October 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the first half of 2007, the Group reported a consolidated profit for the period attributable to the equity holders of the Company of HK\$1,408.5 million, compared with HK\$585.3 million reported for the same period in 2006. The increase in profit for the period is mainly due to the excess of the Group's share of fair value of net assets of Winsor Properties acquired over the cost of acquisition amounting to HK\$1,007.5 million. Turnover for the Group was HK\$1,178.0 million for the six months ended 30 June 2007, compared with HK\$1,860.9 million for the first half of 2006.

Property

The Group's property division, which includes residential development projects, hospitality investment and management, and investment properties, recorded a net profit of HK\$468.0 million in the first half of 2007, compared with HK\$645.9 million in the first half of 2006. The net profit is mainly attributed to the sale of The Giverny and The Grandville and valuation gains on the Group's investment properties.

Residential Property Development

With the successful establishment of the WingTai Asia brand, we continue to add value by developing quality residential projects and providing excellent customer service.

The Giverny, a luxurious villa development in Hebe Haven, Sai Kung, has a successful relaunch following the development's first launch in October 2005. During the first half of 2007, we have sold 34 villas, generating HK\$474.3 million turnover and HK\$263.1 million profit attributable to the Group.

With positive market response for the launch of Grand 8 on the Park in April 2007, a luxurious eight-house complex in The Grandville, all the remaining units of the development have been sold, generating a turnover of HK\$201.4 million and an attributable profit of HK\$96.2 million.

Kovan Melody, a joint venture with Wing Tai Holdings Limited, is a residential development comprising 778 apartment units in Singapore. Following the sale of approximately 77% of units in 2006, all its remaining units were sold in the first half of 2007.

The residential development site at 157 Argyle Street will provide about 90,000 square feet of floor area upon its scheduled completion in 2009. Site planning and various building submissions are currently underway.

In April 2007, the Group has formed consortiums with other developers to co-develop Tai Po Town Lot Nos. 187 and 188 situated at Pak Shek Kok, Tai Po into a luxurious low-density residential development with a panoramic seaview. The Group has a 15% interest in each site and the aggregated attributable floor area of the two sites is 165,000 square feet.

Hospitality Investment and Management

Lanson Place has gained a reputation in the delivery of high quality and personalized services in our serviced apartments and boutique hotel in various Asian cities. Lanson Place is now represented in Beijing, Shanghai, Hong Kong, Singapore and Kuala Lumpur.

Lanson Place Central Park Residences in Beijing will open during the first half of 2008, before the Beijing Olympics. Lanson Place Central Park Residences has 105 apartments and is located in Beijing's prime Central Business District.

In Shanghai, Lanson Place Jin Lin Tian Di Residences has continued to achieve an occupancy rate of above 90% during the first half of 2007.

Lanson Place Hotel in Hong Kong has achieved an occupancy rate of approximately 85% during the first half of 2007.

In Singapore, Lanson Place Winsland Residences has achieved an occupancy rate of 96% during the first half of 2007. We have also extended our management services in Singapore in operating a luxurious residential clubhouse, Draycott 8.

In Kuala Lumpur, Lanson Place Condominium No. 8 Residences maintained its position as one of the leading condominiums in the Ampang area with occupancy rate of 97% during the first half of 2007. Lanson Place Ambassador Row Residences achieves its occupancy rate of 75% during the same period of 2007.

Lanson Place will continue to pursue expansion opportunities in strategic cities in China as well as South East Asia.

Property Investment and Management

The Group has expanded its business scope into commercial and retail properties in Hong Kong as well as in China. Our portfolio now comprises commercial and retail properties, industrial properties and investment properties in the Group's hospitality business.

Renovation of the W Square (former Bank of East Asia Building) situated at 314-324 Hennessy Road, Wanchai is expected to be completed by the end of 2007. The renovated building will provide upscale retail and Grade-A office space and create a new landmark in the area. Upon the completion of the show suites in October 2007, marketing campaign for an ongoing leasing program will be launched in the fourth quarter of 2007.

Infiniti, a joint venture retail mall on the prime Huai Hai Road area in Shanghai, has its renovation substantially completed in third quarter of 2007. An ongoing marketing campaign and leasing negotiations have generated leasing contracts at satisfactory rates. Grand opening of the mall is expected to be held in October 2007.

In the first half of 2007, the Group's industrial buildings, comprising Shui Hing Centre and Unimix Industrial Centre, recorded a fair value gain of HK\$67.0 million and achieved occupancy rates of around 85% throughout the period. The Group expects these industrial buildings to continue to generate stable rental income for the Group.

One of the key projects following the successful consolidation of Winsor Properties into the Group is the development of a twin-tower office at 102 How Ming Street in Kwun Tong. Superstructure construction work is progressing according to plan. The development will provide 1.2 million square feet of Grade-A office space upon its scheduled completion in the second half of 2008.

Apparel

The Group's garment manufacturing operation, comprised of Shui Hing Textiles International Limited and Unimix Holdings Limited, generated an aggregated turnover of HK\$265.0 million for the six months ended 30 June 2007 compared to HK\$283.7 million for the 2006 interim period. The operations resulted in an operating loss of HK\$34.2 million for the first half of 2007 compared to an operating loss of HK\$25.9 million for the same period last year.

The turnover of Gieves & Hawkes plc for the first half of 2007 was HK\$136.2 million, as compared to HK\$117.4 million for the 2006 interim period. The operations resulted in an operating loss of HK\$0.7 million for the first half of 2007 compared to an operating loss of HK\$1.2 million for the same period last year.

Strategic Investments

On 10 April 2007, the Group announced that it would make a voluntary conditional securities exchange offer (the "Offer") to acquire all issued shares of Winsor Properties (other than those already owned by USI) by issuing new shares of USI. The consideration was 2.825 new shares of USI for each share of Winsor Properties.

After the final closing date of the Offer (13 July 2007), USI owns 79.26% equity interest in Winsor Properties, which in turn became a listed subsidiary of USI.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's equity attributable to the equity holders of the Company totalled HK\$6,354.3 million as at 30 June 2007 as compared to HK\$2,712.8 million as at the end of 2006. The increase in equity attributable to the equity holders of the Company was mainly attributed to the net effect of the acquisition of Winsor Properties amounting to HK\$2,253.9 million, profit for the period ended 30 June 2007 of HK\$1,408.5 million and the distribution of the 2006 final dividend of HK\$34.2 million in the first half of 2007.

As at 30 June 2007, the Group's net bank borrowings (total bank borrowings net of bank balances and cash) was HK\$1,477.7 million (as at 31 December 2006: HK\$660.2 million), representing 17% of the Group's net assets, which is lower than 23% recorded at the end of 2006. Interest for the Group's bank borrowings was mainly on a floating rate basis. A majority (around 87%) of the Group's bank borrowings was repayable in periods beyond one year, and the Group had unutilised banking facilities in excess of HK\$980.6 million as at 30 June 2007 (as at 31 December 2006: HK\$676.0 million).

Foreign Currencies

The Group continues to conduct its business mainly in United States Dollars, Renminbi Yuan and Hong Kong Dollars. For transactions in other foreign currencies, we have a policy to hedge most such dealings. In addition, the majority of our assets are situated in Hong Kong. Thus, our exposure to exchange rate fluctuations is minimal.

Contingent Liabilities

As at 30 June 2007, the Group's contingent liabilities were guarantees given to banks of HK\$1.9 million.

Pledge of Assets

The Group's advances to associates/jointly controlled entities at 30 June 2007 include amounts of HK\$423.7 million which are subordinated to the loan facilities of associates/jointly controlled entities. The Group's advances to the associates/jointly controlled entities include amounts of HK\$423.7 million which are assigned, and the shares in these associates/jointly controlled entities beneficially owned by the Group are pledged to the financial institutions.

At 30 June 2007, certain of the Group's investment properties, leasehold land, properties under development and other properties with carrying value of HK\$2,908.8 million, HK\$5,098.0 million, HK\$551.1 million and HK\$158.8 million respectively were pledged to secure credit facilities for the Group.

PROSPECTS

The successful consolidation of Wing Tai Holdings' stake in Winsor Properties under USI is an important milestone of the Company and a significant move in USI's corporate development. The consolidation of Winsor Properties has substantially strengthened USI's balance sheet and the property investment arm will become a source of growing recurrent income for USI, giving the larger group the flexibility and the financial strength to participate in larger projects. The integrated entity will also have better access to the capital market. The Group will continue to expand its investment portfolio by sensible utilization of the resources of USI and Winsor Properties.

The property market in Hong Kong continued to show positive signs in the first half of 2007 and consumer confidence has been fuelled by a number of government measures encouraging capital investment from Chinese citizens across the border. Active participation of property developers in land auctions has resulted in record prices. The strong revival in the overall economy of Hong Kong and the bullish stock market are also expected to sustain the prosperous property sector. The Group will continue to develop luxury residential properties and the two major projects in the pipeline are the Argyle Street project and the Tai Po projects.

For hospitality management, USI will focus in strengthening the presence of Lanson Place in major cities in Asia and China and continue to identify other lucrative opportunities in hospitality management in the region to further expand its portfolio.

With its proven track record in Hong Kong and Asia, USI will work to replicate the success in China by exploring various opportunities in comprehensive development in China that include office, commercial, hotel and residential components. USI will also consider the possibility of partnership in the development of its China business.

Apparel operations will continue to be challenging and management will develop a long-term strategy in response to the very different industry environment.

EMPLOYEES

As at 30 June 2007, the Group had in excess of 6,500 staff and workers. The Group offers comprehensive remuneration and benefit packages to its employees, which are structured according to the prevailing salary levels in the market, individual merit and performance. The Group has a mandatory provident fund scheme to provide retirement benefits for all of its employees in Hong Kong. In addition, there is a defined contribution top-up scheme for qualifying employees of certain Hong Kong subsidiaries of the Group. The Group also operates a funded defined benefit pension scheme for certain overseas employees engaged prior to May 2001.

Employees, including executive directors, are eligible under the Company's share option scheme and share incentive scheme in which the share options and incentive shares are generally exercisable within a period of one to ten years from the provisional date of grant/award.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2007, the interests of the Directors and the Chief Executive of the Company in shares and underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

1. Long position in shares of the Company

Name of Directors	Number of ordinary shares held					Percentage of the relevant share capital (Note a)
	Personal interests	Family interests	Corporate interests	Other interests	Aggregate interests	
Cheng Wai Chee, Christopher	2,225,999	–	148,439,086 (Note b)	313,404,024 (Note c)	464,069,109	51.54%
Cheng Wai Sun, Edward	2,150,000	–	–	313,404,024 (Note c)	315,554,024	35.05%
Cheng Man Piu, Francis	–	–	–	313,404,024 (Note c)	313,404,024	34.81%
Cheng Wai Keung	–	–	–	313,404,024 (Note c)	313,404,024	34.81%
Ng Tak Wai, Frederick	113,250	762,000	–	–	875,250	0.10%
Au Hing Lun, Dennis	449,000	–	–	–	449,000	0.05%

Notes:

- (a) The total number of ordinary shares issued by the Company as at 30 June 2007 was 526,767,089. On 21 May 2007, the Company made a voluntary conditional securities exchange offer (the "Offer") to acquire all the issued shares in the capital of Winsor Properties. As at 30 June 2007, the Company was committed to issue 373,657,355 ordinary shares of the Company (the "Committed Shares") to the shareholders of Winsor Properties who had accepted the Offer. The Committed Shares were issued on 6 July 2007. As at 30 June 2007, the relevant shares capital of the Company within the definition of section 308 of the SFO was composed of 900,424,444 ordinary shares.
- (b) Mr. Cheng Wai Chee, Christopher was deemed to be interested in 148,439,086 ordinary shares of the Company 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 ordinary shares of the Company respectively.
- (c) Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward, Mr. Cheng Man Piu, Francis and Mr. Cheng Wai Keung were beneficiaries of a family trust which assets include indirect interests in 313,404,024 ordinary shares of the Company (in which 202,808,162 ordinary shares of the Company was committed by the Company as at 30 June 2007 to issue to Crossbrook Group Limited which had accepted the Offer) beneficially owned by Brave Dragon Limited, Wing Tai Garment Manufactory (Singapore) Pte Limited and Crossbrook Group Limited. Details are set out in the section headed "Substantial Shareholders Interests" below.

2. Long position in underlying shares of the Company

(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 30 June 2007 were as follows:

Name of Director	Date of grant	Number of share options	Exercisable period	Exercise price per ordinary share
Simon Murray	19.04.2005	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. No options were exercised during the six months ended 30 June 2007. The options were granted under the Share Option Scheme of the Company adopted on 10 June 2003.

2. Long position in underlying shares of the Company (cont'd)

(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 30 June 2007 were as follows:

Name of Director	Date of award	Number of ordinary shares which are the subject of the awards	Vesting period
Cheng Wai Chee, Christopher	13.9.2005	450,000	13.9.2007 to 12.9.2008
	25.4.2006	546,000	12.1.2007 to 11.1.2009
Cheng Wai Sun, Edward	13.9.2005	450,000	13.9.2007 to 12.9.2008
	25.4.2006	546,000	12.1.2007 to 11.1.2009
Ng Tak Wai, Frederick	13.9.2005	67,500	13.9.2007 to 12.9.2008
	25.4.2006	44,250	12.1.2008 to 11.1.2009
Au Hing Lun, Dennis	13.9.2005	112,500	13.9.2007 to 12.9.2008
	25.4.2006	82,500	12.1.2008 to 11.1.2009

Notes:

- (1) Awards of incentive shares are rights given to selected employees (including executive directors) to subscribe in cash for ordinary shares of the Company under the Share Incentive Scheme approved by shareholders of the Company on 17 June 2005.
- (2) Subscription price per share is the nominal value of one ordinary share of the Company. Funds for subscription of ordinary shares will be provided by the Company when the executive directors exercise the right to subscribe for ordinary shares of the Company.

3. Long position in shares of an associated corporation, Winsor Properties

Name of Directors	Number of ordinary shares held					Percentage of the issued share capital (Note a)
	Personal interests	Family interests	Corporate interests	Other interests	Aggregate interests	
Cheng Wai Chee, Christopher	–	27,000	–	175,259,481 (Note b)	175,286,481	67.50%
Cheng Wai Sun, Edward	–	–	–	175,259,481 (Note b)	175,259,481	67.49%
Cheng Man Piu, Francis	–	–	–	175,259,481 (Note b)	175,259,481	67.49%
Cheng Wai Keung	–	165,000	–	175,259,481 (Note b)	175,424,481	67.55%
Kwok Ping Luen, Raymond	–	–	–	2,449,000 (Note c)	2,449,000	0.94%

Notes:

- (a) The total number of issued shares in the capital of Winsor Properties as at 30 June 2007 was 259,685,288 shares.
- (b) Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward, Mr. Cheng Man Piu, Francis and Mr. Cheng Wai Keung were beneficiaries of a family trust which assets include indirect interests in 175,259,481 shares of Winsor Properties (“Winsor Shares”) beneficially owned by Twin Dragon Investments Limited (42,900,887 Winsor Shares), Shui Hing Textile International Limited (90,500 Winsor Shares) and USI Holdings Limited (132,268,094 Winsor Shares transferred, but the certificate thereof not yet issued, to USI Holdings Limited as of 30 June 2007. This share certificate was issued on 5 July 2007).
- (c) Mr. Kwok Ping Luen, Raymond was a beneficiary of a trust which assets include interests in 2,449,000 Winsor Shares.

Save as disclosed herein, as at 30 June 2007, 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 Part XV 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 required to be kept under section 352 of the SFO; or which has been notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than as disclosed herein, at no time during the period of six months ended 30 June 2007 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or the Chief Executive of the Company to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate and none of the Directors, the Chief Executive, their spouses or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2007, the following persons (other than the Directors and the Chief Executive of the Company) had interests in the shares of the Company as recorded in the register kept by the Company under section 336 of the SFO:

Name of shareholders	Number of ordinary shares beneficially held	Percentage of the relevant share capital (Note 1)
Brave Dragon Limited	106,345,862	11.81%
Crossbrook Group Limited	202,808,162 (Note 2)	22.52%
Wing Tai Holdings Limited	313,404,024	34.81% (Note 3)
Deutsche Bank International Trust Co. (Jersey) Limited	313,404,024	34.81% (Note 4)
Deutsche Bank International Trust Co. (Cayman) Limited	313,404,024	34.81% (Note 4)
Bestime Resources Limited	68,747,996	7.64%
Pofung Investments Limited	66,698,122	7.41%
Wing Tai Corporation Limited	135,446,118	15.04% (Note 5)
Renowned Development Limited	135,446,118	15.04% (Note 5)
Wing Tai (Cheng) Holdings Limited	148,439,086	16.49% (Note 6)
Fourseas Investments Limited	47,413,992	5.27% (Note 7)
Wesmore Limited	83,946,158	9.32%
Sun Hung Kai Properties Limited	131,504,150	14.60% (Note 8)
Gala Land Investment Co. Limited	76,184,600	8.46% (Note 9)
Franham Group Limited	76,184,600	8.46% (Note 10)
Chou Wen Hsien	112,824,744	12.53% (Note 11)
Chou Yim Wan Chun, Ina	112,824,744	12.53% (Note 11)
Chow Chung Kai	112,609,202	12.51% (Note 12)
Chow Yu Yue Chen	112,609,202	12.51% (Note 12)

Notes:

- (1) The total number of ordinary shares issued by the Company as at 30 June 2007 was 526,767,089. On 21 May 2007, the Company made a voluntary conditional securities exchange offer (the "Offer") to acquire all the issued shares in the capital of Winsor Properties. As at 30 June 2007, the Company was committed to issue 373,657,355 ordinary shares of the Company (the "Committed Shares") to the shareholders of Winsor Properties who had accepted the Offer. The Committed Shares were issued on 6 July 2007. As at 30 June 2007, the relevant shares capital of the Company within the definition of section 308 of the SFO was composed of 900,424,444 ordinary shares.
- (2) Crossbrook Group Limited accepted the Offer on 29 June 2007 whereby the Company was committed to issue 202,808,162 ordinary shares of the Company to Crossbrook Group Limited. The same were issued on 6 July 2007.
- (3) 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 share capital of Wing Tai Garment Manufactory (Singapore) Pte Limited. Wing Tai Garment Manufactory (Singapore) Pte Limited owned 4,250,000 ordinary shares of the Company.
- (4) 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, Mr. Cheng Man Piu, Francis and Mr. Cheng Wai Keung 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.
- (5) 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 ordinary shares of the Company 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 ordinary shares of the Company.
- (6) 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 ordinary shares of the Company. Broxbourne Assets Limited beneficially owned 12,992,968 ordinary shares of the Company.
- (7) Fourseas Investments Limited beneficially owned 100% of the issued share capital of Soundworld Limited ("Soundworld"), Units Key Limited ("Units Key") and Triple Surge Limited ("Triple Surge") and, therefore, by virtue of its corporate interest in Soundworld, Units Key and Triple Surge, Fourseas Investments Limited was deemed to be interested in the ordinary shares of the Company held by Soundworld, Units Key and Triple Surge. Soundworld was the beneficial owner of 15,651,992 ordinary shares of the Company, Units Key was the beneficial owner of 3,502,000 ordinary shares of the Company and Triple Surge was the beneficial owner of 28,260,000 ordinary shares of the Company.
- (8) Sun Hung Kai Properties Limited ("SHKP") beneficially owned 100% of the issued share capital of Wesmore Limited, Fourseas Investments Limited and Junwall Holdings Ltd ("Junwall"). Junwall beneficially owned 100% of the issued share capital of Techglory Limited. By virtue of the corporate interest of SHKP in the aforesaid companies, SHKP was deemed to be interested in the interest of Wesmore Limited, Fourseas Investments Limited and Techglory Limited in the ordinary shares of the Company. Techglory Limited was the beneficial owner of 144,000 ordinary shares of the Company.
- (9) Gala Land Investment Co. Limited ("Gala Land") accepted the Offer on 29 June 2007 whereby the Company was committed to issue 76,184,600 ordinary shares of the Company to Gala Land. The same were issued on 6 July 2007.
- (10) Franham Group Limited beneficially owned 100% of the issued share capital of Gala Land, therefore, it was deemed to be interested in the ordinary shares held by Gala Land in the Company by virtue of its corporate interest in it.

- (11) Mr. Chou Wen Hsien and his wife, Madam Chou Yim Wan Chun, Ina, accepted the Offer on 29 June 2007 whereby the Company was committed to issue 28,910,696 and 7,729,448 ordinary shares in the Company to them respectively. The same were issued to them on 6 July 2007.

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 ordinary shares of the Company.

- (12) Mr. Chow Chung Kai and his wife, Madam Chow Yu Yue Chen, accepted the Offer on 29 June 2007 whereby the Company was committed to issue 36,399,177 and 25,425 ordinary shares in the Company to them respectively. The same were issued to them on 6 July 2007.

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 ordinary shares of the Company.

Save as disclosed above, as at 30 June 2007, 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.

SHARE OPTION SCHEME

Under the Share Option Scheme of the Company adopted on 10 June 2003 (“Share Option Scheme”), the Board of the Company may, in its absolute discretion, grant options to directors and employees of the Group to subscribe for shares of the Company, subject to a maximum of 51,762,534 shares representing 10% of the issued share capital of the Company as at 10 June 2003 and the maximum number of options granted to any one individual in any 12-month period shall not exceed 1% of the issued share capital of the Company. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives for their contributions to the Group. A consideration of HK\$1 is payable on acceptance of the grant of options. Options granted must be taken up within 28 days from the date of grant. The exercise price for an option to subscribe for a share is determined by the Directors, and shall be at least the highest of : (i) the closing price of the shares of the Company as stated in the Stock Exchange’s daily quotations sheet on the date of grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share of the Company. The Share Option Scheme will end on 9 June 2013.

SHARE OPTION SCHEME (cont'd)

Details of the share options granted and summary of the movements of the outstanding share options during the six months ended 30 June 2007 under the Share Option Scheme are as follows:

Director	Date of grant	Exercise price per ordinary share	Number of ordinary shares issuable under the options granted				As at 30.6.2007	Exercisable period	Fair value of share options amortized (HK\$)
			As at 1.1.2007	Grant during the period	Exercised during the period	Cancelled/ Lapsed during the period			
Simon Murray	19.4.2005	HK\$2.125	1,000,000	–	–	–	1,000,000	19.4.2006 to 18.4.2010	66,000

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.

SHARE INCENTIVE SCHEME

Under a Share Incentive Scheme approved by shareholders of the Company on 17 June 2005 (“Share Incentive Scheme”), the Board of Directors of the Company or a duly authorized committee thereof may in its absolute discretion make offer of awards to selected employees (including executive directors) of the Group (“Eligible Employees”) to subscribe in cash at nominal value for shares of the Company. The maximum number of shares of the Company which may be issued in response to the awards and any other incentive and option schemes of the Company (excluding lapsed awards and options) shall not in aggregate exceed 52,625,533 shares representing 10% of the issued share capital of the Company as at 17 June 2005.

The Share Incentive Scheme is a long-term incentive arrangement for the Eligible Employees, the purpose of which is to recognize, motivate and provide incentives to those who make contribution to the Group, to help the Group retain its existing employees and recruit additional employees who will be valuable to the Group, and to provide existing and future employees with direct economic interests in the long-term development and growth of the Group.

Offer of awards must be accepted within 28 days from the date of offer. The subscription price for each share which is the subject of an award shall be an amount equal to its nominal value. Each subscription under the Share Incentive Scheme shall be in cash at the subscription price. The Company will provide to the Eligible Employees the funds required to subscribe for the shares issued under the Share Incentive Scheme. The Share Incentive Scheme will end on 16 June 2015.

SHARE INCENTIVE SCHEME (cont'd)

Details of the ordinary shares subject to the awards granted to the Directors and employees of the Company and summary of the movements of the outstanding awards during the six months ended 30 June 2007 under the Share Incentive Scheme are as follows:

	Date of award	Number of ordinary shares which are the subject of the awards					As at 30.6.2007	Vesting period of the outstanding awards	Fair value of incentive shares amortized (HK\$)
		As at 1.1.2007	Awards made during the period	Awards vested and exercised during the period	Awards cancelled/ lapsed during the period				
Directors									
Cheng Wai Chee, Christopher	13.9.2005	450,000	–	–	–	450,000	13.9.2007 to 12.9.2008	128,000	
	25.4.2006	546,000	–	–	–	546,000	12.1.2007 to 11.1.2009	250,000	
Cheng Wai Sun, Edward	13.9.2005	450,000	–	–	–	450,000	13.9.2007 to 12.9.2008	128,000	
	25.4.2006	546,000	–	–	–	546,000	12.1.2007 to 11.1.2009	250,000	
Ng Tak Wai, Frederick	13.9.2005	67,500	–	–	–	67,500	13.9.2007 to 12.9.2008	19,000	
	25.4.2006	59,000	–	14,750	–	44,250	12.1.2008 to 11.1.2009	28,000	
Au Hing Lun, Dennis	13.9.2005	112,500	–	–	–	112,500	13.9.2007 to 12.9.2008	32,000	
	25.4.2006	110,000	–	27,500	–	82,500	12.1.2008 to 11.1.2009	52,000	
Other Employees									
	13.9.2005	168,750	–	–	–	168,750	13.9.2007 to 12.9.2008	46,000	
	25.4.2006	213,000	–	53,250	–	159,750	12.1.2008 to 11.1.2009	101,000	
	29.6.2006	20,000	–	–	–	20,000	29.6.2007 to 28.6.2009	10,000	
		<u>2,742,750</u>	<u>–</u>	<u>95,500</u>	<u>–</u>	<u>2,647,250</u>		<u>1,044,000</u>	

Note: Subscription price per share is the nominal value of one ordinary share of the Company. Funds for subscription of ordinary shares will be provided by the Company when the right to subscribe for ordinary shares of the Company is exercised.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

At 30 June 2007, the aggregate amount of financial assistance to and guarantees given for facilities granted to affiliated companies by the Group amounted to HK\$1,985.1 million which exceeded 8% of the assets ratio as defined in Rule 14.07(1) of the Listing Rules.

An unaudited pro-forma combined balance sheet of these affiliated companies and the Group's attributable interest in these affiliated companies as at 30 June 2007 are presented below:

	Pro-forma combined balance sheet	Group's attributable interest
	HK\$'M	HK\$'M
Non-current assets	9,154.4	1,589.1
Current assets	2,769.5	836.6
Current liabilities	(853.7)	(271.1)
Non-current liabilities	(8,694.1)	(1,478.5)
Net assets	<u>2,376.1</u>	<u>676.1</u>

AUDIT COMMITTEE

The Audit Committee of the Company comprises two independent non-executive directors and two non-executive directors, which includes one alternate.

The Committee engaged the auditor of the Company to assist them in reviewing the interim financial report of the Company for the six months ended 30 June 2007. The auditor conducted the review in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Committee has met with the management and external auditor to review the unaudited interim financial report and consider the significant accounting principles and policies adopted by the Company and discuss with the management the internal control and financial reporting matters in respect of this interim report. The Committee recommended to the Board approval of the unaudited interim financial report for the six months ended 30 June 2007 for public release.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 June 2007 with the Code Provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules except that the non-executive directors of the Company have not been appointed for any specific terms as they are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Company's bye-laws.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by directors of the Company.

The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the six months ended 30 June 2007, and received confirmation from all the directors that they had fully complied with the required standard set out in the Model Code throughout the period.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 9 October 2007 to 11 October 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlement of the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch registrars in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 8 October 2007.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the six months ended 30 June 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

By Order of the Board

Chung Siu Wah, Henry

Company Secretary and Group Legal Counsel

Hong Kong, 18 September 2007

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
KWOK Ping Luen, Raymond #
WONG Yick Kam, Michael #
(also an alternate to KWOK Ping Luen, Raymond)
HONG Pak Cheung, William #
LOH Soo Eng #
Simon MURRAY *CBE* *
FANG Hung, Kenneth *GBS JP* *
YEUNG Kit Shing, Jackson *

non-executive directors

* independent non-executive directors

AUDIT COMMITTEE MEMBERS

YEUNG Kit Shing, Jackson *(Chairman)*
FANG Hung, Kenneth *GBS JP*
WONG Yick Kam, Michael
HONG Pak Cheung, William
(alternate to Wong Yick Kam, Michael)

REMUNERATION COMMITTEE MEMBERS

CHENG Wai Chee, Christopher *GBS JP (Chairman)*
CHENG Wai Sun, Edward *JP*
Simon MURRAY *CBE*
FANG Hung, Kenneth *GBS JP*
YEUNG Kit Shing, Jackson

COMPANY SECRETARY AND GROUP LEGAL COUNSEL

CHUNG Siu Wah, Henry

QUALIFIED ACCOUNTANT

FUNG Ching Man, Janet

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISERS TO THE COMPANY

Slaughter and May *(as to Hong Kong Laws)*
Appleby *(as to Bermuda Laws)*

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street, Hamilton HM 11, Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Tricor Standard Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

Canon's Court, 22 Victoria Street
Hamilton HM12, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

25th Floor, Unimix Industrial Centre
2 Ng Fong Street
San Po Kong
Kowloon, Hong Kong

COMPANY WEBSITE

<http://www.usi.com.hk>

HONG KONG STOCK EXCHANGE STOCK CODE

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