

## **USI Announces 2009 Interim Results**

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### **Solid and Diversified Platform Paves the Way for Future Growth**

6 September 2009, Hong Kong - **USI Holdings Limited** (“USI” or the “Group”, SEHK stock code: 369) announced the Group’s unaudited results for the six months ended 30 June 2009.

For the first half of 2009, the Group reported consolidated profit attributable to equity holders of the Company of HK\$7.0 million, compared with HK\$328.7 million for the same period in 2008. The decrease in profit during the period was mainly due to a lack of property sales revenue and a soft leasing uptake of Landmark East. Revenue for the Group was HK\$417.0 million in the first half of 2009, compared with HK\$749.9 million in 2008. Interim dividend of HK1.5 cents per share was declared.

Deputy Chairman and Chief Executive of USI, Mr. Edward Cheng, said: “The local residential property market began to stabilize in the first quarter of 2009 and rebounded strongly in the second quarter. However, leasing demand for commercial properties remained weak. This has led to a challenging operating environment for our businesses. For the second half of 2009, we expect there to be gradual improvement in our operating environment on the back of a stabilizing global economy, thus enabling us to deliver better business performance”

### **Property Development**

Forfar, the latest development launched by the Group in Hong Kong, was launched for pre-sale in late June with 60% of the units sold within two weeks, a testimony to its superior quality and new design concept. The project is specially targeted at the high end luxurious market with unit sizes ranging from 2,300 to 2,500 square feet. Featuring a full curtain wall architecture designed by world renowned architect, Arquitectonica, the development highlights the newest residential concept of the Group and is set to become an iconic landmark in the traditionally exclusive residential area.

The Group’s other residential property projects, which include the Seymour Road project in Mid-Levels and the Tai Po Town Lot Nos 186, 187 and 188, are progressing according to plan and are expected to come on stream for launch within the next eighteen months.

Approximately 56% of the units in Belle Vue Residence, the Group’s luxurious development project in Singapore, have been sold to-date. The project, in which the Group’s subsidiary Winsor Properties owns 30% interest, has a total saleable area of about 433,000 square feet, and is expected to be completed in first half of 2010.

In China, the design for the initial phases of two sites for the Group’s Shenyang joint venture residential development has been completed, and construction work is under planning.

## **Property Investment and Management**

The Group's newly launched commercial property, Landmark East, was faced with a drop in office demand resulting from the financial crisis and increased supply of office space in the Kowloon East area. Rental uptake has been slow.

However, the other properties on our investment portfolio continued to deliver stable recurring income to the Group. W Square continued to be over 95% leased, confirming its position as an attractive alternative for multinational companies looking for quality office space at competitive cost. Average occupancy of the Group's industrial properties during the period decreased only slightly and still held on to a satisfactory level of about 90%.

## **Hospitality Investment and Management**

The Group's serviced apartment operations continue to deliver outstanding results despite the difficult operating environment during the period. Our newest property, Lanson Place Central Park in Beijing, has outperformed the Beijing serviced apartment market by achieving 80% occupancy in 12 months since its full opening in September 2008. Our Shanghai property, Lanson Place Jin Lin Tian Di, continues to lead the Shanghai serviced apartment market by maintaining over 80% occupancy. These results demonstrate the robustness of the Group's serviced apartment operating model.

As to hospitality management, the Group entered into a 10-year management contract for a serviced residence in Pudong, Shanghai in January 2009. Including this contract, Lanson Place has a total of eight management contracts in Hong Kong, China and South East Asia.

## **Prospects**

Commenting on the business outlook of USI, Mr. Cheng said: "Over the past three years, we have established a stronger and broader business platform that helps ensure a more stable recurring income. On the strength of this foundation, we are confident that we are well positioned to seize opportunities that lie ahead and improve our business performance when the market recovers."

Given the short supply of new residential properties in Hong Kong, the Group believes there will continue to be market opportunities to launch its residential projects successfully. Revenue from the sales of units in Forfar project and any further pre-sales will be recognized once the occupation permit is obtained which is expected to be before the end of 2009.

The operating results for Landmark East, with its premium quality office spaces, are likely to continue to improve with ongoing leasing uptake. Already the Group is seeing increasing decentralization of offices from the traditional commercial districts to Kowloon East.

Lanson Place is expected to continue to perform well in the second half of 2009. The serviced apartment operation has a sound business platform and an experienced management team with proven track record. With the global economy showing signs of stabilizing, Lanson Place is well positioned to capture the next phase of growth.

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**About USI Holdings Limited**

USI's businesses span over property development under the Wing Tai Asia brand; the hospitality investment and management under its Lanson Place brand in Hong Kong, Shanghai, Singapore, Kuala Lumpur and Beijing, and the property investment arm under its listed subsidiary Winsor Properties (SEHK stock code: 1036). USI was listed on The Stock Exchange of Hong Kong Limited in 1991.

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**Consolidated Income Statement**

For the six months ended 30 June 2009

	Unaudited	
	Six months ended 30 June	
	2009	2008
	HK\$'M	HK\$'M
<b>Revenue</b>	417.0	749.9
Cost of sales	(228.1)	(416.6)
<b>Gross profit</b>	188.9	333.3
Other gains, net	77.6	38.3
Selling and distribution costs	(69.1)	(64.9)
Administrative expenses	(112.2)	(169.4)
Change in fair value of investment properties	(8.0)	358.9
<b>Profit from operations</b>	77.2	496.2
Finance income	15.2	18.0
Finance costs	(41.9)	(34.2)
Share of results of associates	(5.2)	1.8
<b>Profit before taxation</b>	45.3	481.8
Taxation	(16.4)	(43.0)
<b>Profit for the period</b>	28.9	438.8
<b>Attributable to:</b>		
Equity holders of the Company	7.0	328.7
Minority interests	21.9	110.1
	28.9	438.8
<b>Dividends</b>	29.6	98.8
<b>Earnings per share for profit attributable to equity holders of the Company</b> (expressed in HK dollar per share)		
– Basic	HK\$0.01	HK\$0.33
– Diluted	HK\$0.01	HK\$0.33

**Consolidated Balance Sheet**

As at 30 June 2009

	Unaudited 30 June 2009 HK\$'M	Audited 31 December 2008 HK\$'M
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Leasehold land and land use rights	41.5	41.8
Investment properties	10,096.5	10,098.1
Other properties, plant and equipment	219.1	181.5
Interests in associates	609.0	609.6
Available-for-sale financial assets	331.8	301.2
Deferred tax assets	9.0	9.7
Loans and receivables	378.2	273.3
Held-to-maturity investments	28.2	25.4
	<u>11,713.3</u>	<u>11,540.6</u>
<b>Current assets</b>		
Inventories	124.8	87.5
Properties for sale	3,249.4	3,115.9
Loans and receivables	24.8	23.4
Trade and other receivables, deposits and prepayments	251.6	435.5
Available-for-sale financial assets	3.3	2.9
Derivative financial instruments	-	0.6
Sales proceeds held in stakeholders' accounts	3.2	-
Amounts due from associates	2.2	0.5
Tax recoverable	4.1	4.7
Pledged bank deposits	80.8	80.2
Bank balances and cash	566.0	496.2
	<u>4,310.2</u>	<u>4,247.4</u>
<b>Current liabilities</b>		
Trade and other payables and accruals	692.7	741.6
Derivative financial instruments	40.0	40.4
Amounts due to associates	19.4	19.5
Tax payable	66.5	59.9
Short-term bank borrowings and overdrafts	4.5	0.6
Bank loans due within one year	651.9	489.0
	<u>1,475.0</u>	<u>1,351.0</u>
<b>Net current assets</b>	<u>2,835.2</u>	<u>2,896.4</u>
<b>Total assets less current liabilities</b>	<u>14,548.5</u>	<u>14,437.0</u>

**Consolidated Balance Sheet (Continued)**

	Unaudited 30 June 2009 HK\$'M	Audited 31 December 2008 HK\$'M
<b>Non-current liabilities</b>		
Bank loans due after one year	4,565.7	4,432.9
Derivative financial instruments	57.9	105.8
Other long-term loans	42.3	42.3
Deferred tax liabilities	1,182.7	1,175.8
	<u>5,848.6</u>	<u>5,756.8</u>
<b>NET ASSETS</b>	<u>8,699.9</u>	<u>8,680.2</u>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital	494.7	494.5
Reserves	6,733.5	6,724.0
	<u>7,228.2</u>	<u>7,218.5</u>
<b>Minority interests</b>	1,471.7	1,461.7
<b>TOTAL EQUITY</b>	<u>8,699.9</u>	<u>8,680.2</u>