

USI HOLDINGS LIMITED 富聯國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 369)

2007 INTERIM RESULTS

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

* *For identification only*

INTERIM RESULTS

The Board of Directors (the “Directors”) of USI Holdings Limited (the “Company”) presents 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	
	<i>Note</i>	2007	2006
		HK\$'M	HK\$'M
Revenue	3	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”)	10	<u>1,007.5</u>	–
Profit from operations	4	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		5.1	17.9
Profit before taxation		1,532.6	709.0
Taxation	5	(95.3)	(127.8)
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		28.8	(4.1)
		<u>1,437.3</u>	<u>581.2</u>
Dividends	6	<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	7	<u>HK\$2.65</u>	<u>HK\$1.11</u>
– Diluted		<u>HK\$2.64</u>	<u>HK\$1.11</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

		Unaudited 30 June 2007 HK\$'M	Audited 31 December 2006 HK\$'M
	<i>Note</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Leasehold land and land use rights		5,106.8	776.3
Investment properties		3,134.7	1,563.1
Properties under development		551.1	128.7
Other properties, plant and equipment		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
		10,571.9	3,659.0
Current assets			
Inventories		148.7	122.4
Properties for sale		89.7	302.7
Trade and other receivables, deposits and prepayments	8	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
		2,378.7	1,105.4
Current liabilities			
Trade and other payables and accruals	9	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		335.8	48.7
		1,073.6	518.3
Net current assets		1,305.1	587.1

	Unaudited	Audited
	30 June	31 December
	2007	2006
<i>Note</i>	<i>HK\$'M</i>	<i>HK\$'M</i>
Total assets less current liabilities	11,877.0	4,246.1
Non-current liabilities		
Bank loans due after one year	2,330.4	1,000.0
Other long-term loans	47.0	187.4
Deferred tax liabilities	1,047.0	130.7
	3,424.4	1,318.1
NET ASSETS	8,452.6	2,928.0
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	263.4	263.3
Obligation for the issue of shares of the Company <i>10</i>	2,129.8	–
Reserves	3,961.1	2,449.5
	6,354.3	2,712.8
Minority interests	2,098.3	215.2
TOTAL EQUITY	8,452.6	2,928.0

Notes:

1. 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.

The interim results for the six months ended 30 June 2007 are unaudited, but reviewed by the Company’s auditor 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 HKICPA. The interim results have also been reviewed by the Company’s audit committee.

2. 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:

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

3. 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 investment		Hospitality management	Garment manufacturing and trading	Branded products distribution	Investing activities	Elimination	Consolidated
	Property development	and management						
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>

For the six months ended 30 June 2006	Property investment		Hospitality management	Garment manufacturing and trading	Branded products distribution	Investing activities	Elimination	Consolidated
	Property development	and management						
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

(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 HK\$'M	2006 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
	1,178.0	1,860.9

4. Profit from operations

	Six months ended 30 June	
	2007	2006
	<i>HK\$'M</i>	<i>HK\$'M</i>
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	1.1	1.3
	<u>11.3</u>	<u>10.3</u>

5. 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
	<i>HK\$'M</i>	<i>HK\$'M</i>
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>

6. 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.

7. 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	<u>526,758,647</u>	526,255,339
Effect of shares to be issued for the acquisition of subsidiaries	<u>4,128,811</u>	–
Weighted average number of shares for the purposes of calculating basic earnings per share	<u>530,887,458</u>	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 10.

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.

8. Trade and other receivables, deposits and prepayments

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	31 December
	2007	2006
	<i>HK\$'M</i>	<i>HK\$'M</i>
0 – 30 days	108.5	101.9
31 – 90 days	455.0	23.2
Over 90 days	88.2	15.0
	<hr/>	<hr/>
Trade receivables (net of provision)	651.7	140.1
Other receivables, deposits and prepayments	79.7	52.1
	<hr/>	<hr/>
	731.4	192.2
	<hr/> <hr/>	<hr/> <hr/>

9. Trade and other payables and accruals

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

	30 June	31 December
	2007	2006
	<i>HK\$'M</i>	<i>HK\$'M</i>
0 – 30 days	104.7	53.0
31 – 90 days	16.4	16.4
Over 90 days	11.1	11.9
	<hr/>	<hr/>
Trade payables	132.2	81.3
Other payables and accruals	294.9	247.9
	<hr/>	<hr/>
	427.1	329.2
	<hr/> <hr/>	<hr/> <hr/>

10. 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	Winsor Properties' carrying amount
	<i>HK\$'M</i>	<i>HK\$'M</i>
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>	

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.

11. 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.

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 registrar 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.

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.

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 for Securities Transactions by Directors of Listed Issuers ("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.

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 & Group Legal Counsel

Hong Kong, 18 September 2007

As at the date of this announcement, the directors of the Company are:

Executive Directors: Mr. Cheng Wai Chee, Christopher, Mr. Cheng Wai Sun, Edward, Mr. Cheng Man Piu, Francis, Mr. Chow Wai Wai, John, Mr. Ng Tak Wai, Frederick and Mr. Au Hing Lun, Dennis;

Non-Executive Directors: Mr. Kwok Ping Luen, Raymond, Mr. Wong Yick Kam, Michael (also an alternate to Mr. Kwok Ping Luen, Raymond), Mr. Hong Pak Cheung, William and Mr. Loh Soo Eng;

Independent Non-Executive Directors: Mr. Simon Murray, Mr. Fang Hung, Kenneth and Mr. Yeung Kit Shing, Jackson.

This announcement is only released through the website of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and the website of the Company at www.usi.com.hk and no publication in the newspapers is made.