USI HOLDINGS LIMITED
富聯國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 369)

2007 ANNUAL RESULTS

CHAIRMAN'S STATEMENT

I am pleased to announce that USI (the "Group") has achieved another record year of profitability with net profit of HK$1.7 billion, a 135% increase from 2006. Our net assets have almost tripled from HK$2.9 billion last year to HK$8.5 billion as at 31 December 2007. In 2007, USI has undergone significant transformation through a number of acquisition initiatives and joint ventures in Hong Kong and China. The result is a much bigger business platform which will enable USI to become a fully-fledged integrated property development and investment company with a strong Asian presence and China focus.

We have restructured our interests in Winsor Properties Holdings Limited ("Winsor Properties") and become its major shareholder in July 2007 holding 79.26% interests. The restructuring effectively enhanced the Group's property portfolio, creating a strong and growing revenue source from recurrent income of Winsor Properties' investment portfolio and offering higher financial flexibility and capacity. We further rationalised the Group's property holding structure through the injection of three quality investment properties into Winsor Properties in December 2007. The asset injection forges a more defined role for the two companies, with USI focusing on property development and Winsor Properties on value and yield enhancement of its investment properties.

We will continue to execute our three-pronged growth strategy to excel in property development under the brand Wing Tai Asia and pursue a focused investment business under Winsor Properties; to expand hospitality investment and management under the brand Lanson Place in Asia; and to pursue development projects in China under the joint venture with Hongkong Land Group.

Through a series of joint ventures and alliances last year, USI has successfully secured about half a million square feet of luxurious residential land under its development in Hong Kong, amid fierce competition for desirable residential sites. On the investment front, upon the completion of Landmark East in the third quarter of 2008, Winsor Properties will have 3.5 million square feet of quality investment properties in its portfolio and over one-third of it will be Grade A office and retail space. The trend of leasing offices off the traditional commercial areas as well as continued upward rental reversion is expected to create upside potential for Winsor Properties' recurring income from commercial properties.

* *For identification only*

China will also be our other major focus of development in the next few years and we plan to invest up to 30% of our resources and balance sheet in the market for suitable opportunities for comprehensive development as well as hospitality investment. In October 2007, we entered into a joint venture agreement with Hongkong Land Group to capture opportunities in comprehensive development with a strong residential focus in first-tier cities and fast growing second-tier cities in China, particularly those in the Pan Bohai Rim Region, the Yangtze River Delta and South Western China. Within two months of its formation, the joint venture entered into its first development project to develop a mix of high quality and low density residences in Shenyang, the strategic city in Pan Bohai Rim Region.

Our hospitality management and investment arm Lanson Place will continue to strengthen its presence in Asia. With our strong brand recognition, we plan to increase the number of rooms under Lanson Place's management through a number of projects in the pipeline.

Building on our core values, the combined effect of all these initiatives forms a strong platform on which the Group is ready to take off. However, this would not be possible without the support of a strong and effective management team and contribution of all the devoted and enthusiastic talents in the Group. We will continue to build up our senior and middle management and provide ample opportunities for them to grow with the Group. I would also like to take this opportunity to thank our shareholders for their trust and support.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 15 April 2008

FINANCIAL RESULTS

The Board of Directors (the "Directors") of USI Holdings Limited (the "Company") announces the audited consolidated results of the Company, and its subsidiaries (the "Group") and its jointly controlled entities for the year ended 31 December 2007, together with comparative figures for the previous year, as follows:-

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2007	2006
	Note	***HK$'M***	*HK$'M*
Revenue/turnover	*3*	**2,209.7**	2,699.4
Cost of sales		**(1,292.5)**	(1,573.1)
Gross profit		**917.2**	1,126.3
Other gains/losses, net		**53.9**	33.2
Selling and distribution costs		**(183.3)**	(154.6)
Administrative expenses		**(372.4)**	(325.2)
Change in fair value of investment properties		**458.0**	336.3
Excess of the Group's share of fair value of net assets of subsidiaries acquired over the cost of acquisition ("discount on acquisition")		**1,168.6**	-
Profit from operations	*4*	**2,042.0**	1,016.0
Finance charges		**(44.3)**	(41.7)
Finance income		**31.7**	9.4
Net finance charges		**(12.6)**	(32.3)
Share of results of associates		**2.5**	25.8
Profit before taxation		**2,031.9**	1,009.5
Taxation	*5*	**(191.9)**	(183.6)
Profit for the year		**1,840.0**	825.9
Attributable to:			
Equity holders of the Company		**1,735.9**	738.3
Minority interests		**104.1**	87.6
		1,840.0	825.9
Dividends	*6*	**113.6**	60.5
Earnings per share for profit attributable to equity holders of the Company			
(expressed in HK dollars per share)	*7*		
– Basic		**HK$2.32**	HK$1.40
– Diluted		**HK$2.31**	HK$1.40

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2007	2006
	Note	***HK$'M***	*HK$'M*
ASSETS AND LIABILITIES			
Non-current assets			
Leasehold land and land use rights		**5,772.4**	776.3
Investment properties		**3,463.0**	1,563.1
Properties under development		**1,175.5**	128.7
Other properties, plant and equipment		**294.0**	301.0
Interests in associates		**652.1**	163.9
Strategic investments		**526.7**	639.8
Deferred tax assets		**6.1**	16.2
Loans and receivables		**417.3**	86.2
		12,307.1	3,675.2
Current assets			
Inventories		**147.2**	122.4
Properties for sale		**62.3**	302.7
Loans and receivables		**20.8**	-
Trade and other receivables, deposits and prepayments	*8*	**329.3**	192.2
Financial assets at fair value through profit or loss		**14.9**	-
Derivative financial instruments		**0.6**	0.2
Sales proceeds held in stakeholders' accounts		**98.5**	65.8
Amounts due from associates		**25.9**	18.6
Tax recoverable		**1.7**	2.9
Pledged bank deposits		**21.0**	-
Bank balances and cash		**1,806.4**	403.6
		2,528.6	1,108.4
Current liabilities			
Trade and other payables and accruals	*9*	**694.9**	329.2
Derivative financial instruments		**10.0**	-
Amount due to an associate		**10.1**	4.9
Tax payable		**302.9**	123.4
Short-term bank borrowings and overdrafts		**13.7**	15.1
Bank loans due within one year		**902.7**	48.7
		1,934.3	521.3
Net current assets		**594.3**	587.1

	As at 31 December	
	2007	2006
	HK$'M	*HK$'M*
Total assets less current liabilities	**12,901.4**	4,262.3
Non-current liabilities		
Bank loans due after one year	**3,208.0**	1,000.0
Derivative financial instruments	**31.8**	-
Other long-term loans	**43.6**	187.4
Deferred tax liabilities	**1,125.0**	146.9
	4,408.4	1,334.3
NET ASSETS	**8,493.0**	2,928.0
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	**493.7**	263.3
Reserves	**6,606.1**	2,449.5
	7,099.8	2,712.8
Minority interests	**1,393.2**	215.2
TOTAL EQUITY	**8,493.0**	2,928.0

NOTES:

1. Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (”HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rule”) and the Hong Kong Companies Ordinance.

2. Accounting policies

a) Standards, amendments and interpretations that are effective in 2007

HKFRS 7, “Financial instruments: Disclosures”, and the complementary amendment to HKAS 1, “Presentation of financial statements – Capital disclosures”, introduces new disclosures relating to various financial risk exposures and management thereof, the level of an entity’s capital and how to manage capital.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group’s accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

		Effective from
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
HKAS HKAS 23 (Revised)	Borrowing costs	1 January 2009
HKAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
HKFRS 2 Amendment	Share-based payment vesting conditions and cancellations	1 January 2009
HKFRS3 (Revised)	Business combination	1 July 2009
HKFRS 8	Operating segments	1 January 2009
HK(IFRIC) – Int 11	HKFRS 2 – Group and treasury share transactions	1 January 2008
HK(IFRIC) – Int 12	Service concession arrangements	1 January 2008
HK(IFRIC) – Int 13	Customer loyalty programmes	1 July 2008
HK(IFRIC) – Int 14	The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008

The directors are in the process of reviewing the impact to the Group’s financial statements in respect of the adoption of these standards, amendments and interpretations to existing standards.

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 investment and 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.

Principal activities are as follows:

Property development	-	Development of properties for sale
Property investment and management	-	Investment in rental properties and project management
Hospitality investment and management	-	Investment in hospitality and provision of hospitality management services to service apartment and hotel owners

Garment manufacturing and trading	-	Manufacture of garments for export to overseas markets, and source apparel, as buying and marketing agents
Branded products distribution	-	Retailing, wholesaling and licensing of branded apparel
Investing activities	-	Investment in securities, the underlying businesses of which are property investment and development and others

As a result of the change in internal reporting system, the segment previously named as "Hospitality Management" was changed to be "Hospitality Investment and Management". For comparative purposes, certain last year's segment figures were reclassified from the segment of "Property Investment and Management" to "Hospitality Investment and Management".

	Property development	Property investment and management	Hospitality investment and 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
For the year ended 31 December 2007								
REVENUE								
External sales	769.2	137.3	97.1	919.3	270.3	16.5	-	2,209.7
Inter-segment sales	-	4.0	5.5	-	-	-	(9.5)	-
Total	769.2	141.3	102.6	919.3	270.3	16.5	(9.5)	2,209.7
RESULTS								
Segment results before change in fair value of investment properties	499.8	95.3	57.1	(151.7)	0.6	(18.4)	-	482.7
Change in fair value of investment properties	-	319.0	139.0	-	-	-	-	458.0
Segment results	499.8	414.3	196.1	(151.7)	0.6	(18.4)	-	940.7
Discount on acquisition								1,168.6
Unallocated corporate expenses								(67.3)
Profit from operations								2,042.0
Finance charges								(44.3)
Finance income								31.7
Share of results of associates	7.1	-	4.4	-	-	(9.0)	-	2.5
Profit before taxation								2,031.9
Taxation								(191.9)
Profit for the year								1,840.0
Other segment items included in the income statement are as follows:								
Depreciation and amortisation	22.9	3.9	0.1	22.8	7.3	2.1	-	59.1
Loss on disposal of other properties, plant and equipment	-	-	-	0.3	-	-	-	0.3
(Write back of)/provision for trade receivables	(27.7)	-	-	3.8	-	-	-	(23.9)
Provision for impairment of leasehold land and land use right	-	-	-	0.9	-	-	-	0.9
Provision for impairment of other properties, plant and equipment	-	-	-	30.6	-	-	-	30.6

	Property development	Property investment and management	Hospitality investment and 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
For the year ended 31 December 2006								
REVENUE								
External sales	1,358.7	58.3	61.0	946.6	255.5	19.3	-	2,699.4
Inter-segment sales	-	6.6	3.2	-	-	-	(9.8)	-
Total	1,358.7	64.9	64.2	946.6	255.5	19.3	(9.8)	2,699.4
RESULTS								
Segment results before change in fair value of investment properties	651.2	25.0	29.4	(28.3)	(1.8)	50.2	-	725.7
Change in fair value of investment properties	-	96.5	239.8	-	-	-	-	336.3
Segment results	651.2	121.5	269.2	(28.3)	(1.8)	50.2	-	1,062.0
Unallocated corporate expenses								(46.0)
Profit from operations								1,016.0
Finance charges								(41.7)
Finance income								9.4
Share of results of associates	15.8	-	16.8	-	-	(6.8)	-	25.8
Profit before taxation								1,009.5
Taxation								(183.6)
Profit for the year								825.9
Other segment items included in the income statement are as follows:								
Depreciation and amortisation	3.1	8.0	0.2	11.3	7.0	1.6	-	31.2
Gain on disposal of other properties, plant and equipment	-	(0.6)	-	(0.1)	-	-	-	(0.7)
(Write back of)/provision for trade receivables	33.1	-	-	1.8	(0.5)	-	-	34.4
Provision for impairment of other properties, plant and equipment	-	-	-	1.0	-	-	-	1.0

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions mutually agreed among group companies.

	Property development	Property investment and management	Hospitality investment and management	Garment manufacturing and trading	Branded products distribution	Investing activities	Consolidated
	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M	HK$M
The segment assets and liabilities at 31 December 2007 and capital expenditure for the year then ended are as follows:							
ASSETS							
Segment assets	3,083.6	7,194.9	1,434.5	377.7	178.5	545.0	12,814.2
Interests in associates	634.7	-	38.2	-	-	(20.8)	652.1
Unallocated assets							1,369.4
Consolidated total assets							14,835.7
LIABILITIES							
Segment liabilities	85.7	318.1	35.5	175.0	60.1	20.4	694.8
Unallocated liabilities							5,647.9
Consolidated total liabilities							6,342.7
Capital expenditure	2,013.7	5,519.0	5.0	24.3	3.0	2.3	7,567.3
The segment assets and liabilities at 31 December 2006 and capital expenditure for the year then ended are as follows:							
ASSETS							
Segment assets	1,509.3	630.2	1,060.4	365.1	185.9	793.4	4,544.3
Interests in associates	144.0	-	31.7	-	-	(11.8)	163.9
Unallocated assets							75.4
Consolidated total assets							4,783.6
LIABILITIES							
Segment liabilities	76.9	15.0	26.0	104.5	63.5	28.1	314.0
Unallocated liabilities							1,541.6
Consolidated total liabilities							1,855.6
Capital expenditure	7.4	34.4	1.3	16.2	11.5	3.5	74.3

Segment assets consist primarily of leasehold land and land use rights, investment properties, properties under development, other properties, plant and equipment, strategic investments, inventories, trade and other receivables, deposits and prepayments, sales proceeds held in stakeholders' accounts, financial assets at fair value through profit or loss, properties for sale and bank balances and cash. Unallocated assets comprise mainly bank balances and cash and properties, plant and equipment held for corporate uses, derivative financial instruments, amounts due from associates, tax recoverable and deferred tax assets.

Segment liabilities comprise operating liabilities. Unallocated liabilities include tax payable, borrowings, deferred tax liabilities, derivative financial instruments and corporate liabilities.

Capital expenditure comprises additions to leasehold land and land use rights, investment properties, properties under development and other properties and plant and equipment, including additions resulting from acquisitions through business combinations.

(b) Secondary reporting format – geographical segment

The Group's operations are principally located in Hong Kong, the People's Republic of China other than Hong Kong (the "PRC") and the United Kingdom.

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 Year ended 31 December	
	2007	2006
	HK$'M	*HK$'M*
Hong Kong	**1,015.7**	1,449.0
North America	**611.6**	669.0
United Kingdom	**315.2**	390.4
Others	**267.2**	191.0
	2,209.7	2,699.4

The following is an analysis of the Group's total assets and capital expenditure by the geographical area in which the assets are located.

	Total assets At 31 December		Capital expenditure For the year ended 31 December	
	2007	2006	**2007**	2006
	HK$'M	*HK$'M*	***HK$'M***	*HK$'M*
Hong Kong	**12,824.2**	4,072.3	**7,544.2**	50.1
The PRC	**637.4**	244.0	**13.7**	9.0
United Kingdom	**212.9**	223.3	**3.0**	11.5
North America	**50.6**	26.0	**-**	-
Others	**450.7**	35.0	**6.4**	3.7
	14,175.8	4,600.6	**7,567.3**	74.3
Interests in associates	**652.1**	163.9	**-**	-
Unallocated assets	**7.8**	19.1	**-**	-
	14,835.7	4,783.6	**7,567.3**	74.3

4. Profit from operations

	2007	2006
	HK$'M	HK$'M
Staff costs including directors' remuneration	**340.3**	239.7
Retirement benefits costs, net of negligible forfeited contributions	**24.3**	5.6
Total staff costs	**364.6**	245.3
Share-based compensation expenses	**4.3**	3.2
Auditors' remuneration		
- current year	**4.4**	3.2
- underprovision in prior year	**0.6**	0.2
Cost of inventories included in cost of sales	**877.5**	874.7
Cost of sales of properties include in cost of sales	**248.7**	613.6
Depreciation and amortisation		
- trademark	**0.1**	0.2
- leasehold land and land use rights	**23.7**	4.1
- other properties, plant and equipment	**35.3**	26.9
Loss/(gain) on disposal of other properties, plan and equipment	**0.3**	(0.7)
Direct operation expenses arising from investment properties generating rental income	**26.9**	16.7
(Write back of)/provision for trade receivables	**(23.9)**	34.4
Provision for diminution in value of inventories	**5.5**	-
Provision for impairment of leasehold land and land use right	**0.9**	-
Provision for impairment of other properties, plant and equipment	**30.6**	1.0
Selling and marketing expenses for branded product distribution	**83.7**	75.7
Other expenses	**165.0**	154.4

Total cost of sales, selling and distribution costs and administrative expenses	**1,848.2**	2,052.9

Note:

Share-based compensation expenses recognised in the consolidated income statement in respect of share options and incentive shares granted to certain directors and employees are not included in the total staff costs above.

5. Taxation

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

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

	2007 *HK$'M*	2006 *HK$'M*
Current taxation		
– Hong Kong profits tax	**89.2**	128.4
– Over-provision	**(1.4)**	-
– Taxation in other jurisdictions	**4.2**	0.1
	92.0	128.5
Deferred taxation	**99.9**	55.1
	191.9	183.6

6. Dividends

	2007 *HK$'M*	2006 *HK$'M*
Interim dividend paid on 18 October 2007 of HK5.0 cents (2006: HK5.0 cents) per ordinary share	**49.4**	26.3
Proposed final dividend of HK6.5 cents (2006: HK6.5 cents) per ordinary share	**64.2**	34.2
	113.6	60.5

The final dividend is not accounted for until it has been approved at the forthcoming annual general meeting of the Company. The amount will be accounted for as an appropriation of the reserves for the year ending 31 December 2008.

7. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2007	2006
	HK$'M	*HK$'M*
Profit attributable to the equity holders of the Company	**1,735.9**	738.3
Weighted average number of ordinary shares in issue	**749,684,938**	526,357,976
Basic earnings per share	**HK$2.32**	HK$1.40

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares at the beginning of the year. The Company has share options and incentive shares outstanding during the year which are dilutive potential ordinary shares. Calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average daily market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	2007	2006
	HK$'M	*HK$'M*
Profit attributable to the equity holders of the Company	**1,735.9**	738.3
Weighted average number of ordinary shares in issue	**749,684,938**	526,357,976
Effect of dilutive potential shares issuable under the Company's share option and share incentive schemes	**2,805,656**	2,583,865
Weighted average number of shares for the purposes of calculating calculating diluted earnings per share	**752,490,594**	528,941,841
Diluted earnings per share	**HK$2.31**	HK$1.40

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) as at 31 December, based on the due date:

	2007 *HK$'M*	2006 *HK$'M*
Not yet due	**98.5**	22.5
1 – 30 days	**75.8**	79.4
31 – 90 days	**42.3**	23.2
Over 90 days	**23.8**	15.0
Trade receivables (net of provision)	**240.4**	140.1
Other receivables, deposits and prepayments	**88.9**	52.1
	329.3	192.2

9. Trade and other payables and accruals

The ageing analysis of the Group's trade payables as at 31 December is as follows:

	2007 **HK$'M**	2006 *HK$'M*
0 – 30 days	**236.3**	53.0
31 – 90 days	**9.4**	16.4
Over 90 days	**4.4**	11.9
Trade payables	**250.1**	81.3
Other payables and accruals	**444.8**	247.9
	694.9	329.2

10. Business Combination

On 29 June and 13 July 2007, the Group acquired an additional 62.70% equity interest in Winsor Properties, a 16.56% owned investee company of the Group as at 31 December 2006, after which the shareholding in Winsor Properties held by the Group increased to 79.26%. The consideration for the acquisition is 2.825 new shares of the Company for each share of Winsor Properties.

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
	HK$'M	*HK$'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
Interest 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)
Tax 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)
	5,667.9	5,579.9
Minority interests	(1,175.3)	
Share of post-acquisition reserves attributable to the 16.56% interests previously held as strategic investments credited to retained profits	(425.0)	
Net assets acquired	4,067.6	
Purchase consideration for the additional 62.70% interests satisfied by:		
Issue of shares of the Company	2,635.1	
Transaction costs of the acquisition	23.1	
	2,658.2	
Purchase consideration for the original 16.56% interest	240.8	
	2,899.0	
Discount on acquisition	1,168.6	
Purchase consideration settled in cash	(23.1)	
Cash and cash equivalents in subsidiaries acquired	660.2	
Net cash inflow arising from acquisition	637.1	

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

Winsor Properties contributed revenue of approximately HK$81.3 million and profit attributable to equity holders of the Company of approximately HK$188.8 million for the period from the date of acquisition to 31 December 2007. If the acquisition had occurred on 1 April 2007, the beginning of the accounting period of Winsor Properties, the revenue contributed by Winsor Properties to the Group would have been approximately HK$119.1 million and profit attributable to equity holders of the Company would have been HK$351.5 million.

DIVIDENDS

The Directors recommend the payment of a final dividend of HK6.5 cents (2006: HK6.5 cents) per share for the year ended 31 December 2007. Including the interim dividend of HK5.0 cents (2006: HK5.0 cents) per share paid on 18 October 2007, the total dividend payout for the year ended 31 December 2007 shall be HK11.5 cents per share. Subject to the passing of the relevant resolution at the forthcoming annual general meeting, final dividend will be payable on or around 16 June 2008 to shareholders registered as at 6 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 4 June 2008 to 6 June 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrars, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:30 p.m. on 3 June 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2007, the Group reported a consolidated profit for the year attributable to equity holders of the Company of HK$1,735.9 million, compared with HK$738.3 million reported in 2006. The increase in profit for the year is mainly due to the discount on acquisition arising from the excess of the Group's share of fair value of net assets of Winsor Properties acquired over the cost of acquisition, which amounted to HK$1,168.6 million. Revenue for the Group was HK$2,209.7 million for the year ended 31 December 2007, compared with HK$2,699.4 million for the year ended 31 December 2006.

The Group's net assets has almost tripled from HK$2.9 billion last year to HK$8.5 billion as at 31 December 2007. In 2007, the Group has undergone significant transformation through a number of corporate restructuring, acquisition initiatives and joint ventures in Hong Kong and Mainland China.

Property

The Group's property division includes property development, property investment and management, and hospitality investment and management, recorded segment profit of HK$1,110.2 million for the year ended 31 December 2007 compared with HK$1,041.9 million in 2006.

Property development

The Group has captured the most favorable time for each property launch and has achieved overwhelming and strong property sales in 2007.

The Giverny, a luxurious villa development in Hebe Haven, Sai Kung, was successfully relaunched in 2007. We have sold 37 villas, generating HK$567.8 million turnover and HK$338.3 million profit attributable to the Group. There are only 6 villas remained unsold.

With positive market response received from the launch of Grand 8 on the Park, a luxurious eight-house complex in The Grandville, in early 2007 all the remaining units of the development have been sold, generating a turnover of HK$201.4 million and an attributable profit of HK$87.3 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 2007.

Supported by the robust and healthy momentum in residential property market, in particular luxury and high-end developments, and the Group's strong property sales in 2007, the management of USI has continued to actively look for acquisition opportunities. In April 2007, the Group has formed consortia with other developers to co-develop Tai Po Town Lot Nos. 187 and 188 situated at Pak Shek Kok, Tai Po. As a strategic move, the same consortia further won the land auction for Tai Po Town Lot No. 186 in October 2007. The sites will be developed into luxurious low-density residential developments with panoramic seaview. The Group has a 15% interest in each site and the aggregated attributable floor area of the three sites is approximately 300,000 square feet. The project is expected to be completed in 2010.

In November 2007, the Group has formed a joint venture with Wachovia Securities, a leading United States financial services company to redevelop a premier residential site at Seymour Road, Mid Levels. This is the Group's strategic residential development venture with a large international financial institution. The Group has a 30% interest in this 20,000 square feet site which has a developable area of approximately 165,000 square feet. USI Properties Limited, a wholly-owned subsidiary, is appointed as the project manager. The project is expected to be completed in 2011.

The luxurious residential development at 157 Argyle Street will provide approximately 100,000 square feet of floor space upon its scheduled completion in 2009. Foundation works are underway and construction of super-structure is scheduled to commence in the second quarter of 2008.

Property Investment and Management

The Group's interest in the commercial, industrial and retail properties is now held through its subsidiary, Winsor Properties. Following the successful completion of the general offer for Winsor Properties' shares in July 2007, USI injected three quality investment properties (Shui Hing Centre, Unimix Industrial Centre and W Square) into Winsor Properties on 31 December 2007 in order to forge a more strategic alignment of the two listed companies' business focus. The Group will continue to expand its quality asset portfolio and grow its recurrent income and yield through Winsor Properties.

For the year ended 31 December 2007 and before the asset injection into Winsor Properties, USI's industrial buildings, comprising Shui Hing Centre and Unimix Industrial Centre, recorded a fair value gain of HK$142.9 million and achieved average occupancy rates of around 85% throughout the year. In addition to the benefit of upward rental reversion of both properties, Shui Hing Centre located in Kowloon Bay possesses significant capital appreciation potential as a result of the area's rapid transformation into a business, commercial and entertainment hub in East Kowloon.

In addition, Winsor Properties' investment properties including Regent Centre, Lucky Industrial Building and Winner Godown Building, recorded a fair value gain of HK$175.5 million and achieved an average occupancy rates of more than 97% throughout the year.

At 31 December 2007, the Group's portfolio of industrial buildings amounted to 2.1 million square feet with fair market valuation of HK$2,487.0 million. As at 31 December 2007, the overall occupancy rate of the Group's industrial properties was approximately 95%. These buildings are expected to benefit from the continued upward rental reversion experienced in 2007.

Renovation of W Square, situated in a busy section of the revitalized Wanchai district, has been substantially completed at the end of 2007. The renovated building will provide upscale retail and Grade A office space and create a new landmark in the area. The property is expected to benefit from the overflow of demand for quality office space as a result of soaring rentals in Central and Admiralty. The rollout of our marketing and leasing program has received positive responses.

Landmark East, the twin-tower Grade A office development in Kwun Tong, has topped-out in March 2008 and the occupation permit is expected to be obtained in the third quarter of 2008. According to the Group's accounting policy, the property is recorded at cost and classified as a "Property Under Development" as at 31 December 2007. As it is the Group's intention to hold the developed property for rental income, it will be reclassified as "Investment Property" upon completion of the development. Marketing campaign and pre-leasing are in progress. With the rapid transformation in the Kwun Tong area and a growing critical mass of Grade A office tenants, the property is expected to benefit from the decentralisation demands.

Hospitality Investment and Management

We continued to reinforce our 'Lanson Place' brand in gateway cities in Asia and optimize our operations with an encouraging return during the year.

Lanson Place Hong Kong has sustained its position as one of the leading boutique hotel in Hong Kong with an average occupancy rate of 90%, and recently topped the list of the Most Popular City Centre Hotel by Small Luxury Hotels of the World. For the year ended 31 December 2007, Lanson Place Hong Kong recorded a fair value gain of HK$139.0 million.

In the China market, Jin Lin Tian Di Residences, our establishment in Shanghai, continued to reinforce its position as one of the leading serviced residences in the city, by providing excellent guest services to expatriates and their family. We have achieved an average occupancy rate of 96%. Lanson Place Central Park Residences, our serviced residences in Beijing is scheduled to open before the Beijing Olympic Games.

Our serviced residences in South East Asia, one in Singapore and two in Malaysia, delivered stable business performance in these two markets. The Group continues to look for expansion opportunities in key strategic cities in China and South East Asia.

Apparel

The Group's apparel operation, comprised of garment manufacturing and trading, and branded products distribution, generated an aggregate turnover of HK$1,189.6 million in 2007 compared to HK$1,202.1 million in 2006. The 2007 segment results is a loss of HK$151.1 million compared to a loss of HK$30.1 million in 2006.

During the year, the Group performed a thorough review of each business units and decided to restructure the entire operation by closing down certain non-profitable business units by phases. The restructuring is scheduled to complete by third quarter of 2008. As a result, total provision of HK$88.4 million for assets impairment, staff long services pay and redundancy and other closing costs was made at 31 December 2007.

Investing activities

On 11 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 16.56% already owned by USI) by issuing new shares of USI. The consideration was 2.825 new shares of USI for each share of Wisnor Properties.

After the final closing date of the Offer on 29 June 2007, USI owns 67.49% equity interest in Winsor Properties, turning it from a strategic investment into a consolidated subsidiary. As a result, the Group has consolidated Winsor Properties' operating results starting from 29 June 2007. After final closing date of the Offer on 13 July 2007, USI owns a 79.26% equity interest. Discount on acquisition of HK$1,168.6 million was recorded in the Group's consolidated income statement for the year ended 31 December 2007.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's net assets totalled HK$8,493.0 million as at 31 December 2007 (31 December 2006: HK$2,928.0 million). The increase was mainly resulted from the net effect of the acquisition of Winsor Properties of HK$3,835.9 million, profit for the year of HK$1,840.0 million, distribution of 2006 final dividend of HK$34.2 million and 2007 interim dividend of HK$49.4 million.

At 31 December 2007, the Group's net borrowings (total bank borrowings and other long term loans less bank balances and cash) was HK$2,361.6 million, representing 27.8% of the Group's net assets (31 December 2006: 28.9%). Interest for the Group's bank borrowings was mainly on a floating rate basis. Around 77.8% of the Group's bank borrowings was repayable in periods beyond one year. The Group had bank balances and cash of HK$1,806.4 million at 31 December 2007 which is HK$1,402.8 million higher than at the end of 2006. In addition, the Group had unutilised banking facilities of HK$591.0 million at 31 December 2007 (31 December 2006: HK$676.0 million). The increase in net borrowings and bank balances and cash is due to consolidation of Winsor Properties.

Foreign Currencies

The Group continues to conduct its business mainly in United States Dollars, Renminbi 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

At 31 December 2007, the Group's contingent liabilities were guarantees given to banks of HK$421.4 million (31 December 2006: HK$1.9 million).

Pledge of Assets

At 31 December 2007, HK$863.2 million of the Group's advances to associates/jointly controlled entities were subordinated to the loans facilities of associates/jointly controlled entities. The associates/jointly controlled entities include amounts of HK$824.5 million which are assigned, and the shares in these associates/jointly controlled entities beneficially owned by the Group were pledged to financial institutions.

At 31 December 2007, certain of the Group's investment properties, freehold properties, leasehold land, leasehold buildings, properties under development and bank deposits with carrying value of HK$2,680.6 million, HK$62.4 million, HK$5,754.2 million, HK$8.6 million, HK$1,175.5 million and HK$21.0 million respectively were pledged to secure credit facilities for the Group.

PROSPECTS

Given the strong platform built in 2007, the Group is ready to take its business to the next level. The slow down in the US economy and the global credit tightening as a result of the subprime crisis may affect credit liquidity in Asia, we are confident that of the Hong Kong property market will remain buoyant supported by sound economic fundamentals. Notwithstanding our confidence, we shall stay vigilant to the challenges of the subprime fallouts and be ready to respond to any threats or opportunities that may take place in the economies that we have operations or investments.

The falling interest rate, low unemployment rate, latest budget tax cuts and infrastructure plans announcement by the Hong Kong government will spur demand for real estate. Home prices become more affordable and attractive to buyers with higher disposable income. The Group will launch sales of its prime residential developments when market opportunities open. The Group will continue to seek development opportunities in the local property market capitalising on this favourable environment and strengthening demand from home buyers.

The completion of Landmark East in the third quarter of 2008 will add 1.3 million square feet to the Group's Grade A office portfolio, which will provide a strong recurrent income base to the Group. With the expected strong demand in office space in Hong Kong, the Group expects continued upward rental reversion and improved occupancy for all of its investment properties.

In China, the Government has implemented a number of austerity measures designed to slow down inflationary growth in order to enable a more sustainable economic development. We believe these measures will help to create a more healthy property market. This, we believe, will offer more opportunities for the Group to further its expansion into comprehensive development in China. In addition, the robust economic growth, urbanisation and Renminbi appreciation will continue to drive local demand for quality property. The Group will strategically build its business in China through Lanson Place and the joint venture with Hongkong Land Group.

For our hospitality management and investment business, Lanson Place has secured a strong foothold in Asia. We shall continue to take advantage of the growing Asian economy to expand our presence in China and major Asian cities. A number of projects are in the pipeline and we expect substantial developments and growing results from Lanson Place in 2008 and beyond.

EMPLOYEES

At 31 December 2007, the Group had in excess of 6,300 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 directors, are eligible under the Company's share option scheme in which the share options are generally exercisable in stages within a period of one to five years from the date of grant.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31 December 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.

AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and policies adopted by the Company and discussed with management the internal control, auditing and financial reporting matters in respect of the annual report including a review of the audited consolidated financial statements of the Company for the year ended 31 December 2007.

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto as set out in the preliminary announcement for the year ended 31 December 2007 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

The Group's annual results for the year ended 31 December 2007 have been reviewed by the Audit Committee.

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

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and the website of the Company at www.usi.com.hk. The 2007 annual report will be dispatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board
Fung Ching Man, Janet
Company Secretary & Chief Financial Officer

Hong Kong, 15 April 2008

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

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

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

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