USI HOLDINGS LIMITED

富聯國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 369)

2008 INTERIM RESULTS ANNOUNCEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the first half of 2008, we saw the US and European markets were pulled down by the deepening subprime crisis-induced credit crunch. Asia performed relatively well although concerns over whether the economic downturn overseas will fully contaminate the region prevail. During these six months, the Group focused on integrating the new initiatives we began in 2007 to create a stronger platform that will be the engine of our future growth.

With our property development business, the Group has successfully maximised the value of our residential lands through superior design and planning. Our projects are progressing as planned and should be up for sale when the right market window opens in the next one to two years. The timely launch of W Square has captured the demand overflow from traditional Grade A area in Central and is now 70% leased. We expect similar progress and performance for Landmark East when the project is completed in the third quarter of 2008. These development projects will bring solid earnings to the Group.

The opening of Lanson Place Central Park Residences in Beijing before the Olympics was fruitful as it attracted visitor flow and boosted our brand recognition. Our ability to achieve top rates and occupancy for Lanson Place Jin Lin Tian Di Residences in Shanghai won us a further 10-year management contract. We also made our first serviced residences acquisition in South East Asia, securing a 50% stake in a 115-unit residential development in Kuala Lumpur's vibrant central business district. Going forward, Lanson Place will continue to evolve and expand into a strong Pan-Asia brand along with further investments in South East Asia and China.

Our Shenyang development under the Hongkong Land Group joint venture has commenced the planning and design of its initial phase. The 960,000 square-metre site is earmarked for a high quality residential development of up to 1.6 million square metre in different phases. The joint venture is determined to be a significant player in the mainland property market and we expect more projects to come in future.

The Group was well on target in restructuring its apparel business which is expected to be completed by this year upon which the manufacturing operation should be back on a profitable track.

* *For identification purpose only*

After successfully integrating all our initiatives started in 2007, our stronger platform ensures confidence and solid capability in meeting challenges and opportunities ahead. We have laid the groundwork for a bright future. I would like to take this opportunity to thank our staff and shareholders for their unwavering support.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 10 September, 2008

INTERIM RESULTS

The Board of Directors (the "Directors") of USI Holdings Limited (the "Company" or "USI") 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 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

		Unaudited	
		Six months ended 30 June	
		2008	2007
	Note	*HK$'M*	*HK$'M*
Revenue	*3*	749.9	1,178.0
Cost of sales		(416.6)	(552.7)
Gross profit		333.3	625.3
Other gains, net		38.3	7.7
Selling and distribution costs		(64.9)	(91.0)
Administrative expenses		(169.4)	(145.5)
Change in fair value of investment properties		358.9	137.6
Excess of the Group's share of fair value of net assets of subsidiaries acquired over the cost of acquisition ("discount on acquisition")		-	1,007.5
Profit from operations	*4*	496.2	1,541.6
Finance charges		(34.2)	(20.5)
Finance income		18.0	6.4
Net finance charges		(16.2)	(14.1)
Share of results of associates		1.8	5.1
Profit before taxation		481.8	1,532.6
Taxation	*5*	(43.0)	(95.3)
Profit for the period		438.8	1,437.3
Attributable to:			
Equity holders of the Company		328.7	1,408.5
Minority interests		110.1	28.8
		438.8	1,437.3
Dividends	*6*	98.8	83.5
Earnings per share for profit attributable to equity holders of the Company (expressed in HK dollar per share)	*7*		
– Basic		HK$0.33	HK$2.65
– Diluted		HK$0.33	HK$2.64

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

	Note	Unaudited 30 June 2008 *HK$'M*	Audited 31 December 2007 *HK$'M*
ASSETS AND LIABILITIES			
Non-current assets			
Leasehold land and land use rights		3,305.4	5,772.4
Investment properties		4,849.0	3,463.0
Properties under development		1,547.3	1,175.5
Other properties, plant and equipment		262.4	294.0
Interests in associates		619.6	652.1
Strategic investments		489.1	526.7
Deferred tax assets		8.5	6.1
Other non-current assets		372.5	417.3
		11,453.8	12,307.1
Current assets			
Inventories		154.8	147.2
Properties for sale		2,880.8	62.3
Loan receivable		23.4	20.8
Trade and other receivables, deposits and prepayments	*8*	443.5	329.3
Financial assets at fair value through profit or loss		5.3	14.9
Derivative financial instruments		-	0.6
Sales proceeds held in stakeholders' accounts		89.2	98.5
Amounts due from associates		49.2	25.9
Tax recoverable		3.8	1.7
Pledged bank deposits		22.2	21.0
Bank balances and cash		488.1	1,806.4
		4,160.3	2,528.6
Current liabilities			
Trade and other payables and accruals	*9*	918.4	694.9
Derivative financial instruments		2.1	10.0
Amounts due to associates		11.5	10.1
Tax payable		134.4	302.9
Short-term bank borrowings and overdrafts		5.0	13.7
Bank loans due within one year		178.2	902.7
		1,249.6	1,934.3

	Unaudited 30 June 2008 *HK$'M*	Audited 31 December 2007 *HK$'M*
Net current assets	2,910.7	594.3
Total assets less current liabilities	14,364.5	12,901.4
Non-current liabilities		
Bank loans due after one year	4,126.1	3,208.0
Derivative financial instruments	21.3	31.8
Other long-term loans	166.1	43.6
Deferred tax liabilities	1,178.8	1,125.0
	5,492.3	4,408.4
NET ASSETS	8,872.2	8,493.0
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	494.0	493.7
Reserves	6,859.1	6,606.1
	7,353.1	7,099.8
Minority interests	1,519.1	1,393.2
TOTAL EQUITY	8,872.2	8,493.0

NOTES:

1. Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 June 2008 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 unaudited condensed consolidated interim financial information should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2007.

The interim results for the six months ended 30 June 2008 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 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 2007.

The following interpretations, which are relevant to the Group's operations, are mandatory for accounting periods beginning on or after 1 January 2008 and were adopted by the Group in the current period:

		Effective for accounting period beginning on or after
HK(IFRIC) – Int 11	HKFRS 2 – Group and treasury share transactions	1 January 2008
HK(IFRIC) – Int 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008

The adoption of the above interpretations did not have any significant impacts on the Group's financial statements in both periods.

The Group has not early adopted the following new or revised standards or interpretations that have been issued but are not yet effective for the period:

		Effective for accounting periods beginning on or after
HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
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
HKFRS 3 (Revised)	Business combination	1 July 2009
HKFRS 8	Operating segments	1 January 2009
HK(IFRIC) – Int 13	Customer loyalty programmes	1 July 2009

The Group is in the process of making assessment of the impact of these standards, amendments and interpretations and is not yet in a position to state whether they would have a significant impact on the Group's results and financial position.

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.

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 period's segment figures were reclassified from the segment of "Property Investment and Management" to "Hospitality Investment and Management".

For the six months ended 30 June 2008	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*
Revenue								
External sales	112.3	106.0	53.6	310.0	132.6	35.4	-	749.9
Inter-segment sales	-	4.2	-	-	-	-	(4.2)	-
Total	112.3	110.2	53.6	310.0	132.6	35.4	(4.2)	749.9
Results								
Segment results before change in fair value of investment properties	67.3	59.1	34.1	(40.7)	(0.2)	52.1	-	171.7
Change in fair value of investment properties	-	233.9	125.0	-	-	-	-	358.9
Segment results	67.3	293.0	159.1	(40.7)	(0.2)	52.1	-	530.6
Unallocated corporate expenses								(34.4)
Profit from operations								496.2
Finance charges								(34.2)
Finance income								18.0
Net finance charges								(16.2)
Share of results of associates	5.2	-	2.0	-	-	(5.4)	-	1.8
Profit before taxation								481.8
Taxation								(43.0)
Profit for the period								438.8

3. Revenue and segment information (cont'd)

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

For the six months ended 30 June 2007	Property development *HK$'M*	Property investment and management *HK$'M*	Hospitality investment and 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	675.7	28.7	43.8	290.8	136.2	2.8	-	1,178.0
Inter-segment sales	-	2.0	2.5	-	-	-	(4.5)	-
Total	675.7	30.7	46.3	290.8	136.2	2.8	(4.5)	1,178.0
Results								
Segment results before change in fair value of investment properties	434.4	8.2	28.7	(42.1)	(0.7)	(0.7)	-	427.8
Change in fair value of investment properties	-	67.3	70.3	-	-	-	-	137.6
Segment results	434.4	75.5	99.0	(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								1,437.3

3. 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	
	2008	2007
	HK$'M	*HK$'M*
Hong Kong	261.5	740.6
North America	181.0	186.4
United Kingdom	151.7	148.8
Other European countries	56.5	55.1
Other areas	99.2	47.1
	749.9	1,178.0

4. Profit from operations

	Six months ended 30 June	
	2008	2007
	HK$'M	*HK$'M*
Profit from operations has been arrived at after charging/(crediting):		
Amortisation of trademark	0.1	0.1
Depreciation and amortisation of leasehold land and land use rights and other properties, plant and equipment	12.4	14.2
Provision for impairment losses in respect of strategic investments	0.1	2.2
Net fair value loss on financial assets through profit or loss	0.7	-
Net fair value gain on derivative financial instruments	(12.5)	-
(Gain)/loss on disposal of strategic investments	(2.8)	1.0
Loss on disposal of financial assets through profit or loss	0.7	-
Share-based compensation expense	2.0	1.1
Gain on disposal of a subsidiary	(6.6)	-

5. Taxation

Hong Kong profits tax has been calculated at 16.5% (2007: 17.5%) of the estimated assessable profit 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 amount of taxation charged to the consolidated income statement represents:

	Six months ended 30 June	
	2008	2007
	HK$'M	*HK$'M*
Current taxation		
– Hong Kong profits tax	18.4	68.9
– Over-provision in prior year	(0.1)	-
– Taxation in other jurisdictions	1.0	0.4
	19.3	69.3
Deferred taxation		
– Origination and reversal of temporary differences	84.5	26.0
– Effect on tax rates change	(60.8)	-
	43.0	95.3

6. Dividends

During the six months ended 30 June 2008, a final dividend of HK6.5 cents per share totaling HK$64.2 million in respect of the year ended 31 December 2007 was approved at the Company's annual general meeting held on 6 June 2008 and paid to the shareholders during the period.

At the Board meeting held on 10 September 2008, the Directors declared the payment of an interim dividend of HK3.5 cents per share in respect of the year ending 31 December 2008.

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	
	2008	2007
	HK$'M	*HK$'M*
Profit attributable to equity holders of the Company for the purposes of calculating basic and diluted earnings per share	328.7	1,408.5

Number of shares

Weighted average number of shares outstanding during the period	987,611,667	526,758,647
Effect of shares to be issued for the acquisition of subsidiaries	-	4,128,811
Weighted average number of shares for the purpose of calculating basic earnings per share	987,611,667	530,887,458
Effect of dilutive potential shares issuable under the Company's share option and share incentive schemes	3,081,976	2,931,435
Weighted average number of shares for the purpose of calculating diluted earnings per share	990,693,643	533,818,893

8. Trade and other receivables, deposits and prepayments

	30 June 2008 *HK$'M*	31 December 2007 *HK$'M*
Trade receivables	265.9	261.8
Less: provision for impairment	(13.1)	(21.4)
Trade receivables (net of provision)	252.8	240.4
Other receivables, deposits and prepayments	190.7	88.9
	443.5	329.3

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 2008 *HK$'M*	31 December 2007 *HK$'M*
Not yet due	155.2	98.5
1 – 30 days	57.5	75.8
31 – 90 days	24.5	42.3
Over 90 days	15.6	23.8
	252.8	240.4

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

9. Trade and other payables and accruals

	30 June 2008 *HK$'M*	31 December 2007 *HK$'M*
Trade payables	189.5	250.1
Other payables and accruals	669.8	444.8
Property sales proceeds received	59.1	-
	918.4	694.9

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

	30 June 2008 HK$'M	31 December 2007 HK$'M
0 – 30 days	135.4	236.3
31 – 90 days	8.3	9.4
Over 90 days	45.8	4.4
	189.5	250.1

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

INTERIM DIVIDEND

The Directors declared the payment of an interim dividend of HK 3.5 cents per share for the year ending 31 December 2008 (2007: HK 5.0 cents). The interim dividend will be distributed on or about 20 October 2008 to the shareholders whose names appear on the register of members of the Company on 10 October 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 8 October 2008 to 10 October 2008, both days inclusive, during which period no transfer of shares will be registered. 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 Hong Kong Branch Share Registrars, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on 6 October 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2008, the Group reported a consolidated profit for the period attributable to the equity holders of the Company of HK$328.7 million, compared with HK$1,408.5 million for the same period in 2007. The decrease in profit for the period is mainly due to HK$1,007.5 million discount on acquisition in 2007 arising from the excess of the Group's share of fair value of net assets of Winsor Properties Holdings Limited ("Winsor Properties") acquired over the cost of acquisition. Revenue for the Group was HK$749.9 million in the period, compared with HK$1,178.0 million in 2007.

Property

The Group's property division, which includes property development, property investment and management, and hospitality investment and management, recorded a segment profit of HK$519.4 million in the first half of 2008, compared with HK$608.9 million in 2007.

Property Development

For sale of properties, despite slow down of Hong Kong property market in the second quarter of this year, the Group has captured the right market opportunities by selling four villas of The Giverny since the beginning of 2008. Sale of three villas generating HK$99.9 million turnover and HK$62.0 million profit attributable to the Group has been recognised in the first half of 2008, and sale of the fourth villa will be recognised in the second half of 2008. Currently, there are only two villas available for sale.

The Group is participating in various property development projects in Hong Kong and Singapore with aggregate saleable gross floor area of approximately 2.6 million square feet, of which, approximately 550,000 square feet is attributable to the Group. All these projects are for the development of luxurious residential properties and will be available for market launches within one to two years.

In Hong Kong, construction of superstructure of the luxurious residential development at 2 Forfar Road (previously known as 157 Argyle Street) is underway. The development is scheduled for completion towards the end of 2009 and will provide approximately 100,000 square feet of saleable floor area attributable to the Group.

Property Development (cont'd)

The Tai Po Town Lot Nos. 186, 187 and 188 projects joint-ventured with other developers are progressing according to plans. Foundation and superstructure works are expected to commence in the second half of 2008 and 2009 respectively. The sites will be developed into luxurious low-density residential developments with panoramic seaview. The Group has a 15% interest in each of the three sites and the aggregated attributable saleable floor area to the Group is approximately 300,000 square feet. These projects are expected to be completed between 2010 and 2011.

Foundation works for the Seymour Road, Mid-Levels project is planned to commence in the second half of 2008. The Group has a 30% interest in this project which will provide approximately 50,000 square feet of saleable floor space attributable to the Group. USI Properties Limited, a wholly-owned subsidiary, is appointed as the project manager. The project is expected to be completed in 2011.

In Singapore, the Group has a 30% interest in a luxurious condominium development at 15-33 Oxley Walk known as Belle Vue Residences. The development is scheduled for completion in 2010.

In China, the Group's 40/60 joint venture with Hongkong Land Group ("China JV") has acquired its first comprehensive property development project in Shenyang in the Pan Bohai Rim Region. The China JV, through cooperation with a local partner, holds 50% interest in a few development sites totaling approximately 960,000 square metres in the Shenbei District and the Hunnan District to develop high quality residences. Planning and design work on these sites is underway.

Property Investment and Management

The Group's interest in the commercial, industrial and retail properties in Hong Kong is now held through its subsidiary, Winsor Properties. As at 30 June 2008, the Group's portfolio of property investment amounted to 3.5 million square feet, of which 1.4 million square feet is Grade A office building and retail spaces, and 2.1 million square feet is industrial building.

As at 30 June 2008, the Group's portfolio of industrial properties had an aggregate fair market valuation of HK$2,434.1 million, a fair value gain of HK$80.0 million from 31 December 2007. These buildings have achieved average occupancy rate of around 93% in the first half of 2008 and have continued to benefit from the upward rental reversion experienced in 2007 albeit in a slightly lesser extent.

Property Investment and Management (cont'd)

W Square, located in the centre of the commercial district of Wan Chai, has its renovation completed in early 2008. The building now features 15 storeys of Grade A office space and 8 levels of dining, entertainment and retail options. The building has commanded a premium on the rental rates as compared with the neighboring buildings, and achieved satisfactory occupancy rate. According to the Group's accounting policy, upon completion of its renovation, the property is reclassified from "Property Under Development" to "Investment Property", resulting in a fair value gain of $153.8 million recorded in the first half of 2008.

Landmark East, the 1.3 million square feet twin-tower Grade A office development in Kwun Tong, is targeted to obtain the occupation permit in September 2008. Active marketing and leasing campaign are currently underway. According to the Group's accounting policy, the property is recorded at cost and classified as "Property Under Development" as at 30 June 2008. Upon the grant of occupation permit, the property will be reclassified to "Investment Property".

Hospitality Investment and Management

In the first half of 2008, Lanson Place has strengthened its foothold in China and South East Asia by the opening of its Beijing serviced residences in June and the acquisition of a 50% equity interest in a luxury serviced apartment development in Kuala Lumpur.

Lanson Place Hong Kong boutique hotel, as one of the leading boutique hotel in Hong Kong, has achieved an average occupancy rate over 88% in the first half of 2008. The property has recorded a fair value gain of HK$79.2 million in the period.

In China, Lanson Place Jin Lin Tian Di Residences in Shanghai, as one of the leading serviced residences for senior expatriates in Shanghai, has achieved an average occupancy rate of 95% in the first half of the year. In April, the management contract on Lanson Place Jin Lin Tian Di Residences has been renewed for 10 years. Lanson Place Central Park Residences in Beijing has soft-opened in June 2008, and the property is reclassified from "Property Under Development" to "Investment Property", resulting in a fair value gain of HK$45.8 million in the first half of 2008.

In May 2008, the Group has formed a 50/50 joint venture with DNP Holdings Berhad, a subsidiary of Wing Tai Holdings Limited, to acquire a 115-unit luxurious residential development in the central business district of Kuala Lumpur, Malaysia. The development has a net floor area of approximately 200,000 square feet and will be developed into a new generation of Lanson Place Residences ready for operation in 2011.

Apparel

The Group’s apparel operation, comprised of garment manufacturing, trading, and branded products distribution, generated an aggregate turnover of HK$442.6 million in the first half of 2008, compared to HK$427.0 million in 2007. The segment loss for the period is HK$22.9 million for continuing operation and HK$18.0 million for discontinued operation, compared with HK$42.8 million loss in 2007.

During the six months ended 30 June 2008, cessation of non-profitable manufacturing and trading business units have been carried out on schedule according to the restructuring plan determined in late 2007. The related restructuring costs have been substantially provided for in the 2007 accounts. The loss on discontinued operation will be insignificant in the second half of 2008 upon completion of the cessation.

Investing Activities

The Group’s investing activities reported a segment profit of HK$52.1 million in the first half of 2008, compared to a loss of HK$0.7 million in 2007. The increase in the segment results was resulted from dividend income and realised/unrealised gains less losses on the Group’s investment held by Winsor Properties.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's net assets totaled HK$8,872.2 million as at 30 June 2008 (31 December 2007: HK$8,493.0 million). The increase was resulted from the profit for the period of HK$438.8 million and the distribution of the 2007 final dividend of HK$64.2 million in the first half of 2008.

As at 30 June 2008, the Group's net borrowings (total bank borrowings and other long-term loans net of bank balances and cash) was HK$3,987.3 million (31 December 2007: HK$2,361.6 million), representing 44.9% of the Group's net assets (31 December 2007: 27.8%). The increase in net borrowings and gearing ratio was mainly due to increase in construction loan on property development projects in the first half of 2008. Interest for the Group's bank borrowings was mainly on a floating rate basis. Around 95.7 % of the Group's bank borrowings was repayable in periods beyond one year. The Group had unutilised banking facilities in excess of HK$1,587.1 million as at 30 June 2008 (31 December 2007: HK$591.0 million).

Foreign Currencies

The Group principally operates in Hong Kong, and as a result, has minimal exposure to exchange rate fluctuation. The Group conducts its business mainly in Hong Kong Dollars, Renminbi and United States Dollars. For transactions in other foreign currencies, the Group will closely monitor the exposure, and if consider appropriate, hedge to the extent desirable.

Contingent Liabilities

As at 30 June 2008, the Group’s contingent liabilities were guarantees given to banks of HK$447.3 million (31 December 2007: HK$421.4 million).

Pledge of Assets

At 30 June 2008, the Group’s advances to associates/jointly controlled entities HK$1,042.9 million (31 December 2007: HK$863.2 million) were subordinated to the loan facilities of associates/jointly controlled entities. The shares in these associates/jointly controlled entities beneficially owned by the Group are pledged to the financial institutions.

At 30 June 2008, certain of the Group’s investment properties, freehold properties, leasehold land and land use rights, leasehold buildings, properties under development, properties for sale, strategic investments and bank deposits with carrying values of HK$4,817.7 million, HK$62.1 million, HK$3,297.6 million, HK$84.2 million, HK$1,542.0 million, HK$2,780.1 million, HK$183.0 million and HK$22.2 million respectively were pledged to secure credit facilities for the Group.

PROSPECTS

For the second half of 2008, the Group is cautiously optimistic about the prospects in Hong Kong and China. The economic downturn overseas brought about by the subprime crisis and credit crunch is creating an uncertain business environment in Asia.

On the positive front, domestic consumption and the rapid emergence of wealth will continue in China. Demand for high quality residences from Hong Kong home buyers will be maintained, supported by a relatively low interest rate, low unemployment rate and aggressive government infrastructure spending. We expect the solid economic fundamentals of Hong Kong and China will continue to drive their growth, albeit at a slower pace, this year.

Against this market dynamics, opportunities are still available to the Group to further its expansion in Hong Kong and China which will provide us with solid earnings for years to come.

For our property development business, we expect the sales of our quality projects on Forfar Road and Seymour Road, the Pak Shek Kok development in Tai Po, and the Belle Vue Residences in Singapore at the right market opportunity will enhance our earnings and financial strengths.

The continued demand for office space in Hong Kong should provide a steady rental reversion and improved occupancy for all of our investment properties. Our portfolio will increase to 3.5 million square feet upon the completion of our commercial property Landmark East in the third quarter of 2008. We are confident that by capitalising on stable market demand, the upcoming leasing of Landmark East will further strengthen the Group's recurrent income base and cash flow.

For our hospitality business, Lanson Place will continue to expand and become a strong Pan-Asia brand. At the same time, we expect our joint venture with Hongkong Land Group will provide us promising returns and sustainable growth as the joint venture develops the Shenyang project and continues to search for attractive investment opportunities. With further consolidation in the China property market, the joint venture will continue to identify suitable projects in the economically-vibrant cities to increase our foothold in China.

With our stronger platform, the Group is more resilient during volatile market, more dynamic to seize market opportunity, and more vibrant in building our future.

EMPLOYEES

As at 30 June 2008, the Group had about 5,100 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 ten years.

CORPORATE GOVERNANCE

The Company has complied throughout the six months ended 30 June 2008 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 (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.

All the directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code throughout the period from 1 January to 30 June 2008.

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

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.usi.com.hk. The 2008 interim 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, 10 September 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