

USI Announces 2009 Annual Results

Proposed change of Company name to “Wing Tai Properties Limited”

Strengthened Financial Position amid Uncertain Market Conditions

Well-timed Sales to Grasp the Market Windows

29 March 2010, Hong Kong - **USI Holdings Limited** (“USI” or the “Group”, SEHK stock code: 369) announced the Group’s audited consolidated results for the year ended 31 December 2009.

The Group reported a consolidated profit attributable to equity holders of HK\$279.0 million (2008: HK\$193.4 million). The increase in profit for the year was mainly due to one-off impairment charge on available-for-sale financial assets recorded in 2008 and was partly offset by a lower fair value gain from the Group’s investment properties and lower property sales recognized in 2009. Revenue for the Group was HK\$1,207.1 million in 2009 (2008: HK\$1,664.5 million).

The Board of Directors proposed to declare a final dividend of HK4.0 cents per share on total number of shares at 31 December 2009 of 1,319,253,224 (2008:988,980,418 shares) making a total dividend payout for 2009 of HK\$67.6 million (2008: HK\$49.4 million), an increase of 36.8% from last year.

The Group’s property division, which includes property development, property investment and management, and hospitality investment and management, recorded segment profit of HK\$553.1 million for the year, compared with HK\$777.7 million in 2008.

Deputy Chairman and Chief Executive of the Group, Mr. Edward Cheng, said: “The year 2009 was highly volatile. The Group focused on strengthening its financial position in the first half of the year when market condition was still negative. However, we launched two of our residential properties in the second half and achieved overwhelming results both in prices and number of units sold, timing our sales to take full advantage of the improved market sentiment.”

Marking the Group’s ten years of accomplishments, the Board has proposed to change the Company’s name to “Wing Tai Properties Limited”. “The name change is part of our corporate rebranding and a major step towards elevating our focus and commitment as an integrated property developer. The new name will better reflect our business focus as well as our direction ahead, while lending resonance to our brand in Hong Kong on product level,” said Mr Cheng.

BUSINESS REVIEW

Property Development

“Forfar” in Kowloon Tong was launched in July 2009 when the property market showed initial signs of stability, achieving sales of over 60% of all units within two weeks. Occupation permit was obtained in January 2010.

“Seymour” in Mid-Levels was launched for presale in November 2009 when the local property market rebounded significantly. About 85% of the units have been sold in less than three weeks. Foundation work has been completed and superstructure works have commenced in February 2010. This project is expected to be completed in 2011.

These two developments have achieved an aggregate sales value of approximately HK\$3.9 billion in the second half of 2009. The Group’s attributable share of these sales will be recognised in 2010 and 2011 upon obtaining occupation permits.

The construction works of the Tai Po Town Lot Nos. 186, 187 and 188 are continuing with foundation works completed. These projects are expected to be completed between 2011 and 2012.

60% of the units have been sold to-date at the Group’s luxurious residential development in Singapore, Belle Vue Residences. Occupation permit is expected to be obtained in the first half of 2010.

For the PRC Shenyang residential developments, foundation work and construction of show-flat areas and sales office for the initial phases of two sites have commenced in August 2009. Bulk construction for low-density residential units is scheduled to commence in the second quarter of 2010.

Property Investment and Management

Although the leasing market was very weak throughout 2009, the leasing of Landmark East in Kowloon East has steadily picked up and towards the last few months of 2009, we are seeing a stronger momentum of leasing uptake. W Square in Wan Chai was 98% leased. Average occupancy of the Group’s other investment properties maintained an average occupancy of close to 90%.

As at 31 December 2009, the Group’s portfolio of investment properties, comprising 1.5 million square feet of Grade-A office building and 2.0 million square feet of industrial buildings located in urban Kowloon area has an aggregate fair market valuation of HK\$9.1 billion.

Hospitality Investment and Management

Lanson Place's hospitality operation was also hard hit by the global economic downturn in the first half of 2009. Nevertheless, the occupancy rate for its serviced residences and hotels recorded strong growth in the last quarter of 2009 and continued to outperform its peers in respective locations in Asia.

At the end of 2009, occupancy of Lanson Place Jin Lin Tian Di in Shanghai reached 95% while occupancy of Lanson Place Central Park in Beijing reached 90% within 15 months from its full opening in September 2008. Lanson Place Jinqiao in Shanghai Pudong was soft-opened in February 2010

Apparel

The Group's apparel operation narrowed its loss to HK\$26.2 million, compared with HK\$38.8 million loss in 2008. With the closure of loss-making units completed in 2008, the manufacturing business has returned to profitability though the branded products distribution business continued to be under pressure as demand in the high-end retail market in the United Kingdom remained weak.

PROSPECTS

For 2010, the Group expected that Hong Kong's residential property market will be promising, supported by solid fundamentals including a low interest rate environment, short supply of new residential properties, and continued strong demand from mainland buyers for new luxury developments.

The Group will continue to grasp the right market windows to launch the remaining units of "Forfar" and "Seymour". Revenue of Forfar project from 2009 pre-sales and further sales will be recognised in 2010 with the occupation permit obtained already. Revenue of Seymour project will be recognised after 2010. The Group will closely monitor the progress of the Tai Po project to get it ready for pre-sale in the coming years.

The operating results for investment properties are expected to improve in 2010 with ongoing momentum in leasing market. In particular, taking advantage of the continued decentralisation of offices, Landmark East's leasing uptake will bring in increased revenue.

For the hospitality business, Lanson Place Jin Qiao and Lanson Place Jin Lin Tian Di Residences are expected to reap benefit from the coming May 2010 Shanghai Expo. Looking ahead, Lanson Place will continue to explore investment and management opportunities in the Asia Pacific region to expand its business portfolio.

Commenting on the business outlook of the Group, Mr. Cheng concludes: "The results for the coming financial year are expected to be promising with development project earnings

and rising recurring income. With a solid foundation of our property business, well-recognized brands and a healthy balance sheet, the Group is well-positioned to manage the challenges and stay ahead of the market to seize opportunities to continue its growth. ”

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About USI Holdings Limited

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

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Consolidated Income Statement

	<u>Year ended 31 December</u>	
	2009	2008
	HK\$'M	HK\$'M
Revenue	1,207.1	1,664.5
Cost of sales	<u>(704.0)</u>	<u>(1,038.1)</u>
Gross profit	503.1	626.4
Other gains / (losses), net	105.7	(14.2)
Selling and distribution costs	(148.1)	(161.4)
Administrative expenses	(287.8)	(362.1)
Change in fair value of investment properties	363.9	541.5
Impairment of available-for-sale financial assets	-	<u>(235.4)</u>
Profit from operations	536.8	394.8
Finance costs	(88.9)	(82.6)
Finance income	35.6	34.6
Share of results of associates	<u>(0.7)</u>	<u>(13.0)</u>
Profit before taxation	482.8	333.8
Taxation	<u>(102.9)</u>	<u>(61.8)</u>
Profit for the year	<u>379.9</u>	<u>272.0</u>
Attributable to:		
Equity holders of the Company	279.0	193.4
Minority interests	<u>100.9</u>	<u>78.6</u>
	<u>379.9</u>	<u>272.0</u>
Dividends	<u>67.6</u>	<u>49.4</u>
Earnings per share for profit attributable to equity holders of the Company (HK\$)		
- Basic (2008: restated)	<u>HK\$0.25</u>	<u>HK\$0.18</u>
- Diluted (2008: restated)	<u>HK\$0.25</u>	<u>HK\$0.18</u>

Consolidated Balance Sheet

	As at 31 December	
	2009	2008
	HK\$'M	HK\$'M
ASSETS AND LIABILITIES		
Non-current assets		
Leasehold land and land use rights	38.3	41.8
Investment properties	10,532.0	10,098.1
Other properties, plant and equipment	192.7	181.5
Interests in associates	617.9	609.6
Available-for-sale financial assets	434.0	301.2
Loans and receivables	388.6	273.3
Held-to-maturity investments	31.0	25.4
Deferred tax assets	10.2	9.7
	<u>12,244.7</u>	<u>11,540.6</u>
Current assets		
Inventories	102.2	87.5
Properties for sale	3,432.5	3,115.9
Loans and receivables	26.2	23.4
Trade and other receivables, deposits and prepayments	172.0	435.5
Available-for-sale financial assets	-	2.9
Derivative financial instruments	-	0.6
Sales proceeds held in stakeholders' accounts	255.8	-
Amounts due from associates	1.7	0.5
Tax recoverable	4.7	4.7
Pledged bank deposits	38.1	80.2
Bank balances and cash	700.2	496.2
	<u>4,733.4</u>	<u>4,247.4</u>
Current liabilities		
Trade and other payables and accruals	1,015.5	741.6
Derivative financial instruments	41.1	40.4
Amount due to associates	21.8	19.5
Tax payable	26.8	59.9
Short-term bank loans and overdrafts	-	0.6
Bank loans due within one year	540.6	489.0
	<u>1,645.8</u>	<u>1,351.0</u>
Net current assets	<u>3,087.6</u>	<u>2,896.4</u>
Total assets less current liabilities	<u>15,332.3</u>	<u>14,437.0</u>

Consolidated Balance Sheet (Continued)

	As at 31 December	
	2009	2008
	HK\$'M	HK\$'M
Non-current liabilities		
Bank loans due after one year	4,281.8	4,432.9
Other long-term loans	43.0	42.3
Derivative financial instruments	55.3	105.8
Deferred tax liabilities	<u>1,258.1</u>	<u>1,175.8</u>
	<u>5,638.2</u>	<u>5,756.8</u>
NET ASSETS	<u>9,694.1</u>	<u>8,680.2</u>
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	659.6	494.5
Reserves	<u>7,468.0</u>	<u>6,724.0</u>
	8,127.6	7,218.5
Minority interests	<u>1,566.5</u>	<u>1,461.7</u>
TOTAL EQUITY	<u>9,694.1</u>	<u>8,680.2</u>