

CHAIRMAN'S STATEMENT



The Grandville

The year 2006 was very fruitful for USI – indeed, we took firm steps along the path towards realising our Company's strategic goals. I could even characterise 2006 as a year when the Company really took off. We achieved record turnover and profit attributable to shareholders of the Company of HK\$2,699.4 million and HK\$738.3 million respectively. We established a clear direction to make our mark in the property industry as a focused and dynamic niche player.

Out of the Group's profit this year, HK\$212.7 million was attributable to fair value gains on our investment properties mainly from Lanson Place Hotel. The revaluation gains reflected the Group's capability in value creation. We have the ability to unlock the true value of our properties by quality management and value enhancement initiatives.

This is indeed a new phase of development for USI. However, our core values remain intact: value creation, lasting partnership, professionalism, good timing and quality are still the hallmarks of the way USI does business.

In the market in general, property buyers saw signs of recovery and greater confidence in a price rebound during 2006, with the market pick-up being even more marked in early 2007. We therefore judge that now is the right time to extend the scale of USI's property projects. We have committed to undertaking two joint ventures to co-develop two luxury residential sites with panoramic seaview in Pak Shek Kok, the New Territories. In one project we partner with Nan Fung Development and Sino Land Limited, and in the other with Nan Fung, Sino Land and K. Wah International Holdings Limited. The projects will have a gross floor area of approximately 1.1 million square feet. We believe participation in the projects will enhance our asset portfolios and strengthen our positioning in the luxury residential property market in Hong Kong.

We have also reached agreement with the HKSAR Government on the land premium in respect of the 157 Argyle Street residential project. These initiatives, together with a number of property investment projects which will be completed in the near future, will generate sustainable income for USI and returns for our shareholders in the coming years.

Hospitality management is the other key growth driver for USI. Our award-winning Lanson Place hotels and serviced apartments concept has proved highly successful in Hong Kong and Shanghai. We achieved high occupancy and room rates throughout the year and have accumulated a loyal customer base who returns to us time and again.

Further opportunities in the Mainland hospitality industry look promising. We will remain alert to suitable projects and the right timing to expand our portfolio and extend the Lanson Place brand's presence into new locations.

On the apparel side, we have seen improvement in the second half of 2006 but still anticipate challenges in the coming year. We will negotiate the current adverse market conditions while imposing stringent cost control measures to maintain our competitiveness.

At a corporate level, we announced in April 2007 our intention to make a voluntary conditional offer to acquire the issued shares (other than those already owned by USI) of Winsor Properties Holdings Limited ("Winsor", SEHK stock code: 1036) by issuing new USI shares. This move is intended to restructure the interests of USI and Wing Tai Holding Limited ("Wing Tai"; SGX stock code: Wing Tai) in Winsor, with a view to creating enhanced value for shareholders of both USI and Winsor. Through the offer, USI will become the entity for consolidating Wing Tai Group's interest in Winsor and streamline the overall group structure.

If 2006 was a year of measured growth in the property market and removal of any remaining uncertainty, 2007 will, in our opinion, be a year of full momentum. We are confident in the market as we are confident in ourselves. We will continue to strengthen the Wing Tai Asia brand as a leading high-end residential property developer while expanding into investment and retail properties. The Lanson Place brand will be our spearhead in hospitality investment and management in Greater China, as well as other Asian cities. Our continued efforts and vision will see USI develop as a comprehensive property developer with an Asian presence and China focus.

Cheng Wai Chee, Christopher
Chairman

Hong Kong, 17 April 2007

