

# 2015

## INTERIM REPORT

### 中期報告



**金朝陽集團有限公司\***  
SOUNDWILL HOLDINGS LIMITED

於百慕達註冊成立之有限公司  
Incorporated in Bermuda with limited liability  
股份代號 Stock Code : 0878

\*僅供識別  
For identification only



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# Corporate Information

(As of 18 August 2015)

## DIRECTORS

### Executive Directors:

FOO Kam Chu Grace, *Chairman*  
CHAN Wai Ling  
KONG Siu Man Kenny

### Independent Non-Executive Directors:

CHAN Kai Nang  
PAO Ping Wing  
NG Chi Keung

## COMPANY SECRETARY

TAM Chong Cheong Aaron

## AUDITOR

BDO Limited  
Certified Public Accountants

## LEGAL ADVISORS

Lo, Wong & Tsui  
Conyers Dill & Pearman

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

21st Floor, Soundwill Plaza  
No. 38 Russell Street  
Causeway Bay, Hong Kong

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11, Bermuda

## PRINCIPAL BANKS

The Hongkong and Shanghai Banking Corporation Limited  
Hang Seng Bank Limited  
DBS Bank (Hong Kong) Limited  
Industrial and Commercial Bank of China (Asia) Limited

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08, Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## SHARE INFORMATION

Place of listing  
The Main Board of The Stock Exchange of Hong Kong Limited

## STOCK CODE

878

## BOARD LOT

500 shares

## WEBSITE

[www.soundwill.com.hk](http://www.soundwill.com.hk)

## INVESTOR RELATIONS

E-mail: [sw.ir@soundwill.com.hk](mailto:sw.ir@soundwill.com.hk)

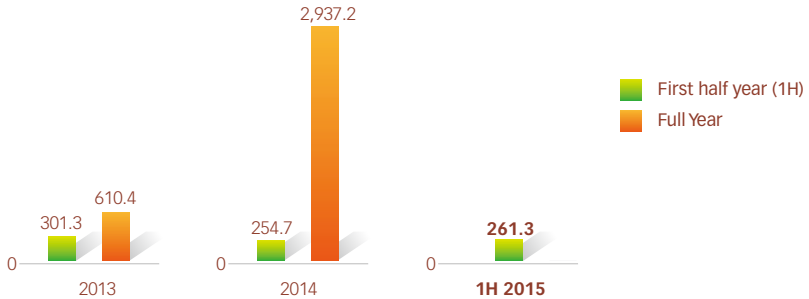
## Financial Highlights

|   | <b>Six months ended 30 June</b>                                 |  |
|---|---|--|
|   | <b>2015<br/>(Unaudited)<br/>HK\$ million</b>                    | 2014<br>(Unaudited)<br>HK\$ million                    |
| Turnover  | <b>261.3</b>  | 254.7  |
| Net gain on fair value adjustments on investment properties | <b>216.1</b>  | 261.0  |
| Profit attributable to owners of the Company                | <b>290.1</b>  | 448.1  |
| Basic earnings per share (dollars)                          | <b>HK\$1.02</b>   | HK\$1.60   |
|   | <b>At<br/>30 June<br/>2015<br/>(Unaudited)<br/>HK\$ million</b> | At<br>31 December<br>2014<br>(Audited)<br>HK\$ million |
| Total assets  | <b>20,613.4</b>   | 20,003.8   |
| Net assets  | <b>16,926.0</b>   | 16,662.7   |
| Total borrowings  | <b>2,351.4</b>  | 2,221.9  |
| Gearing ratio   | <b>14%</b>  | 13%  |
| Net asset value per share (dollars)                         | <b>HK\$59.5</b>   | HK\$58.7   |

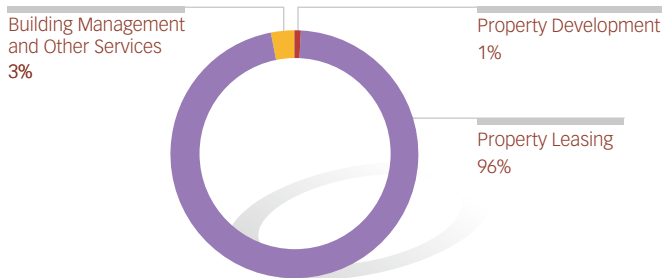
## Financial Highlights (Continued)

### GROUP'S TOTAL REVENUE (From continuing and discontinued operations)

HK\$ million

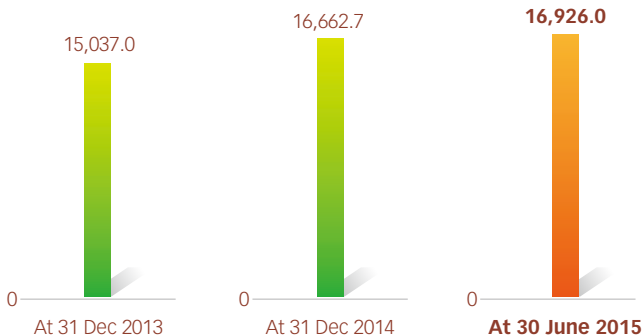


### GROUP'S REVENUE MIX FOR THE SIX MONTHS ENDED 30 JUNE 2015



### GROUP'S NET ASSET VALUE

HK\$ million



# Management Discussion and Analysis

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

During the first half of 2015, global financial markets were in turmoil as a result of the Greek debt crisis and upheavals in China's stock markets. Although Greece may yet pull out of the Eurozone despite reaching agreement with international creditors, the global economy as a whole remained stable owing to persistently loose monetary conditions in major economies.

In Hong Kong, the slowdown in the number of inbound visitors from Mainland China, coupled with the decline in the foreign exchange rates of its neighbours, affected the local retail sector and indirectly to the Group's rental performance. The drop in visitor spending, however, did not have a negative impact on Hong Kong's property development sector as evidenced by the residential market in Hong Kong has been performing well both in terms of volume and price. This positive market momentum was driven mainly by solid end-user demand for small- to medium-sized units and the prevailing low interest rate environment coupled with reasonable affordability should help sustain transactions at healthy levels.

With regard to property sales, the Group pre-sold all 322 workshops in iPLACE during the period under review, an industrial project located on Castle Peak Road in Kwai Chung. All the workshops in it have been sold out. Total sales proceeds amounted to more than HK\$1 billion.

The Group also acquired an industrial project on Ta Chuen Ping Street, Kwai Chung, for about HK\$493 million (including transaction costs) in January 2015. Additionally, in March 2015 the Group acquired more than 85% ownership of an industrial building on Chai Wan Kok Street, Tsuen Wan for about HK\$268 million (including transaction costs). The Group will continue to replenish its landbank for strengthening earnings and development growth.

### Property Assembly Business

The Group is constantly looking for business opportunities through property assembly, acquisition of old buildings and tenders for government land. In addition to its focus on residential projects, the Group seeks to acquire development projects and land reserves with high appreciation potential at a reasonable cost. This strategy allows the Group to increase earnings, expand its development potential and maximize the efficient use of its land resources.

# Management Discussion and Analysis (Continued)

## Property Leasing

For the six months ended 30 June 2015, the segment from property leasing recognised revenue of approximately HK\$252,000,000, representing 96% of the Group's revenue for the period.

Soundwill Plaza, the Group's flagship property located at 38 Russell Street in the heart of Causeway Bay, is a popular attraction for both local consumers and visitors. During the period under review, this property achieved satisfactory rental performance and currently contributes one of the most stable streams of income to the Group. Buoyed by the market's enthusiastic demand for high-quality properties in premium locations, the occupancy rate of Soundwill Plaza still remained at high level.

Soundwill Plaza II – Midtown, another flagship property of the Group, is located at 1 Tang Lung Street, next to Russell Street, in the heart of Causeway Bay. Since its official opening in December 2014, this landmark building has become a favourite destination for food & beverage and leisure activities in the area. With a steady rise in customer traffic and sales, the occupancy rate of this building achieved at satisfactory level.

The Group's investment properties in prime locations of Hong Kong, together with a high-quality tenant portfolio, will continue to provide a significant source of recurring rental income for the Group.

## Property Development

For the six months ended 30 June 2015, the segment from property development recognised revenue of approximately HK\$1,998,000, representing 1% of the Group's revenue for the period.

As mentioned above, the total sales proceeds of iPLACE on Castle Peak Road exceeded HK\$1 billion in which the sale has achieved the Group's target. This project is expected to be completed in the fourth quarter of 2016.

# Management Discussion and Analysis (Continued)

## Property Management

For the six months ended 30 June 2015, the segment from property management business recognised revenue of approximately HK\$7,323,000, representing 3% of the Group's revenue for the period.

The Group's subsidiaries operating in this business segment manage and maintain large-scale commercial buildings and small to medium sized estates. With a strong reputation for providing innovative management services, these subsidiaries are firmly committed to meeting the needs of owners and tenants. During the period under review, the property management team carried out a number of initiatives to improve the quality of the indoor environment, reduce waste and lower the carbon footprint of the properties they manage.

## Real Estate Business in Mainland China

The Group currently has several property projects in Mainland China, some of which are in the development stage. During the period under review, the Chinese property market benefited from a series of government stimulus policies, such as monetary easing in the form of interest rate cuts and the reduction in required reserves ratios for banks as well as easing curbs on mortgage lending and relaxation in home purchase restrictions.

Shang Hui Hai An (The Lakeview Bay), an integrated residential project with villas and high-rise residences in Gaoyao City, Zhaoqing, is wholly owned by the Group. The villas in Phase 1 were completed while the high-rise residences in Phase 2 were under construction.

In addition, construction of Phase I of Yu Ming Du (Shan Shui Xiang Ri), a project located in Doumen District, Zhuhai, was close to completion.

## Communication with Shareholders and Investors/Investor Relations

The Group believes that effective communication with shareholders is critical for improving investor relations and assisting the investment community to understand the Company's business performance and strategies.

Regular two-way communication with investors includes in-person meetings, telephone conferences, overseas roadshows, and project-site visits. In addition to the Annual General Meeting held in May this year, the Group organized briefings and media interviews to discuss results announcements and maintained contact with the press through press releases, announcements, and other promotional materials.



## Management Discussion and Analysis (Continued)

The Group is also dedicated to enhancing transparency and providing timely disclosure of information on business developments in order to help shareholders and investors make informed investment decisions. As the Board of Directors recognizes that sound corporate governance is essential both to the success of the Group and enhanced shareholder value, every effort is made to improve corporate governance practices while balancing corporate governance requirements and performance.

### Corporate Citizen

The Group remains firmly to pursue excellence in social responsibilities to the community, a commitment that has become firmly embedded in its corporate culture.

In cooperation with art organizations and corporate brands, the Group provides access to Midtown POP, a multi-purpose art exhibition space located at Midtown, as a platform for promoting local art and culture. For example, the Group recently collaborated with West Kowloon Cultural District to stage the Mobile M+: Moving Images exhibition depicting the influx of immigrants to Hong Kong in the 1980s. The event gave artists from Hong Kong and elsewhere an outstanding performance venue in a contemporary urban setting for showcasing their talents.

The Soundwill Volunteer Team plays an active role in the community, regularly participating in events such as the Little Sprouts Storytelling Activity of the “Story Family Fun” Neighbourhood Development Plan hosted by the Hong Kong Outlying Islands Women’s Association. Volunteers from the Group share stories with children living in Tung Chung District.

In recognition of its efforts to make a positive contribution to the community, the Group has been honoured as a Caring Company by The Hong Kong Council of Social Service. The Group, in conjunction with its member companies and property projects, also received commendations acknowledging its commitment to social responsibility over the years.

### Prospects

Despite the imminent prospect of an interest rate hike by the US Federal Reserve, this seems unlikely to have a significant impact on the economy as it has been widely anticipated in the market for a period of time. In addition, the sustained recovery of the US economy, the upturn of the European economy and the adoption of accommodative monetary policy by central banks around the world, may all play a role in contributing to robust economic growth for the remains of 2015. The impact of the recent devaluation of Renminbi remains to be seen.

## Management Discussion and Analysis (Continued)

Notwithstanding the slowdown in local retail sales, it is anticipated that Hong Kong may expect moderate economic growth on the back of ongoing large-scale infrastructure construction and healthy domestic consumption amid robust employment conditions.

In Hong Kong's residential market sector, transaction volumes in the primary market were steady over the last six months; this improvement was underpinned by solid end-user demand of small-sized and boutique-style residences. This trend, supported by stable economic conditions and the prevailing low interest rate environment, should ensure healthy growth in the residential market.

The Company is cautious about the outlook but finds no immediate material adverse effect on the current business after considering the relevant negative factors. However, the Company will keep a closer look at the market development and will at appropriate time consider adjustments to the relevant business.

Looking ahead to the second half of 2015, the Group will continue to keep a balance of its income from property sales and property leasing. It will also selectively replenish its land bank and continue to develop its businesses prudently by launching new projects at opportune times. These strategies, along with solid, recurring leasing income and property-sales income, will allow the Group to capture new business opportunities while laying a solid foundation for its future development.

### **INTERIM DIVIDEND**

The Directors do not recommend interim dividend for the six months ended 30 June 2015 (30 June 2014: Nil).

### **FINANCIAL REVIEW**

For the six months ended 30 June 2015, the Group has recorded a turnover of HK\$261,321,000 (30 June 2014: HK\$254,721,000), representing an increase of 3% as compared with the same period last year. The increase in turnover was mainly attributable to the increase in revenue from property leasing.

Net profit attributable to owners of the Company was HK\$290,122,000 (30 June 2014: HK\$448,078,000), representing a decrease of HK\$157,956,000 as compared with the corresponding period in 2014, mainly due to the decrease of fair value adjustments on the Group's investment properties portfolio and the decrease in gain on disposal of subsidiaries.

## Management Discussion and Analysis (Continued)

The total interest expenses for the six months ended 30 June 2015 amounted to HK\$18,020,000 (30 June 2014: HK\$30,140,000) representing a decrease of HK\$12,120,000, mainly due to lower total borrowings at the beginning of the year as compared with the same period in last year.

The Company's basic earnings per share was HK\$1.02 as compared with the same period of last year of HK\$1.60.

### FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2015, the Group cash and bank balances amounted to HK\$321,109,000 (31 December 2014: HK\$1,070,403,000). The Group's total borrowings as at 30 June 2015 were HK\$2,351,349,000 (31 December 2014: HK\$2,221,931,000). The Group's gearing ratio, (which was expressed as a percentage of total borrowings over total equity) was 14% as at 30 June 2015 (31 December 2014: 13%).

As at 30 June 2015, the Group's net assets amounted to HK\$16,926,002,000 (31 December 2014: HK\$16,662,727,000), representing an increase of 2%.

The Group's exposure to foreign currency risk mainly arises from the exchange rate movement between Hong Kong Dollar and Renminbi in relation to its PRC operations. Given there would have positive impact on the Group's assets in the PRC which generated income from as well as expense incurred in PRC, the Group had not implemented any hedging measures during the period under review.

During the period under review, the Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its balance sheet exposures.

Acquisition and development of properties are financed partly by internal resources and partly by bank borrowings. Repayment of bank loans are scheduled to match asset lives and project completion dates. Borrowings are mainly denominated in Hong Kong Dollars and bear interest at floating rates.

### DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisitions of subsidiaries and associated companies during the six months ended 30 June 2015.

### EMPLOYEES

There was no material change regarding the number of the employees of the Group since the publication of the Company's 2014 annual report.

## Management Discussion and Analysis (Continued)

### PLEDGE OF ASSETS

As at 30 June 2015, certain investment properties, property, plant and equipment, and properties under development of the Group with a total carrying value of approximately HK\$12,802,443,000 (31 December 2014: approximately HK\$12,782,748,000) were pledged to secure banking facilities for the Group.

### DIRECTORS' INTERESTS AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

#### (a) Directors' interests in the Company

As at 30 June 2015, the interests of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which are required to be (i) notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

#### (i) Long positions in shares:

| Name of Director   | Capacity                           | Number of Shares              | Approximate Percentage of Shareholding |
|--------------------|------------------------------------|-------------------------------|--|
| Foo Kam Chu Grace  | Interest of controlled corporation | 196,114,528 <sup>(Note)</sup> | 68.98                                  |
|                    | Beneficial owner                   | 96,602                        | 0.03                                   |
| Kong Siu Man Kenny | Beneficial owner                   | 102,000                       | 0.04                                   |

Note: These 196,114,528 shares represented the aggregate of:

- (i) 193,728,528 shares held by Ko Bee Limited, a company wholly-owned by Madam Foo Kam Chu Grace; and
- (ii) 2,386,000 shares held by Full Match Limited, a company wholly-owned by Madam Foo Kam Chu Grace.

## Management Discussion and Analysis (Continued)

- (ii) Long positions in underlying shares of equity derivatives of the Company – interests in share options of the Company (have been granted and remained outstanding):

| Name               | Capacity         | Number of Shares in the Option | Exercisable Period     | Price of Grant (HK\$) | Subscription Price per share (HK\$) |
|--------------------|------------------|--------------------------------|------------------------|-----------------------|-------------------------------------|
| Foo Kam Chu Grace  | Beneficial owner | 137,500                        | 6/12/2012 to 5/12/2015 | 1.00                  | 8.71                                |
|                    |                  | 316,000                        | 3/1/2014 to 2/1/2017   | 1.00                  | 15.76                               |
| Chan Wai Ling      | Beneficial owner | 500,000                        | 6/12/2012 to 5/12/2015 | 1.00                  | 8.71                                |
|                    |                  | 2,000,000                      | 3/1/2014 to 2/1/2017   | 1.00                  | 15.76                               |
| Kong Siu Man Kenny | Beneficial owner | 300,000                        | 6/12/2012 to 5/12/2015 | 1.00                  | 8.71                                |
|                    |                  | 250,000                        | 3/1/2014 to 2/1/2017   | 1.00                  | 15.76                               |

### (b) Director's interests in Associated Corporation

| Name of Director  | Name of Associated Corporation | Capacity         | Number and Class of Shares | Percentage of Shareholding |
|-------------------|--------------------------------|------------------|----------------------------|----------------------------|
| Foo Kam Chu Grace | Ko Bee Limited                 | Beneficial owner | 1 ordinary share           | 100                        |
| Foo Kam Chu Grace | Full Match Limited             | Beneficial owner | 1 ordinary share           | 100                        |

Save as disclosed above, as at 30 June 2015, none of the Directors and chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

# Management Discussion and Analysis (Continued)

## SHARE OPTION SCHEME

At the end of reporting period, details of outstanding options granted to several Directors and various employees of the Group are as follows:

### 2011 Share Option Scheme

| Name of grantee    | Date of grant | Closing price immediately preceding the date of grant (HK\$) | Exercise price (HK\$) | Weighted average closing price of shares immediately before exercise date (HK\$) | Exercisable period     | Number of Options    |  |   | As at 30 June 2015 |
|--------------------|---------------|--|-----------------------|--|------------------------|----------------------|--|---|--------------------|
|                    |               |  |                       |  |                        | As at 1 January 2015 | Granted during the 6 months ended 30 June 2015 | Exercised/ lapsed* during the 6 months ended 30 June 2015 |                    |
| <b>Directors</b>   |               |  |                       |  |                        |                      |  |   |                    |
| Foo Kam Chu Grace  | 6/12/2011     | 8.60   | 8.71                  | N/A  | 6/12/2012 to 5/12/2015 | 137,500              | -  | -   | 137,500            |
|                    | 3/1/2013      | 15.78  | 15.76                 | N/A  | 3/1/2014 to 2/1/2017   | 316,000              | -  | -   | 316,000            |
| Chan Wai Ling      | 6/12/2011     | 8.60   | 8.71                  | N/A  | 6/12/2012 to 5/12/2015 | 500,000              | -  | -   | 500,000            |
|                    | 3/1/2013      | 15.78  | 15.76                 | N/A  | 3/1/2014 to 2/1/2017   | 2,000,000            | -  | -   | 2,000,000          |
| Kong Siu Man Kenny | 6/12/2011     | 8.60   | 8.71                  | N/A  | 6/12/2012 to 5/12/2015 | 300,000              | -  | -   | 300,000            |
|                    | 3/1/2013      | 15.78  | 15.76                 | N/A  | 3/1/2014 to 2/1/2017   | 250,000              | -  | -   | 250,000            |
| Other employees    | 6/12/2011     | 8.60   | 8.71                  | 12.97  | 6/12/2012 to 5/12/2015 | 880,000              | -  | (220,000) <sup>#</sup>                                    | 660,000            |
|                    | 3/1/2013      | 15.78  | 15.76                 | N/A  | 3/1/2014 to 2/1/2017   | 2,510,000            | -  | (250,000)*  | 2,260,000          |
|                    |               |  |                       |  |                        | 6,893,500            | -  | (470,000)   | 6,423,500          |

<sup>#</sup> 40,000 options were excluded by reason of their exercise during the period under review but the relevant share certificate was issued thereafter.

## Management Discussion and Analysis (Continued)

Under the 2011 Share Option Scheme, 5,560,000 and 5,196,000 share options were granted on 6 December 2011 and 3 January 2013 (each "Grant Date"). The vesting schedule of above share options granted is as follows:

- (a) 50% can be exercised at any time after first anniversary of the Grant Date;
- (b) 25% can be exercised at any time after second anniversary of the Grant Date; and
- (c) 25% can be exercised at any time after third anniversary of the Grant Date.

The 2011 Share Option Scheme was adopted pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 19 May 2011.

### DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed above, at no time during the six months ended 30 June 2015, were rights to subscribe for equity or debt securities of the Company granted to any Director or chief executive of the Company or to the spouse or children under 18 years of age of any such Director or chief executive as recorded in the register required to be kept under Part XV of the SFO, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable any such persons to acquire any such rights in any other body corporate.

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2015, the person other than a Director or chief executive of the Company who has an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

#### Long positions in shares

| <b>Name of Shareholder</b> | <b>Capacity</b>  | <b>Number of Shares</b> | <b>Approximate Percentage of Shareholding</b> |
|----------------------------|------------------|-------------------------|---|
| Ko Bee Limited             | Beneficial owner | 193,728,528             | 68.15   |

Save as disclosed above as at 30 June 2015, the Company has not been notified of any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

# Management Discussion and Analysis (Continued)

## CONTINGENT LIABILITIES

- (a) During the course of business, certain bank accounts were opened and held in the name of certain subsidiaries on behalf of third parties to whom these subsidiaries provided building management services. As at the reporting date, those bank balances which were held on behalf of third parties and were not accounted for in the books of account and financial statements of the Group amounted to HK\$24,996,000 (31 December 2014: HK\$19,577,000).
- (b) Since the Group commenced legal proceedings HCA 1902/2009 (“the Action”) against a joint venture partner in 2009, with whom the Group has a joint venture agreement for the development and construction of village houses in the New Territories, the Action has been stayed pending the outcome of the proceedings in HCMP 1760/2009 which concerns the same subject matter. The Group has filed a re-amended statement of claim in December 2012 in HCMP 1760/2009 and the exchange of pleadings have been closed in or about April 2013. The case has come to the stage of discovery of documents and thereafter it will proceed to the mutual exchange of factual witnesses’ statements. The trial date is yet to be fixed by court.

In view of the Group’s legal adviser unable to assess the likely outcome, provision for amount due from a joint venture and provision for legal costs were amounting to HK\$15,565,000 and HK\$3,237,000 (31 December 2014: HK\$15,565,000 and HK\$3,598,000) respectively.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## AUDIT COMMITTEE

The Audit Committee comprising three independent non-executive directors has reviewed with management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 June 2015.



# Management Discussion and Analysis (Continued)

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2015 except that:

### (1) Code Provision A.2.1

Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of the chairman and chief executive officer are not separated and performed by two different individuals. Madam Foo Kam Chu Grace is the founder and Chairman of the Group. She is responsible for the Group's overall development direction and strategies. The Chairman ensures the Board functions effectively and discharges its responsibilities. There is no chief executive officer appointed and the daily operations of the Group are delegated to other executive directors, the management and various department heads. The Board is of the view that the current management structure can effectively facilitate the Company's operation and business development.

### (2) Code Provision A.4.1

Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term.

The non-executive directors are not appointed for a specific term as they are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Bye-Laws.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted a code of conduct regarding directors' securities dealing transactions on term no less than the required standard set out in the Model Code (Appendix 10 of the Listing Rules).

The Company has made specific enquiries and all Directors have complied with the required standard set out in the Model Code during the period under review.

# Management Discussion and Analysis (Continued)

## **APPRECIATION**

As a final note, I wish to take this opportunity to thank the Directors and staff for their contributions and good performance during the period.

By Order of the Board  
**Soundwill Holdings Limited**  
**Foo Kam Chu Grace**  
*Chairman*

Hong Kong, 18 August 2015

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

|  | Notes | Six months ended 30 June        |                                 |
|--|-------|---------------------------------|---------------------------------|
|  |       | 2015<br>(Unaudited)<br>HK\$'000 | 2014<br>(Unaudited)<br>HK\$'000 |
| Revenue/Turnover   |       | 261,321                         | 254,721                         |
| Cost of sales  |       | (5,792)                         | (33,525)                        |
| Gross profit   |       | 255,529                         | 221,196                         |
| Other income   | 4     | 18,796                          | 15,248                          |
| Selling expenses   |       | (23,975)                        | (9,237)                         |
| Administrative expenses  |       | (81,182)                        | (88,073)                        |
| Other operating expenses                                       |       | (26)                            | (20)                            |
| Gain on disposal of subsidiaries                               |       | –                               | 101,546                         |
| Net gain on fair value adjustments on<br>investment properties |       | 216,138                         | 261,017                         |
| Finance costs  | 5     | (18,020)                        | (30,140)                        |
| Share of results of a joint venture                            |       | (2)                             | (14)                            |
| Profit before income tax expense                               | 6     | 367,258                         | 471,523                         |
| Income tax expense   | 7     | (30,146)                        | (24,843)                        |
| <b>Profit for the period</b>                                   |       | <b>337,112</b>                  | <b>446,680</b>                  |

## Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2015<br>(Unaudited)<br>HK\$'000 | 2014<br>(Unaudited)<br>HK\$'000 |
| <b>Other comprehensive income,<br/>net of tax</b>                                       |                                 |                                 |
| <i>Items that will not be reclassified to<br/>profit or loss:</i>                       |                                 |                                 |
| Surplus on revaluation of leasehold<br>building, net of deferred tax                    | <b>813</b>                      | 2,934                           |
| <i>Item that may be reclassified<br/>subsequently to profit or loss:</i>                |                                 |                                 |
| Exchange gain/(loss) on translation of<br>financial statements of<br>foreign operations | <b>3,710</b>                    | (3,932)                         |
| Other comprehensive income<br>for the period, net of tax                                | <b>4,523</b>                    | (998)                           |
| <b>Total comprehensive income<br/>for the period</b>                                    | <b>341,635</b>                  | 445,682                         |

## Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

|  | Six months ended 30 June        |                                 |
|--|---------------------------------|---------------------------------|
|  | 2015<br>(Unaudited)<br>HK\$'000 | 2014<br>(Unaudited)<br>HK\$'000 |
| <b>Profit for the period attributable to:</b>      |                                 |                                 |
| – Owners of the Company                            | 290,122                         | 448,078                         |
| – Non-controlling interests                        | 46,990                          | (1,398)                         |
|  | <b>337,112</b>                  | 446,680                         |
| <b>Total comprehensive income attributable to:</b> |                                 |                                 |
| – Owners of the Company                            | 294,025                         | 447,601                         |
| – Non-controlling interests                        | 47,610                          | (1,919)                         |
|  | <b>341,635</b>                  | 445,682                         |

|   | Notes | Six months ended 30 June    |                             |
|---|-------|-----------------------------|-----------------------------|
|   |       | 2015<br>(Unaudited)<br>HK\$ | 2014<br>(Unaudited)<br>HK\$ |
| <b>Earning per share for profit attributable to owners of the Company during the period</b> |       |                             |                             |
|   | 8     |                             |                             |
| Basic   |       | HK\$1.02                    | HK\$1.60                    |
| Diluted   |       | HK\$1.02                    | HK\$1.59                    |

# Consolidated Statement of Financial Position

|   |              | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|---|--------------|--|--|
|   | <i>Notes</i> |  |  |
| <b>ASSETS AND LIABILITIES</b>               |              |  |  |
| <b>Non-current assets</b>                   |              |  |  |
| Investment properties                       | 9            | <b>15,948,810</b>                                    | 15,730,226                                   |
| Property, plant and equipment               |              | <b>189,190</b>                                       | 190,699                                      |
| Properties held for development             |              | <b>26,931</b>  | 27,187                                       |
| Interest in a joint venture                 |              | <b>29,218</b>  | 29,211                                       |
| Available-for-sale financial assets         |              | <b>10</b>  | 10   |
| Other receivable                            |              | <b>36,059</b>  | 35,790                                       |
| Goodwill                                    |              | –  | –  |
|   |              | <b>16,230,218</b>                                    | 16,013,123                                   |
| <b>Current assets</b>                       |              |  |  |
| Properties under development                |              | <b>3,417,880</b>                                     | 2,558,459                                    |
| Trade and other receivables                 | 10           | <b>105,703</b>                                       | 85,060                                       |
| Deposits paid for acquisition of properties |              | <b>5,875</b>   | 3,105  |
| Bank deposit at escrow account              |              | <b>307,614</b>                                       | 179,007                                      |
| Structured bank deposits                    | 11           | <b>8,870</b>   | 94,591                                       |
| Cash and bank balances                      | 11           | <b>321,109</b>                                       | 1,070,403                                    |
|   |              | <b>4,167,051</b>                                     | 3,990,625                                    |
| Assets classified as held for sales         | 12           | <b>216,098</b>                                       | –  |
|   |              | <b>4,383,149</b>                                     | 3,990,625                                    |

## Consolidated Statement of Financial Position (Continued)

|   | Notes | 30 June<br>2015<br>(Unaudited)<br>HK\$'000 | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|---|-------|--|--|
| <b>Current liabilities</b>                          |       |  |  |
| Trade and other payables                            | 13    | 518,418                                    | 515,668                                      |
| Deposits received in advance                        |       | 621,174                                    | 421,108                                      |
| Borrowings  | 14    | 2,299,350                                  | 2,197,920                                    |
| Provision for income tax                            |       | 124,129                                    | 111,372                                      |
|   |       | <b>3,563,071</b>                           | <b>3,246,068</b>                             |
| <b>Net current assets</b>                           |       |  |  |
|   |       | <b>820,078</b>                             | <b>744,557</b>                               |
| <b>Total assets less current liabilities</b>        |       |  |  |
|   |       | <b>17,050,296</b>                          | <b>16,757,680</b>                            |
| <b>Non-current liabilities</b>                      |       |  |  |
| Borrowings  | 14    | 51,999                                     | 24,011                                       |
| Deferred tax liabilities                            | 15    | 72,295                                     | 70,942                                       |
|   |       | <b>124,294</b>                             | <b>94,953</b>                                |
| <b>Net assets</b>                                   |       |  |  |
|   |       | <b>16,926,002</b>                          | <b>16,662,727</b>                            |
| <b>EQUITY</b>                                       |       |  |  |
| <b>Equity attributable to owners of the Company</b> |       |  |  |
| Share capital                                       | 16    | 28,429                                     | 28,407                                       |
| Reserves  |       | 16,587,979                                 | 16,376,430                                   |
|   |       | <b>16,616,408</b>                          | <b>16,404,837</b>                            |
| <b>Non-controlling interests</b>                    |       |  |  |
|   |       | <b>309,594</b>                             | <b>257,890</b>                               |
| <b>Total equity</b>                                 |       |  |  |
|   |       | <b>16,926,002</b>                          | <b>16,662,727</b>                            |

# Consolidated Statement of Changes in Equity

|  | For the six months ended 30 June 2015 (unaudited) |               |                            |                            |                                     |                  |                  |                 |                                      |            |                           |              |
|--|---|---------------|----------------------------|----------------------------|-------------------------------------|------------------|------------------|-----------------|--------------------------------------|------------|---------------------------|--------------|
|  | Equity attributable to owners of the Company      |               |                            |                            |                                     |                  |                  |                 |                                      |            |                           |              |
|  | Share capital                                     | Share premium | Capital redemption reserve | Assets revaluation reserve | Employee share-based equity reserve | Retained profits | Exchange reserve | Special reserve | Proposed final and special dividends | Total      | Non-controlling interests | Total equity |
| HK\$'000   | HK\$'000  | HK\$'000      | HK\$'000                   | HK\$'000                   | HK\$'000                            | HK\$'000         | HK\$'000         | HK\$'000        | HK\$'000                             | HK\$'000   | HK\$'000                  | HK\$'000     |
| <b>At 1 January 2015</b>   | 28,407  | 694,240       | 37                         | 5,451                      | 25,893                              | 15,529,767       | 33,973           | 1,848           | 85,221                               | 16,404,837 | 257,890                   | 16,662,727   |
| Exercise of share options  | 22  | 2,428         | -                          | -                          | (532)                               | -                | -                | -               | -                                    | 1,918      | -                         | 1,918        |
| Equity-settled share based payment   | -   | -             | -                          | -                          | 915                                 | -                | -                | -               | -                                    | 915        | -                         | 915          |
| Capital injection from non-controlling interests                           | -   | -             | -                          | -                          | -                                   | -                | -                | -               | -                                    | -          | 4,094                     | 4,094        |
| Final and special dividends paid for 2014                                  | -   | -             | -                          | -                          | -                                   | -                | -                | -               | (85,287)                             | (85,287)   | -                         | (85,287)     |
| <b>Transaction with owners</b>   | 22  | 2,428         | -                          | -                          | 383                                 | -                | -                | -               | (85,287)                             | (82,454)   | 4,094                     | (78,360)     |
| <b>Profit for the period</b>   | -   | -             | -                          | -                          | -                                   | 290,122          | -                | -               | -                                    | 290,122    | 46,990                    | 337,112      |
| <b>Other comprehensive income</b>  |   |               |                            |                            |                                     |                  |                  |                 |                                      |            |                           |              |
| <i>Items that will not be reclassified to profit or loss:</i>              |   |               |                            |                            |                                     |                  |                  |                 |                                      |            |                           |              |
| Surplus on revaluation of leasehold building, net of deferred tax          | -   | -             | -                          | 813                        | -                                   | -                | -                | -               | -                                    | 813        | -                         | 813          |
| <i>Items that may be reclassified subsequently to profit or loss:</i>      |   |               |                            |                            |                                     |                  |                  |                 |                                      |            |                           |              |
| Exchange gain on translation of financial statements of foreign operations | -   | -             | -                          | -                          | -                                   | -                | 3,090            | -               | -                                    | 3,090      | 620                       | 3,710        |
| <b>Total comprehensive income for the period</b>                           | -   | -             | -                          | 813                        | -                                   | 290,122          | 3,090            | -               | -                                    | 294,025    | 47,610                    | 341,635      |
| Lapse of share option  | -   | -             | -                          | -                          | (1,041)                             | 1,041            | -                | -               | -                                    | -          | -                         | -            |
| Under-provision of final and special dividends for 2014                    | -   | -             | -                          | -                          | -                                   | (66)             | -                | -               | 66                                   | -          | -                         | -            |
| <b>At 30 June 2015</b>   | 28,429  | 696,668       | 37                         | 6,264                      | 25,235                              | 15,820,864       | 37,063           | 1,848           | -                                    | 16,616,408 | 309,594                   | 16,926,002   |



# Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2014 (unaudited)

Equity attributable to owners of the Company

|  | Share capital | Share premium | Assets revaluation reserve | Employee share-based equity reserve | Retained profits | Exchange reserve | Special reserve | Proposed final dividend | Total      | Non-controlling interests | Total equity |
|--|---------------|---------------|----------------------------|-------------------------------------|------------------|------------------|-----------------|-------------------------|------------|---------------------------|--------------|
|  | HK\$'000      | HK\$'000      | HK\$'000                   | HK\$'000                            | HK\$'000         | HK\$'000         | HK\$'000        | HK\$'000                | HK\$'000   | HK\$'000                  | HK\$'000     |
| <b>At 1 January 2014</b>   | 28,082        | 659,840       | 1,495                      | 27,788                              | 13,989,841       | 31,914           | 1,848           | 56,165                  | 14,796,973 | 240,019                   | 15,036,992   |
| Exercise of share options  | 20            | 2,138         | -                          | (416)                               | -                | -                | -               | -                       | 1,742      | -                         | 1,742        |
| Equity-settled sharebased payment  | -             | -             | -                          | 3,055                               | -                | -                | -               | -                       | 3,055      | -                         | 3,055        |
| Capital injection from non-controlling interests                           | -             | -             | -                          | -                                   | -                | -                | -               | -                       | -          | 4,094                     | 4,094        |
| Final dividend paid for 2013   | -             | -             | -                          | -                                   | -                | -                | -               | (56,205)                | (56,205)   | -                         | (56,205)     |
| <b>Transaction with owners</b>   | 20            | 2,138         | -                          | 2,639                               | -                | -                | -               | (56,205)                | (51,408)   | 4,094                     | (47,314)     |
| <b>Profit for the period</b>   | -             | -             | -                          | -                                   | 448,078          | -                | -               | -                       | 448,078    | (1,398)                   | 446,680      |
| <b>Other comprehensive income</b>  |               |               |                            |                                     |                  |                  |                 |                         |            |                           |              |
| <i>Items that will not be reclassified to profit or loss:</i>              |               |               |                            |                                     |                  |                  |                 |                         |            |                           |              |
| Surplus on revaluation of leasehold building, net of deferred tax          | -             | -             | 2,934                      | -                                   | -                | -                | -               | -                       | 2,934      | -                         | 2,934        |
| <i>Items that may be reclassified subsequently to profit or loss:</i>      |               |               |                            |                                     |                  |                  |                 |                         |            |                           |              |
| Exchange loss on translation of financial statements of foreign operations | -             | -             | -                          | -                                   | -                | (3,411)          | -               | -                       | (3,411)    | (521)                     | (3,932)      |
| <b>Total comprehensive income for the period</b>                           | -             | -             | 2,934                      | -                                   | 448,078          | (3,411)          | -               | -                       | 447,601    | (1,919)                   | 445,682      |
| Under-provision of final dividend for 2013                                 | -             | -             | -                          | -                                   | (40)             | -                | -               | 40                      | -          | -                         | -            |
| <b>At 30 June 2014</b>   | 28,102        | 661,978       | 4,429                      | 30,427                              | 14,437,879       | 28,503           | 1,848           | -                       | 15,193,166 | 242,194                   | 15,435,360   |

## Condensed Consolidated Cash Flow Statement

|   | <i>Note</i> | Six months ended 30 June               |  |
|---|-------------|--|--|
|   |             | 2015<br>(Unaudited)<br><i>HK\$'000</i> | 2014<br>(Unaudited)<br><i>HK\$'000</i> |
| Net cash (outflow)/inflow from operating activities |             | <b>(716,381)</b>                       | 129,817                                |
| Net cash inflow from investing activities           |             | <b>115,636</b>                         | 916,727                                |
| Net cash inflow/(outflow) from financing activities |             | <b>50,143</b>                          | (1,114,278)                            |
| Decrease in cash and cash equivalents               |             | <b>(550,602)</b>                       | (67,734)                               |
| Cash and cash equivalents at beginning of period    |             | <b>871,388</b>                         | 310,629                                |
| Translation difference                              |             | <b>323</b>                             | (2,450)                                |
| Cash and cash equivalents at end of period          | 11          | <b>321,109</b>                         | 240,445                                |

# Notes to the Interim Financial Statements

For the six months ended 30 June 2015

## 1. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2015 (the “Unaudited Condensed Interim Financial Information”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standards (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Unaudited Condensed Interim Financial information is presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

## 2. PRINCIPAL ACCOUNTING POLICIES

The Unaudited Condensed Interim Financial Information has been prepared under the historical cost convention, except for investment properties and leasehold building, which are stated at fair values, and the accounting policies of which are consistent with those of the Group’s annual audited financial statements for the year ended 31 December 2014 (the “2014 Annual Financial Statements”) as described thereof.

The accounting policies adopted for the six months ended 30 June 2015 are consistent with those used in the preparation of the 2014 Annual Financial Statements except for the adoption of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) which include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations as disclosed below.

The Unaudited Condensed Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2014 Annual Financial Statements, which have been prepared in accordance with HKFRSs.

In the current interim period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA, which is relevant to and effective for the Group’s financial statements for the annual financial period beginning on or after 1 January 2015.

|                     |                                     |
|---------------------|-------------------------------------|
| HKFRSs (Amendments) | Annual Improvements 2010–2012 Cycle |
| HKFRSs (Amendments) | Annual Improvements 2011–2013 Cycle |

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Except as explained below, the adoption of these amendments has no material impact on the Group's Unaudited Condensed Interim Financial Information.

### Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The adoption of the amendments to HKAS 16 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with revaluations of its property, plant and equipment.

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

|                        |   |
|------------------------|---|
| HKFRSs (Amendments)    | Annual Improvements 2012-2014 Cycle <sup>1</sup>                          |
| Amendments to HKAS 1   | Disclosure Initiative <sup>1</sup>  |
| Amendments to HKAS 27  | Equity Method in Separate Financial Statements <sup>1</sup>               |
| HKFRS 9 (2014)         | Financial Instruments <sup>3</sup>  |
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup> |
| HKFRS 15               | Revenue from Contracts with Customers <sup>2</sup>                        |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2018

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### **Amendments to HKAS 1 – Disclosure Initiative**

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

### **Amendments to HKAS 27 – Equity Method in Separate Financial Statements**

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

### **HKFRS 9 (2014) – Financial Instruments**

HKFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### HKFRS 9 (2014) – Financial Instruments (Continued)

HKFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 (2014) retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

### Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

### HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### HKFRS 15 – Revenue from Contracts with Customers (Continued)

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Save as the main changes described above, the Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs and the Directors are not yet in a position to quantify the effects on the Group's accounting policies and financial statements.

## 3. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major business lines.

The Group has identified the following reportable segments:

|  |   |  |
|--|---|--|
| Property development                   | : | Development of residential and commercial properties                                     |
| Property leasing                       | : | Property rental including signage rental and provision of office facilities and services |
| Building management and other services | : | Provision of building management, property repairs and maintenance services              |

Each of these operating segments is managed separately as each of the business lines requires different resources as well as operating approaches.

During the six months ended 30 June 2015, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 3. SEGMENT INFORMATION (Continued)

The turnover and profit/(loss) generated by each of the Group's operating segments and segment assets and liabilities are summarised as follows:

|   | Six months ended 30 June |                    |                   |                   |   |                |                 |                |                    |                    |
|---|--------------------------|--------------------|-------------------|-------------------|---|----------------|-----------------|----------------|--------------------|--------------------|
|   | Property development     |                    | Property leasing  |                   | Building management<br>and other services |                | Others          |                | Total              |                    |
|   | 2015                     | 2014               | 2015              | 2014              | 2015                                      | 2014           | 2015            | 2014           | 2015               | 2014               |
|   | (Unaudited)              | (Unaudited)        | (Unaudited)       | (Unaudited)       | (Unaudited)                               | (Unaudited)    | (Unaudited)     | (Unaudited)    | (Unaudited)        | (Unaudited)        |
|   | HKS'000                  | HKS'000            | HKS'000           | HKS'000           | HKS'000                                   | HKS'000        | HKS'000         | HKS'000        | HKS'000            | HKS'000            |
| <b>Turnover</b>                             |                          |                    |                   |                   |   |                |                 |                |                    |                    |
| External customers                          | 1,998                    | 41,229             | 252,000           | 206,947           | 7,323                                     | 6,545          | -               | -              | 261,321            | 254,721            |
| Inter-segments                              | 110,611                  | 104,529            | 2,829             | 34,600            | 2,531                                     | 1,838          | 25,600          | 26,461         | 141,571            | 167,428            |
| <b>Reportable segment turnover</b>          | <b>112,609</b>           | <b>145,758</b>     | <b>254,829</b>    | <b>241,547</b>    | <b>9,854</b>                              | <b>8,383</b>   | <b>25,600</b>   | <b>26,461</b>  | <b>402,892</b>     | <b>422,149</b>     |
| <b>Reportable segment<br/>profit/(loss)</b> | <b>(34,424)</b>          | <b>(18,452)</b>    | <b>196,686</b>    | <b>167,154</b>    | <b>3,754</b>                              | <b>1,706</b>   | <b>15,770</b>   | <b>3,532</b>   | <b>181,786</b>     | <b>153,940</b>     |
| <b>Reportable segment assets</b>            | <b>3,584,212</b>         | <b>3,941,115</b>   | <b>16,804,227</b> | <b>16,062,568</b> | <b>15,648</b>                             | <b>10,575</b>  | <b>180,052</b>  | <b>194,910</b> | <b>20,584,139</b>  | <b>20,209,168</b>  |
| <b>Reportable segment liabilities</b>       | <b>(953,188)</b>         | <b>(1,666,001)</b> | <b>(142,944)</b>  | <b>(139,922)</b>  | <b>(8,309)</b>                            | <b>(6,614)</b> | <b>(35,151)</b> | <b>(6,512)</b> | <b>(1,139,592)</b> | <b>(1,819,049)</b> |



# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 3. SEGMENT INFORMATION (Continued)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2015<br>(Unaudited)<br>HK\$'000 | 2014<br>(Unaudited)<br>HK\$'000 |
| Reportable segment turnover                                 | 402,892                         | 422,149                         |
| Elimination of inter-segment turnover                       | (141,571)                       | (167,428)                       |
| <b>Turnover</b>   | <b>261,321</b>                  | 254,721                         |
| Reportable segment profit                                   | 181,786                         | 153,940                         |
| Net gain on fair value adjustments on investment properties | 216,138                         | 261,017                         |
| Gain on disposal of subsidiaries                            | –                               | 101,546                         |
| Unallocated income and expenses                             | (12,644)                        | (14,826)                        |
| Finance costs   | (18,020)                        | (30,140)                        |
| Share of results of a joint venture                         | (2)                             | (14)                            |
| Profit before income tax                                    | 367,258                         | 471,523                         |

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 4. OTHER INCOME

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2015<br>(Unaudited)<br>HK\$'000 | 2014<br>(Unaudited)<br>HK\$'000 |
| Bank interest income  | 8,602                           | 3,448                           |
| Other service income from building management services                        | 237                             | 328                             |
| Reversal of provision for impairment of deferred and contingent consideration | 8,516                           | –                               |
| Miscellaneous income  | 1,441                           | 11,472                          |
|   | <b>18,796</b>                   | 15,248                          |

## 5. FINANCE COSTS

|  | Six months ended 30 June        |                                 |
|--|---------------------------------|---------------------------------|
|  | 2015<br>(Unaudited)<br>HK\$'000 | 2014<br>(Unaudited)<br>HK\$'000 |
| Interest charges on:   |                                 |                                 |
| Bank loans   |                                 |                                 |
| – wholly repayable within five years   | 17,030                          | 30,056                          |
| – not wholly repayable within five years   | 3,342                           | 5,728                           |
| Other borrowings – wholly repayable within five years                                | 298                             | 106                             |
| Total borrowing costs  | <b>20,670</b>                   | 35,890                          |
| Less: Interest capitalised in investment properties and properties under development | <b>(2,650)</b>                  | (5,750)                         |
|  | <b>18,020</b>                   | 30,140                          |

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 6. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

|   | <b>Six months ended 30 June</b>                      |                                 |
|---|--|---------------------------------|
|   | <b>2015</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | 2014<br>(Unaudited)<br>HK\$'000 |
| Amortisation of properties held for development   | <b>355</b>   | 354                             |
| Cost of properties under development<br>recognised as expense                                     | <b>1,150</b>   | 25,235                          |
| Deposits for property acquisition written off*  | –  | 20                              |
| Depreciation of property, plant and equipment   | <b>2,484</b>   | 2,801                           |
| Loss on disposal of property,<br>plant and equipment*   | <b>26</b>  | –                               |
| Property, plant and equipment written off   | –  | 158                             |
| Employee benefit expenses<br>(including directors' remuneration and<br>defined contribution cost) |  |                                 |
| – Share option expenses   | <b>915</b>   | 3,055                           |
| – Salaries, bonus and defined<br>contribution cost  | <b>57,937</b>  | 64,468                          |
| – Other employee benefit expenses   | <b>1,291</b>   | 1,356                           |
|   | <b>60,143</b>  | 68,879                          |
| Operating lease charges in respect of premises  | <b>676</b>   | 1,285                           |

\* included in other operating expenses

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 7. INCOME TAX EXPENSE

|                                | Six months ended 30 June        |                                 |
|--------------------------------|---------------------------------|---------------------------------|
|                                | 2015<br>(Unaudited)<br>HK\$'000 | 2014<br>(Unaudited)<br>HK\$'000 |
| The charge/(credit) comprises: |                                 |                                 |
| Hong Kong profits tax          | 28,519                          | 21,982                          |
| PRC income tax                 | 496                             | 3,788                           |
| Deferred tax charge/(credit)   | 1,131                           | (927)                           |
|                                | <b>30,146</b>                   | 24,843                          |

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

For the period ended 30 June 2015, all the Group's PRC subsidiaries are subject to PRC Enterprise Income Tax ("EIT") rate of 25% (six months ended 30 June 2014: 25%).

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for profit attributable to the owners of the Company is based on the following data:

|  | <b>Six months ended 30 June</b>                      |  |
|--|--|--|
|  | <b>2015</b><br><b>(Unaudited)</b><br><i>HK\$'000</i> | 2014<br>(Unaudited)<br><i>HK\$'000</i> |
| <b>Earnings</b>  |  |  |
| Profit attributable to owners of the Company   | <b>290,122</b>                                       | 448,078                                |
| <b>Number of shares</b>  |  |  |
| Weighted average number of ordinary shares for the purpose of basic earnings per share   | <b>284,227,635</b>                                   | 280,860,600                            |
| Effect of dilutive potential ordinary shares in respect of employee share options        | <b>542,094</b>                                       | 1,864,394                              |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <b>284,769,729</b>                                   | 282,724,994                            |

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 9. INVESTMENT PROPERTIES

Changes to the carrying amount presented in the consolidated statement of financial position can be summarised as follows:

|   | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|---|--|--|
| Carrying amount at 1 January  | <b>15,730,226</b>                                    | 16,464,234                                   |
| Additions   | <b>165,165</b>                                       | 145,978                                      |
| Disposal of a subsidiary  | –  | (860,000)                                    |
| Purchase of net assets  | <b>12,627</b>  | –  |
| Transfer to assets classified as held for sales<br>(note 12)        | <b>(216,098)</b>                                     | –  |
| Transfer from/(to) properties under development                     | <b>37,898</b>  | (667,952)                                    |
| Net gain on fair value adjustments                                  | <b>216,138</b>                                       | 638,801                                      |
| Interest capitalised in investment properties<br>under construction | <b>2,650</b>   | 9,280  |
| Exchange realignment  | <b>204</b>   | (115)  |
| Carrying amount 30 June/31 December                                 | <b>15,948,810</b>                                    | 15,730,226                                   |

The Group's investment properties were revalued at 30 June 2014, 31 December 2014 and 30 June 2015 by an independent professional valuer, DTZ Debenham Tie Leung Limited, on the following basis:

- Certain investment properties under construction were revalued on redevelopment basis by adopting the residual site method. The residual site method is determined by deducting the estimated total cost of the development including costs of construction, professional fee, finance cost, associated costs and an allowance for developer's risk and profit from the gross development value; and
- The remaining investment properties are revalued based on the market value on an existing use basis which involves certain estimates, including comparable market transactions, where appropriate capitalisation rates and reversionary income potential.

In relying on these valuations, the management has exercised their judgement and are satisfied that the methods of valuation adopted are reflective of the current market conditions.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 9. INVESTMENT PROPERTIES (Continued)

The fair value of the Group's investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided in above table. Change in unrealised gains or losses for the period included in profit or loss for investment properties held at the end of the period was HK\$216,138,000 (31 December 2014: HK\$638,801,000).

The Group's interest in investment properties are situated in Hong Kong and the PRC and their carrying amount are analysed as follows:

|                                   | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|-----------------------------------|--|--|
| Held on lease over 50 years       | <b>15,745,895</b>                                    | 15,532,915                                   |
| Held on lease from 10 to 50 years | <b>202,915</b>                                       | 197,311                                      |
|                                   | <b>15,948,810</b>                                    | 15,730,226                                   |

All of the Group's investment properties for earning rental income or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 9. INVESTMENT PROPERTIES (Continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

### As at 30 June 2015

| Investment properties held by the Group in the consolidated statement of financial position | Fair value as at 30 June 2015<br>(Unaudited)<br>HK\$'000 | Valuation technique(s)         | Significant unobservable input(s) | Range of significant unobservable inputs  | Interrelationship between key unobservable input(s) and fair value measurement |
|---|--|--------------------------------|-----------------------------------|---|--|
| Completed investment properties (whole block of commercial building)                        | 13,132,000   | Income capitalisation approach | Reversionary rental value         | HK\$21 – HK\$49 per month per square foot for upper-level office/restaurants premises<br><br>HK\$124– HK\$1,800 per month per square foot for ground floor shop | The higher the rental value, the higher the fair value                         |
|   |  |                                | Adjusted term/reversionary yield  | 3% – 4.5%   | The higher the adjusted term and reversionary yield, the lower the fair value. |



# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 9. INVESTMENT PROPERTIES (Continued)

As at 30 June 2015 (Continued)

| Investment properties held by the Group in the consolidated statement of financial position | Fair value as at 30 June 2015 |                 | Significant unobservable input(s)  | Range of significant unobservable inputs                          | Interrelationship between key unobservable input(s) and fair value measurement         |
|---|-------------------------------|-----------------|--|---|--|
|   | (Unaudited)                   |                 |  |   |  |
|   | HK\$'000                      |                 |  |   |  |
| Investment properties under construction  | 1,172,000                     | Residual method | Price per square foot  | HK\$13,600 – HK\$21,800 per square foot for residential premises; | The higher the rental value, the higher the fair value                                 |
|   |                               |                 |  | HK\$19,000 – HK\$60,000 per square foot for shop                  |  |
|   |                               |                 | Estimated construction and other professional costs to completion                            | HK\$3,050 – HK\$5,400 per square foot                             | The higher the estimated construction and professional costs, the lower the fair value |
|   |                               |                 | Estimated profit margin required to hold and develop the investment properties to completion | 5% – 10%  | The higher the estimated profit margin, the lower the fair value.                      |

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 9. INVESTMENT PROPERTIES (Continued)

As at 30 June 2015 (Continued)

| Investment properties held by the Group in the consolidated statement of financial position | Fair value as at 30 June 2015<br>(Unaudited)<br><i>HK\$'000</i> | Valuation technique(s) | Significant unobservable input(s)  | Range of significant unobservable inputs | Interrelationship between key unobservable input(s) and fair value measurement                |
|---|---|------------------------|--|--|---|
| Completed investment properties (Individual units or ground floor shops)                    | 1,644,810   | Direct comparison      | Quality of properties (e.g. location, size, level and condition of the properties) | +/-20%                                   | The higher the quality of properties with reference to comparables, the higher the fair value |

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 9. INVESTMENT PROPERTIES (Continued)

As at 31 December 2014

| Investment properties held by the Group in the consolidated statement of financial position | Fair value as at 31 December 2014 (Audited)<br>HK\$'000 | Valuation technique(s)         | Significant unobservable input(s) | Range of significant unobservable inputs  | Interrelationship between key unobservable input(s) and fair value measurement |
|---|---|--------------------------------|-----------------------------------|---|--|
| Completed investment properties (whole block of commercial building)                        | 13,122,000  | Income capitalisation approach | Reversionary rental value         | HK\$25 – HK\$49 per month per square foot for upper-level office/restaurants premises<br><br>HK\$104 – HK\$2,220 per month per square foot for ground floor shops           | The higher the rental value, the higher the fair value                         |
|   |   |                                | Adjusted term/reversionary yield  | 3% – 4.25%  | The higher the adjusted term and reversionary yield, the lower the fair value  |
| Investment properties under construction  | 1,061,000   | Residual method                | Price per square foot             | HK\$6,540 per square foot for industrial premises;<br>– HK\$13,600 – HK\$20,000 per square foot for residential premises;<br>– HK\$17,000 – HK\$60,000 per square for shops | The higher the rental value, the higher the fair value                         |

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 9. INVESTMENT PROPERTIES (Continued)

### As at 31 December 2014 (Continued)

| Investment properties held by the Group in the consolidated statement of financial position | Fair value as at 31 December 2014 (Audited)<br>HK\$'000 | Valuation technique(s) | Significant unobservable input(s)  | Range of significant unobservable inputs | Interrelationship between key unobservable input(s) and fair value measurement                |
|---|---|------------------------|--|--|---|
|   |   |                        | Estimated construction and other professional costs to completion                            | HK\$2,910 – HK\$5,410 per square foot    | The higher the estimated construction and professional costs, the lower the fair value        |
|   |   |                        | Estimated profit margin required to hold and develop the investment properties to completion | 10% – 15%                                | The higher estimated profit margin, the lower the fair value                                  |
| Completed investment properties (Individual units or ground floor shops)                    | 1,547,226   | Direct comparison      | Quality of properties (e.g. location, size, level and condition of the properties)           | +/-20%                                   | The higher the quality of properties with reference to comparables, the higher the fair value |

During the six months ended 30 June 2015, there were no changes to the valuation techniques from prior periods.

The fair value measurement is based on the above investment properties' highest and best use, which does not differ from their actual use.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 10. TRADE AND OTHER RECEIVABLES

As at the reporting date, trade receivables included in trade and other receivables were approximately HK\$9,220,000 (31 December 2014: approximately HK\$11,149,000). The credit terms of the Group ranging from 30 to 90 days. Based on the invoices dates, the ageing analysis of trade receivables was set out below:

|   | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|---|--|--|
| 0 – 30 days   | <b>4,793</b>   | 5,833  |
| 31 – 90 days  | <b>1,844</b>   | 4,430  |
| 91 – 180 days   | <b>1,441</b>   | 445  |
| Over 180 days   | <b>1,142</b>   | 441  |
| Total trade receivables   | <b>9,220</b>   | 11,149                                       |
| Other receivables, utility deposits and<br>prepayment, net (including the deferred<br>and contingent consideration) | <b>96,483</b>  | 73,911                                       |
|   | <b>105,703</b>                                       | 85,060                                       |

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 11. STRUCTURED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

As at 30 June 2015, the structured bank deposit was principal-protected yield enhancement bank deposits denominated in Renminbi ("RMB") amounting to RMB6,967,000 (31 December 2014: RMB74,850,000) (equivalent to approximately HK\$8,870,000 (31 December 2014: HK\$94,951,000)) carrying a minimum interest rate at 1.80% (31 December 2014: 1.80%) per annum and can be enhanced to a maximum interest rate at 5.1% (31 December 2014: 5.0%) per annum which is to be determined by reference to the market exchange rate of Australian Dollar ("AUD")/United States Dollar ("USD") during a pre-determined period of 91 days (31 December 2014: 91 days). The structured bank deposits contained embedded derivatives representing a return which would vary with prevailing market exchange rate of AUD/USD. The Directors of the Company consider that the fair value of the embedded derivative and the cap is minimal and hence no derivative financial instrument is recognised.

The cash and bank balances of the Group was summarised as follows:

|   | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|---|--|--|
| Bank and cash balances                                    | <b>321,109</b>                                       | 365,812                                      |
| Short-term bank deposits                                  | –  | 505,576                                      |
| Total cash and cash equivalents                           | <b>321,109</b>                                       | 871,388                                      |
| Time deposits with original maturity<br>over three months | –  | 199,015                                      |
| Total cash and bank balances                              | <b>321,109</b>                                       | 1,070,403                                    |

For the year ended 31 December 2014, the effective interest rate of short-term bank deposits was ranged from 0.66% to 3.79% per annum. The deposit had maturity period of 7 days to 31 days and was eligible for immediate cancellation without receiving any interest for the last deposit period.

Included in cash and cash equivalents of the Group is HK\$96,436,000 (31 December 2014: HK\$8,409,000) of bank balances denominated in Renminbi placed with banks in the PRC.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 12. ASSETS CLASSIFIED AS HELD FOR SALE

During the period, the Group, together with other owners of adjacent units, comprising all the owners of an entire building, put up a tendering offer to the public and accordingly have reclassified these investment properties as "Assets classified as held for sale" as required under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". A letter of tender acceptance was subsequently granted to an independent third party in July 2015 to dispose of the said properties at a total consideration of HK\$403,800,000, in which the Group has the interests of 53.62% (the "Disposal"). The Disposal is expected to be completed on 29 September 2015. At 30 June 2015, the Group has recognised a fair value gain of approximately HK\$124,398,000 on these investment properties.

## 13. TRADE AND OTHER PAYABLES

As at the reporting date, trade payables included in trade and other payables were approximately HK\$7,905,000 (31 December 2014: approximately HK\$10,829,000). The Group was granted credit periods by its suppliers ranging from 30 to 60 days. Based on the invoices dates, the ageing analysis of trade payables was set out below:

|                      | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|----------------------|--|--|
| 0 – 30 days          | <b>2,088</b>   | 4,842  |
| 31 – 90 days         | <b>602</b>   | 847  |
| Over 90 days         | <b>5,215</b>   | 5,140  |
| Total trade payables | <b>7,905</b>   | 10,829                                       |
| Other payables       | <b>510,513</b>                                       | 504,839                                      |
|                      | <b>518,418</b>                                       | 515,668                                      |

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 14. BORROWINGS

|                         | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|-------------------------|--|--|
| Current liabilities     |  |  |
| Bank loans – secured    | <b>2,299,350</b>                                     | 2,197,920                                    |
| Non-current liabilities |  |  |
| Other loan              | <b>51,999</b>  | 24,011                                       |
|                         | <b>2,351,349</b>                                     | 2,221,931                                    |

At the end of the reporting periods, the maturity analysis of the Group's borrowings is stated as follows:

|   | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|---|--|--|
| Carrying amount repayable based on the scheduled repayment date set out in the loan agreements:   |  |  |
| Within one year   | <b>282,300</b>                                       | 188,300                                      |
| More than one year, but not exceeding two years   | <b>741,129</b>                                       | 705,711                                      |
| More than two years, but not exceeding five years   | <b>1,178,020</b>                                     | 1,145,020                                    |
| More than five years  | <b>149,900</b>                                       | 182,900                                      |
|   | <b>2,351,349</b>                                     | 2,221,931                                    |
| Carrying amount of bank loans due for repayment after one year which contain a repayment on demand clause (shown under current liabilities) | <b>2,017,050</b>                                     | 2,009,620                                    |



# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 15. DEFERRED TAX

The gross movement on the deferred tax account is as follows:

|                                    | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|------------------------------------|--|--|
| At 1 January                       | <b>70,942</b>  | 49,827                                       |
| Deferred taxation charged to:      |  |  |
| – Profit or loss ( <i>note 7</i> ) | <b>1,131</b>   | 20,373                                       |
| – Asset revaluation reserve        | <b>161</b>   | 782  |
| Exchange realignment               | <b>61</b>  | (40)   |
| At 30 June/31 December             | <b>72,295</b>  | 70,942                                       |

## 16. SHARE CAPITAL

|  | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|--|--|--|
| Authorised:<br>5,000,000,000 ordinary shares of<br>HK\$0.10 each | <b>500,000</b>                                       | 500,000                                      |

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 16. SHARE CAPITAL (Continued)

|   | 30 June<br>2015<br>(Unaudited)<br>Number of<br>Shares<br>HK\$'000 |        | 31 December<br>2014<br>(Audited)<br>Number of<br>Shares<br>HK\$'000 |        |
|---|---|--------|---|--------|
| Issued and fully paid:                          |   |        |   |        |
| At 1 January                                    | 284,068,635   | 28,407 | 280,824,135   | 28,082 |
| Exercise of share options                       | 220,000   | 22     | 3,612,500   | 362    |
| Share repurchased and cancelled ( <i>note</i> ) | -   | -      | (368,000)   | (37)   |
| At 30 June/31 December                          | 284,288,635   | 28,429 | 284,068,635   | 28,407 |

*Note:* During the year ended 31 December 2014, the Group repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

| Trading dates  | Number of<br>shares<br>repurchased | Highest<br>price paid<br>per share<br>HK\$ | Lowest<br>price paid<br>per share<br>HK\$ | Aggregate<br>price paid<br>HK\$'000 |
|----------------|------------------------------------|--|---|-------------------------------------|
| August 2014    | 48,000                             | 13.48                                      | 13.34                                     | 646                                 |
| September 2014 | 34,000                             | 13.34                                      | 13.08                                     | 451                                 |
| November 2014  | 4,000                              | 12.18                                      | 12.18                                     | 49                                  |
| December 2014  | 282,000                            | 12.18                                      | 11.96                                     | 3,415                               |
|                | 368,000                            |  |   | 4,561                               |

The repurchased shares were cancelled and the issued share capital of the Company was reduced by the nominal value of these shares accordingly. The premium paid on repurchases was charged to the share premium account. An amount equivalent to the nominal value of the shares cancelled were transferred from share capital to the capital redemption reserve.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 17. RELATED PARTY TRANSACTIONS

The following transactions with related parties were, in the opinion of the Directors, carried out in the ordinary course of business during the periods:

|   | Six months ended 30 June        |                                 |
|---|---------------------------------|---------------------------------|
|   | 2015<br>(Unaudited)<br>HK\$'000 | 2014<br>(Unaudited)<br>HK\$'000 |
| <b>Related companies</b>  |                                 |                                 |
| Operating lease charges in respect of residential properties ( <i>note (a)</i> )  | 180                             | 360                             |
| Operating lease charges and management fee in respect of office premises situated in Guangzhou, PRC ( <i>note (b)</i> ) | 395                             | 584                             |
| Interest expenses on unsecured revolving credit facility ( <i>note (c)</i> )  | 298                             | 106                             |
| Rental income in respect of an office premise ( <i>note (d)</i> )   | 272                             | 272                             |
| Rental expense for leasing carparking space situated in Guangzhou, PRC ( <i>note (e)</i> )                              | 18                              | 20                              |

Notes:

- (a) A subsidiary of the Company entered into a tenancy agreement with a related company, in which an executive director of the Company has equity interests, for leasing a residential property situated in Hong Kong for a period of one year commencing from 1 September 2013 and expiring on 31 August 2014 at a monthly rental of HK\$60,000. The tenancy agreement was renewed commencing from 1 September 2014 and terminated on 31 March 2015 at a monthly rental of HK\$60,000.
- (b) Certain subsidiaries of the Company entered into tenancy agreements with a related company, in which the Chairman and an executive director of the Company have interests, for leasing a number of premises situated at Guangzhou, PRC for office purpose.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 17. RELATED PARTY TRANSACTIONS (Continued)

Notes: (Continued)

(c) On 27 February 2011, a related company in which the Chairman and an executive director of the Company have interests (the "Related Company"), has agreed to increase an unsecured revolving credit facility of amount to HK\$150,000,000 from HK\$100,000,000 to a wholly owned subsidiary of the Group (the "Subsidiary") and extend the maturity date to 30 April 2014. On 12 June 2014, the Subsidiary and Related Company has agreed to extend the maturity date to 30 April 2017 and revised the interest rate to prime lending rate for loans in Hong Kong dollars from time to time less 2.5% per annum. As at 30 June 2015, the unsecured revolving credit facility was not utilised (31 December 2014: Nil).

On 1 July 2014, a related company in which the Chairman and an executive director of the Company have interests (the "Related Company"), has agreed to provide unsecured revolving credit facility (the "Facility") of an amount to RMB50,000,000 (equivalent to HK\$63,662,000) to a wholly owned subsidiary of the Group (the "Subsidiary") with a maturity date on 31 December 2016. The credit facility is interest bearing at the loan interest rate specified by People's Bank of China plus 1.5% annum. As at 30 June 2015, RMB40,840,000 (equivalent to HK\$51,999,000) of the Facility was utilised (31 December 2014: HK\$24,011,000).

(d) A subsidiary of the Company entered into a tenancy agreement with a company, in which the Chairman and her daughters have wholly-owned interest, for leasing an office premise in Soundwill Plaza for the period of two years from 1 September 2013 to 31 August 2015 at the monthly rent of HK\$45,322 (with one month rent free).

(e) A subsidiary of the Company entered into tenancy agreements with a related company, in which a close family member of the Chairman and an executive director of the Company have equity interests, for leasing four carparking spaces situated in Guangzhou, PRC.

## 18. FUTURE OPERATING LEASE ARRANGEMENTS

The Group leases its investment properties (note 9) under operating lease arrangements with average lease terms of 1 to 8 years. The future aggregate minimum lease receipts under non-cancellable operating leases in respect of land and buildings are as follows:

|  | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|--|--|--|
| Within one year                        | <b>455,982</b>                                       | 311,405                                      |
| In the second to fifth years inclusive | <b>624,406</b>                                       | 227,168                                      |
| More than fifth years                  | <b>7,873</b>   | 10,988                                       |
|  | <b>1,088,261</b>                                     | 549,561                                      |

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2015

## 19. COMMITMENTS

### (a) Operating lease commitments

As at 30 June 2015, the total future aggregate minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

|  | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|--|--|--|
| Within one year                        | 152  | 682  |
| In the second to fifth years inclusive | –  | 24   |
|  | <b>152</b>   | 706  |

### (b) Capital commitments

|   | <b>30 June<br/>2015<br/>(Unaudited)<br/>HK\$'000</b> | 31 December<br>2014<br>(Audited)<br>HK\$'000 |
|---|--|--|
| Contracted but not provided for:  |  |  |
| – Construction costs and services expenses of property development                        | 573,863  | 550,133                                      |
| – Acquisition of properties   | 15,000   | 6,715  |
| – Capital contribution to Hong Kong and PRC subsidiaries of property development business | 49,670   | 49,646                                       |
|   | <b>638,533</b>                                       | 606,494                                      |

All capital commitments are due for contribution in the coming twelve months.



金朝陽集團有限公司\*  
SOUNDWILL HOLDINGS LIMITED

於百慕達註冊成立之有限公司  
Incorporated in Bermuda with limited liability  
股份代號 Stock Code : 0878

\*僅供識別  
For identification only