



SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 878)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

RESULTS

The board of directors (the “Directors”) of Soundwill Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2007 with comparative figures for the previous year as follows:

Consolidated Income Statement

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover	3	464,673	197,464
Cost of sales		<u>(176,000)</u>	<u>(33,149)</u>
Gross profit		288,673	164,315
Other income	4	5,853	4,238
Administrative expenses		(77,349)	(56,608)
Other operating expenses		(9,544)	(5,433)
(Loss)/Gain on disposal of subsidiaries		(33)	624
Gain on fair value adjustment on investment properties		1,092,820	361,628
Write-down of properties held for sale to net realisable value		(4,006)	—
Gain on disposal of investment properties		<u>62,552</u>	<u>101,300</u>
Profit from operations		1,358,966	570,064
Finance costs	5	(88,820)	(70,912)
Share of profits less losses of:			
— associates		(11)	15
— a jointly-controlled entity		<u>(27)</u>	<u>(17)</u>
Profit before income tax	6	1,270,108	499,150
Income tax expense	7	<u>(207,170)</u>	<u>(76,045)</u>
Profit for the year		<u>1,062,938</u>	<u>423,105</u>
Attributable to:			
Equity holders of the Company		1,063,285	422,474
Minority interests		<u>(347)</u>	<u>631</u>
Profit for the year		<u>1,062,938</u>	<u>423,105</u>
Dividends		<u>15,668</u>	<u>11,139</u>
Earnings per share for profit attributable to the equity holders of the Company during the year			
— Basic	8	<u>HK\$4.76</u>	<u>HK\$1.90</u>
— Diluted	8	<u>HK\$4.46</u>	<u>HK\$1.79</u>

Consolidated Balance Sheet

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		5,380,282	4,249,670
Operating lease prepayment		11,537	11,551
Property, plant and equipment		31,805	31,011
Properties held for development		51,147	34,241
Interests in associates		100	2,831
Interests in a jointly-controlled entity		23,909	18,309
Available-for-sale financial assets		11	11
Intangible assets		14,083	13,920
		<u>5,512,874</u>	<u>4,361,544</u>
Current assets			
Inventories		24,470	25,895
Properties held for sale		637,884	42,705
Trade and other receivables	9	78,130	64,634
Deposits paid for acquisition of properties		66,462	32,678
Bank deposit at escrow account		15,168	—
Cash and cash equivalents		66,052	88,509
		<u>888,166</u>	<u>254,421</u>
Current liabilities			
Trade and other payables	10	86,660	85,161
Current portion of borrowings		506,008	952,588
Convertible bond		23,355	—
Provision for income tax		10,092	5,824
		<u>626,115</u>	<u>1,043,573</u>
Net current assets/(liabilities)		<u>262,051</u>	<u>(789,152)</u>
Total assets less current liabilities		<u>5,774,925</u>	<u>3,572,392</u>
Non-current liabilities			
Borrowings		1,361,276	405,658
Convertible bond		—	23,355
Deferred tax liabilities		736,220	540,837
		<u>2,097,496</u>	<u>969,850</u>
Net assets		<u>3,677,429</u>	<u>2,602,542</u>
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		22,383	22,266
Reserves		3,632,994	2,558,027
		<u>3,655,377</u>	<u>2,580,293</u>
Minority interests		22,052	22,249
Total equity		<u>3,677,429</u>	<u>2,602,542</u>

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). They have been prepared under the historical cost convention except for the revaluation of investment properties, leasehold building and certain financial assets and liabilities.

2. ADOPTION OF NEW AND AMENDED HKFRSs

In the current year, the Group has applied all the new and amended HKFRSs, which are effective on 1 January 2007 and relevant to the Group. The adoption of these HKFRSs has given rise to additional disclosures as follows:

HKAS 1 (Amendment) — Capital Disclosures

In accordance with HKAS 1 (Amendment) — Capital Disclosures, the Group now reports on its capital management objectives, policies and procedures in each annual financial report.

HKFRS 7 — Financial Instruments: Disclosures

This is mandatory for reporting periods beginning on 1 January 2007 or later. The new standard replaces and amends the disclosure requirements previously set out in HKAS 32 — Financial Instruments: Presentation and Disclosures and has been adopted by the Group in its financial statements for the year ended 31 December 2007. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular, the Group’s financial statements now feature:

- a sensitivity analysis, to explain the Group’s market risk exposure in regards to its financial instruments, and
- a maturity analysis that shows the remaining contractual maturities of financial liabilities,

each as at the balance sheet date. The first-time application of HKFRS 7, however, has not resulted in any prior-period adjustments of cash-flows, net income or balance sheet line items.

The adoption of other new and amended HKFRSs did not result in significant changes to the Group’s accounting policies. The specific transitional provisions contained in some of these new and amended HKFRSs have been considered. The adoption of these HKFRSs did not result in any changes to the amounts or disclosures in these financial statements for the current and prior periods.

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's consolidated financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ⁵
HKFRS 3 (Revised)	Business Combinations ⁵
HKFRS 8	Operating Segments ¹
HK(IFRIC) Int-11	HKFRS 2: Group and Treasury Share Transactions ²
HK(IFRIC) Int-12	Service Concession Arrangements ³
HK(IFRIC) Int-13	Customer Loyalty Programmes ⁴
HK(IFRIC) Int-14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 January 2008

⁴ Effective for annual periods beginning on or after 1 July 2008

⁵ Effective for annual periods beginning on or after 1 July 2009

3. SEGMENT INFORMATION

Primary reporting format — business segments

The Group is organized into five main business segments:

Property assembling business	:	Property assembly and trading
Property development	:	Property development and sale of properties
Property leasing	:	Property rental including signage rental
Building management and other services	:	Provision of property management, repairs and maintenance services
Urban infrastructure	:	Urban infrastructure development

Secondary reporting format — geographical segments

The Group's five business segments operate in the following geographical areas:

Hong Kong — Property assembly and trading, property development and sale of properties, property rental and provision of property management, repairs and maintenance services

Mainland China — Urban infrastructure development and property development

There are no sales between the geographical segments.

The Group's inter-segment transactions were related to rental and management fee charges. Terms of rental charge were similar to those contracted with third parties. Management fee charges were determined by directors.

(i) **Primary reporting format — business segments**

The following table presents revenue and results information for the year ended 31 December 2007 and certain assets and liabilities information as at 31 December 2007 for the Group's business segments:

For the year ended 31 December 2007

	Property assembling business HK\$'000	Property development HK\$'000	Property leasing HK\$'000	Building management and other services HK\$'000	Urban infrastructure HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue								
External customers	246,428	—	149,541	15,103	53,594	7	—	464,673
Inter-segments	—	—	5,284	240	—	—	(5,524)	—
	<u>246,428</u>	<u>—</u>	<u>154,825</u>	<u>15,343</u>	<u>53,594</u>	<u>7</u>	<u>(5,524)</u>	<u>464,673</u>
Segment results	93,500	(1,109)	141,554	7,081	5,533	(2,489)	—	244,070
Inter-segments	637	—	(2,064)	163	—	1,264	—	—
Contribution from operations	94,137	(1,109)	139,490	7,244	5,533	(1,225)	—	244,070
Gain on fair value adjustment on investment properties	9,100	—	1,083,720	—	—	—	—	1,092,820
Write-down of properties held for sale to net realisable value	(4,006)	—	—	—	—	—	—	(4,006)
Gain on disposal of investment properties	—	—	62,552	—	—	—	—	62,552
	<u>99,231</u>	<u>(1,109)</u>	<u>1,285,762</u>	<u>7,244</u>	<u>5,533</u>	<u>(1,225)</u>	<u>—</u>	<u>1,395,436</u>
Unallocated income and expenses								(36,437)
Loss on disposal of subsidiaries								(33)
Profit from operations								1,358,966
Finance costs								(88,820)
Share of profits less losses of associates								(11)
Share of profits less losses of a jointly-controlled entity								(27)
Profit before income tax								1,270,108
Income tax expense								(207,170)
Profit for the year								<u>1,062,938</u>
Profit attributable to equity holders of the Company								1,063,285
Minority interests								(347)
Profit for the year								<u>1,062,938</u>

	Property assembling business HK\$'000	Property development HK\$'000	Property leasing HK\$'000	Building management and other services HK\$'000	Urban infrastructure HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment assets	809,499	59,793	5,358,123	3,955	142,570	3,091	—	6,377,031
Interests in associates								100
Interests in a jointly- controlled entity								23,909
Total assets								<u>6,401,040</u>
Segment liabilities	28,069	19	771,910	8,359	16,371	8,244	—	832,972
Unallocated liabilities								1,890,639
Total liabilities								<u>2,723,611</u>

For the year ended 31 December 2006

	Property assembling business HK\$'000	Property development HK\$'000	Property leasing HK\$'000	Building management and other services HK\$'000	Urban infrastructure HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
Segment revenue								
External customers	—	—	136,057	13,628	47,725	54	—	197,464
Inter-segments	—	—	4,638	—	—	—	(4,638)	—
	<u>—</u>	<u>—</u>	<u>140,695</u>	<u>13,628</u>	<u>47,725</u>	<u>54</u>	<u>(4,638)</u>	<u>197,464</u>
Segment results	—	(885)	129,492	6,805	998	(1,033)	—	135,377
Inter-segments	—	—	(1,462)	403	—	1,059	—	—
Contribution from operations	—	(885)	128,030	7,208	998	26	—	135,377
Gain on fair value adjustment on investment properties	—	—	361,628	—	—	—	—	361,628
Gain on disposal of investment properties	—	—	101,300	—	—	—	—	101,300
	<u>—</u>	<u>(885)</u>	<u>590,958</u>	<u>7,208</u>	<u>998</u>	<u>26</u>	<u>—</u>	<u>598,305</u>
Unallocated income and expenses								(28,865)
Gain on disposal of subsidiaries								624
Profit from operations								570,064
Finance costs								(70,912)
Share of profits less losses of associates								15
Share of profits less losses of a jointly- controlled entity								(17)
Profit before income tax								499,150
Income tax expense								(76,045)
Profit for the year								<u>423,105</u>

	Property assembling business <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Property leasing <i>HK\$'000</i>	Building management and other services <i>HK\$'000</i>	Urban infrastructure <i>HK\$'000</i>	Others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Profit attributable to equity holders of the Company								422,474
Minority interests								631
Profit for the year								423,105
Segment assets	—	34,247	4,422,525	3,486	129,981	4,586	—	4,594,825
Interests in associates								2,831
Interests in a jointly- controlled entity								18,309
Total assets								4,615,965
Segment liabilities	—	42	591,648	8,061	21,846	33,580	—	655,177
Unallocated liabilities								1,358,246
Total liabilities								2,013,423

(ii) Secondary reporting format — geographical segments

The following table shows the distribution of the Group's consolidated revenue by geographical markets:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Hong Kong	411,079	149,739
PRC	53,594	47,725
	464,673	197,464

4. OTHER INCOME

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Bank interest income	1,298	1,529
Miscellaneous income	2,859	2,709
Write-back of long outstanding payables	1,696	—
	<u>5,853</u>	<u>4,238</u>

5. FINANCE COSTS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest charges on:		
Bank loans		
— wholly repayable within five years	68,937	45,682
— not wholly repayable within five years	17,294	17,867
Other borrowings wholly repayable within five years	1,511	6,211
Convertible bond	1,078	1,152
	<u>88,820</u>	<u>70,912</u>

6. PROFIT BEFORE INCOME TAX

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit before income tax is arrived at after charging:		
Amortisation of intangible assets*	801	659
Auditors' remuneration	1,657	1,383
Amortisation of operating lease prepayment	14	14
Amortisation of properties held for development	990	796
Depreciation	2,333	1,866
Cost of inventories recognised as expense	27,452	27,486
Cost of properties held for sales recognised as expense	136,657	—
Loss on disposal of property, plant and equipment	—	121
Operating lease charges in respect of premises	2,362	2,117
Provision for obsolete inventories*	5,301	3,599
Provision for impairment of trade receivables*	144	1,029
Provision for impairment of amount due from associates*	2,742	—
Bad debts written off*	7	122
Deposits for property acquisition written off*	543	—
Staff costs (including directors' remuneration and defined contribution cost)^	42,704	24,357
and crediting:		
Gross rental income from investment properties	141,176	115,917
Less: Outgoings	(2,874)	(1,720)
	<u>138,302</u>	<u>114,197</u>
Other rental income less outgoings from other properties	5,007	4,295
	<u>143,309</u>	<u>118,492</u>

* included in other operating expenses

^ included share option expenses of HK\$13,079,000 (2006: HK\$252,000)

7. INCOME TAX EXPENSE

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Hong Kong profits tax		
Tax for the year	12,073	5,356
(Overprovision)/Underprovision in prior years	(56)	3,734
	<u>12,017</u>	<u>9,090</u>
PRC tax		
Tax for the year	108	301
	<u>12,125</u>	<u>9,391</u>
Deferred tax liabilities	<u>195,045</u>	<u>66,654</u>
	<u><u>207,170</u></u>	<u><u>76,045</u></u>

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit arising in Hong Kong for the year.

The Group's subsidiaries established and operating in the Mainland China are exempt from enterprise income tax for the first two profitable years of operations, and thereafter, are eligible for a 50% relief from enterprise income tax for the following three years. Pursuant to the PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprises are unified at 25% and will be effective from 1 January 2008. According to the implementation rules dated 26 December 2007 issued by State Council, the foreign enterprises are entitled to tax holidays under the old regime, if the enterprises obtained their business licenses before 16 March 2007. In this connection, the above mentioned tax holiday will continue to be applicable to the Group's PRC subsidiaries.

8. EARNINGS PER SHARE

The calculation of basic earnings per share are based on current year's profit attributable to equity holders of the Company of HK\$1,063,285,000 (2006: HK\$422,474,000) and the weighted average of 223,426,475 shares (2006: 222,520,080 shares) in issue during the year.

The calculation of diluted earnings per share is based on the adjusted net profit attributable to equity holders of the Company of HK\$1,064,363,000 (2006: HK\$423,626,000) and the weighted average of 238,452,681 shares (2006: 237,019,737 shares) in issue during the year, adjusted for the effect of all dilutive potential shares.

The adjusted net profit attributable to equity holders of the Company is calculated on the net profit attributable to equity holders of the Company for the year of HK\$1,063,285,000 (2006: HK\$422,474,000) plus the reduction in interest payable of HK\$1,078,000 (2006: HK\$1,152,000) as a result of the deemed conversion of convertible bond.

The weighted average number of shares used in the calculation of diluted earnings per share is calculated based on the weighted average of 223,426,475 shares (2006: 222,520,080 shares) in issue during the year plus the weighted average of 15,026,206 shares (2006: 14,499,657 shares) deemed to be issued at no consideration if all the dilutive potential shares have been issued.

9. TRADE AND OTHER RECEIVABLES

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade receivables, net	63,310	59,766
Other receivable, utility deposit and prepayment	14,820	4,868
	<u>78,130</u>	<u>64,634</u>

The credit terms of the Group range from 30 to 90 days. At 31 December 2007, the ageing analysis of the trade receivables was as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 — 30 days	36,324	32,846
31 — 90 days	6,356	6,684
91 — 180 days	5,834	2,850
Over 180 days	14,796	17,386
Total trade receivables	<u>63,310</u>	<u>59,766</u>

10. TRADE AND OTHER PAYABLES

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Trade payables	20,228	27,183
Receipt in advance	8,214	8,467
Rental and other deposits received	48,309	40,202
Accrued expenses and other payables	9,909	9,309
	<u>86,660</u>	<u>85,161</u>

At 31 December 2007, the ageing analysis of the trade payables was as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 — 30 days	10,935	12,970
31 — 90 days	1,182	1,764
Over 90 days	8,111	12,449
Total trade payables	<u>20,228</u>	<u>27,183</u>

REVIEW BY AUDIT COMMITTEE

The consolidated results of the Group for the year ended 31 December 2007 have been reviewed by the audit committee of the Company.

SCOPE OF WORK OF GRANT THORNTON

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been agreed by the Group's auditors, Grant Thornton and is in line with the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton on the preliminary announcement.

DIVIDEND

The Board recommends a payment of a final dividend of HK\$0.07 (2006: HK\$0.05) per share for the year ended 31 December 2007, subject to the approval of the shareholders at the forthcoming annual general meeting. The final dividend will be payable on or about 8 July 2008 to shareholders whose names appear on the register of members on 23 May 2008.

CLOSURE OF REGISTER OF MEMBER

The register of members of the Company will be closed from Monday, 19 May 2008 to Friday, 23 May 2008 (both dates inclusive), during which no transfer of share will be registered. In order to qualify for the final dividend, all transfer of shares accompanied by the relevant share certificates and transfer form must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Friday, 16 May 2008.

FINANCIAL REVIEW

For the year ended 31 December 2007, the Group has achieved a profit attributable to equity holders of the Company of approximately HK\$1,063,285,000 (2006: HK\$422,474,000), an increase of 152% as compared with last year. The increase was mainly due to an increase of HK\$603,234,000 arising from the net gain on fair value adjustment on investment properties (net of deferred tax) as compared with last year. Earnings per share was HK\$4.76 (2006: HK\$1.90), representing an increase of 151% over last year.

If the gain on fair value adjustment on investment properties (net of deferred tax) were to be excluded, the Group's profit for the year would be approximately HK\$161,708,000 (2006: HK\$124,132,000), representing an increase of about 30% as compared with last year.

For the year ended 31 December 2007, the Group has recorded a turnover of approximately HK\$464,673,000, representing an increase of about 135% over last year. Included in the turnover of 2007 was a revenue of HK\$246 million from a new business segment called Property Assembling Business which was dealing with property assembly and trading business in Hong Kong. If this new business segment was excluded, the increase in turnover was 11% which was mainly due to higher rental income contribution in 2007. The Group's gross profit for the year amounted to approximately HK\$288,673,000, representing a 76% increase as compared with last year.

OPERATIONS REVIEW

Property Assembling Business

During the year, the Group continued to expand its property assembling business and achieved fruitful results. The Group completed the disposal of its property assembling project at Bowrington Road in Causeway Bay in August 2007, and recorded a profit of approximately HK\$88,199,000 which was booked into the accounts in the second half of the year.

The Group's property assembling projects are mainly concentrated in densely-populated area in the vibrant districts on the Hong Kong Island. These districts were developed years ago, and had numerous old buildings under scattered leaseholds. These old properties offer high redevelopment value, with the shortage in land supply in the urban area. The Group has a comprehensive and systematic approach of acquisition, enabling it to effectively enlarge its property assembling project portfolio. During the year, the Group has commenced the acquisition of a number of properties with redevelopment potential. With the Group's niche in the urban redevelopment, it is expected that profit contribution from this business segment will be further enhanced.

Property Leasing

During the year under review, the consumption sentiment in Hong Kong continued to improve. This together with a strong RMB, has attracted more spending from Chinese tourists in Hong Kong, and provided a strong driving force to the local consumer market. With a prosperous retail market and an improving property sector, the demand for commercial and retail property began to upsurge. In addition, the rental of major shopping areas on Hong Kong Island continued to increase in six consecutive quarters. Located in a prime location at Causeway Bay, Soundwill Plaza, the Group's flagship property, thus, generated a satisfactory return to the Group during the year.

Soundwill Plaza enjoyed an occupancy rate of 99% during the year. With a superior geographical location and a shortage of shop supply in the district, more and more retailers and service providers are seeking office to offer retail or customer services. This trend had pushed the rental of Soundwill Plaza further upward. The Group's rental income from Soundwill Plaza rose by 20% to HK\$148 million. Upon expiry of certain tenancy agreements, the Group has adjusted the portfolio of its tenants, and introduced a number of world-renowned international brands, resulting in enhanced image and intangible value for Soundwill Plaza.

During the year, approximately 30% of leases of Soundwill Plaza expired. The Group was able to increase rental in accordance with the prevailing market rate when renewing the leases. The new leases represented an average increase in rental of around 50%, with the highest increment amounted to 111%.

Property Development

The Group has completed the construction of the low-rise semi-detached and detached luxurious residential development in Sai Kung during the year. The joint venture project comprises a total of 17 semi-detached and detached houses, which features a relaxing living environment with a design of simplicity. Since there is a strong market demand for large units and detached houses, the Group intends to launch this project at an opportune moment.

The Group's another residential development project in Yuen Long is currently under architectural design and landscape planning. This project, with a site area of 140,000 sq.ft., will be developed into a low density residential community, with comprehensive facilities and a luxurious clubhouse.

Business in Mainland China

During the year, the Group's business in Mainland China performed satisfactorily, with its urban infrastructure development business extended to various cities including Chongqing and Xian. The Group plans to further expand this business to other major cities in the Mainland China including Zhuhai and Tianjin in 2008.

Property Management, E & M and Building Maintenance

The Group has four property management and maintenance entities. These entities are engaged in property management and facility maintenance service for large-scale commercial buildings, small and medium-sized residential properties, estates and shopping malls. Revenue from these four entities during the year amounted to approximately HK\$15,103,000, representing an increase of 11% when compared to that of last year.

Corporate Citizen

In addition to its active business development and generation of favorable return to its shareholders, the Group is also committed to become an organization upholding its social responsibility. During the year, the Group actively participated in a range of community and fund raising activities. The Group also successfully assisted Yan Oi Tong for a charity bazaar and has planned to implement environmental protection policy to fulfill the role of a corporate citizen. In addition, the Group was awarded by the Hong Kong Council of Social Service as "Caring Company", in recognition of its contribution to the community.

PROSPECTS

The sub-prime crisis in the US emerged in the second half of 2007 had forced interest rate to decline. Following the trend in the US, the Hong Kong interest rate had been lowered several times. During the first quarter of the year, the Hong Kong economy continued to show healthy growth, despite the turmoil in the Hong Kong stock market, as the local economic fundamentals remained sound in 2008. The gradual appreciation of RMB has attracted more tourists from China in spending in Hong Kong. This has generated favorable impact on Hong Kong's commercial and retail property markets. Furthermore, some of the investors who have cashed in from the stock market in the past year are switching their gains to the property market. We anticipate these positive factors will continue to support the development of Hong Kong's property market in 2008.

Looking forward, the Group expects to complete the acquisition of several redevelopment sites, which are all on Hong Kong Island. The Group intends to reserve certain projects for redevelopment or as long-term investment in order to expand the Group's recurrent income base. The Group is actively expanding its redevelopment business, and has completed the acquisition of Hang Tang House in Tang Lung Street for redevelopment. The Group plans to redevelop Hang Tang House into a Ginza-style commercial building with a gross floor area of 130,000 sq.ft. Construction of this project is expected to be completed in 2010.

Soundwill Plaza, the Group's flagship property, is located in the prime shopping and commercial area on the Hong Kong Island. Soundwill Plaza will continue to provide stable recurrent income to the Group. In 2008, approximately 50% of leases of Soundwill Plaza will be expired. It is expected that when renewing the leases, the Group's average rental will be increased by approximately 55%. Together with the continued optimizing of its tenants portfolio and adding of international brandnames to its tenant list, the Group will be able to enhance the overall value of Soundwill Plaza and to improve its rental income.

With regard to the Group's business in Mainland China, it will continue to actively participate in the urban infrastructure development project in China. The Group is expected to further expand its business in China. By participating in the infrastructure development projects in various secondary cities, the Group is able to establish solid relations with the local governments and business sectors. These relationships will constitute a valuable platform for the Group's exploration of other business opportunities in China.

Given its fundamental competitive strengths and a healthy financial position, the Group will maintain sustainable development of its existing portfolio. Meanwhile, the Group will capitalize on the opportunity arising from the property market, to enhance its profitability and cash flow, through redevelopment and the sale of acquired projects.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2007, the Group's bank and other borrowings and convertible bond amounted to HK\$1,890,639,000 (2006: HK\$1,381,601,000). Cash and bank balances amounted to HK\$81,220,000 (2006: HK\$88,509,000) and net borrowings amounted to HK\$1,809,419,000 (2006: HK\$1,293,092,000).

The Group's gearing ratio (which was expressed as a percentage of bank and other borrowings over the shareholders' funds) has been reduced from 53% in 2006 to 51% in 2007.

Interest expenses for the year amounted to HK\$88,820,000 (2006: HK\$70,912,000) mainly due to increase in bank loans which were raised for property acquisitions during the year. The average cost of borrowings over the year was 5.43% (2006: 5.75%) which was expressed as a percentage of total interest expenses over the average total borrowings.

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. The continuous appreciation of Renminbi had a positive effect to the Group's results. Save for the aforesaid, the Group has no significant exposure to foreign exchange fluctuation.

During the year, the Group did not engage in any derivative activities or use any financial instruments to hedge its balance sheet exposures.

As at 31 December 2007, all the Group's borrowings were on a floating rates basis.

As at 31 December 2007, the Group's total net assets amounted to approximately HK\$3,677,429,000 (2006: HK\$2,602,542,000), an increase of HK\$1,074,887,000 or 41% when compared with last year. With the total number of ordinary shares in issue of 223,827,816 (2006: 222,657,816) as at 31 December 2007, the net asset value per share was HK\$16.43 (2006: HK\$11.69).

DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the year, there was no material acquisitions and disposals of subsidiaries by the Group.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2007.

POST BALANCE SHEET EVENT

On 19 March 2008, one wholly-owned subsidiary of the Company entered into a non-binding Memorandum of Understanding to dispose of certain properties situated at Nos. 1-11 Jones Street and Nos. 3-11 Warren Street, Hong Kong (the “Properties”) upon fulfillment of certain conditions precedent. The Properties were acquired by the Group at a cost of HK\$265,441,000 and disposed of at a consideration of HK\$470,000,000. If the transaction is consummated, the expected net gain to the Group will be approximately HK\$200,059,000 after taking into account selling and other expenses to be incurred in the sum of approximately HK\$4,500,000. The Group intends to apply the sale proceeds as to approximately HK\$160,000,000 for repayment of the mortgages on the Properties and the balance for general working capital.

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

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company was in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited 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 the 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 Groups are delegated to other executive directors, the management and various department heads.

(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.

APPRECIATION

As a final note, I wish to take this opportunity to thank the Directors and staff for their contributions and good performance in the past financial year.

By order of the Board
Foo Kam Chu Grace
Chairman

Hong Kong, 15 April 2008

As at the date of this announcement, the Board of Directors of the Company comprises (i) Executive Directors: Foo Kam Chu Grace, Chan Wai Ling, Tse Chun Kong Thomas, Kwan Chai Ming; (ii) Non-Executive Directors: Liang Yanfeng, Meng Qinghui; and (iii) Independent Non-Executive Directors: Heng Kwo Seng, Kwan Kai Cheong and Ho Suk Yin.