



SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 878)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

RESULTS

The Board of directors (the “Directors”) of Soundwill Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2008 which have been reviewed by the Audit Committee of the Company, with comparative figures for the corresponding period in 2007 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Six months ended 30 June	
		2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Turnover		113,175	97,901
Cost of sales		<u>(7,588)</u>	<u>(11,195)</u>
Gross profit		105,587	86,706
Other income	4	1,446	1,275
Administrative expenses		(37,292)	(27,911)
Other operating expenses		(5,713)	(2,612)
Loss on disposal of a subsidiary		—	(72)
Gain on fair value adjustment on investment properties		96,130	192,220
Write-down of properties held for sale to net realisable value		(5,147)	—
Gain on disposal of an investment property		9,537	—
		<u> </u>	<u> </u>
Profit from operations	5	164,548	249,606
Finance costs	6	(32,825)	(38,940)
Share of profits less losses of associates		—	(15)
Share of profits less losses of a jointly-controlled entity		(9)	(8)
		<u> </u>	<u> </u>
Profit before income tax		131,714	210,643
Income tax expense	7	(26,163)	(36,697)
		<u> </u>	<u> </u>
Profit for the period		105,551	173,946
		<u> </u>	<u> </u>
Attributable to:			
— Equity holders of the Company		105,827	174,153
— Minority interests		(276)	(207)
		<u> </u>	<u> </u>
Profit for the period		105,551	173,946
		<u> </u>	<u> </u>
Earnings per share for profit attributable to the equity holders of the Company			
— Basic	8	HK\$0.47	HK\$0.78
— Diluted	8	HK\$0.47	HK\$0.73

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		5,576,251	5,380,282
Operating lease prepayment		12,194	11,537
Property, plant and equipment		36,892	31,805
Properties held for development		50,557	51,147
Interests in associates		100	100
Interests in a jointly-controlled entity		24,464	23,909
Available-for-sale financial assets		11	11
Intangible assets		14,528	14,083
Goodwill		4,271	—
		<u>5,719,268</u>	<u>5,512,874</u>
Current assets			
Inventories		40,124	24,470
Properties held for sale		880,131	637,884
Trade and other receivables	9	117,079	78,130
Deposits paid for acquisition of properties		78,412	66,462
Bank deposit at escrow account		—	15,168
Cash and cash equivalents		32,779	66,052
		<u>1,148,525</u>	<u>888,166</u>
Current liabilities			
Trade and other payables	10	102,873	86,660
Current portion of borrowings		795,431	506,008
Convertible bond		—	23,355
Provision for income tax		16,126	10,092
		<u>914,430</u>	<u>626,115</u>
Net current assets		<u>234,095</u>	<u>262,051</u>
Total assets less current liabilities		<u>5,953,363</u>	<u>5,774,925</u>
Non-current liabilities			
Borrowings		1,396,878	1,361,276
Deferred tax liabilities		754,255	736,220
		<u>2,151,133</u>	<u>2,097,496</u>
Net assets		<u>3,802,230</u>	<u>3,677,429</u>
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		23,918	22,383
Reserves		3,756,536	3,632,994
		<u>3,780,454</u>	<u>3,655,377</u>
Minority interests		21,776	22,052
Total equity		<u>3,802,230</u>	<u>3,677,429</u>

Notes:

1. Basis of Preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2008 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and 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”). These condensed interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2007 (“2007 Annual Report”).

2. Summary of Significant Accounting Policies

The condensed consolidated financial statements have been prepared under the historical cost basis except for the revaluation of investment properties and leasehold building which are stated at fair value. The accounting policies adopted are consistent with those used in the preparation of the 2007 Annual Report.

From 1 January 2008, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which are first effective on 1 January 2008 and relevant to the Group.

The adoption of these new and amended HKFRSs did not result in significant changes to the Group’s accounting policies but gave rise to additional disclosures.

Impact of new and revised HKFRSs that have been issued but are not yet effective in the current interim period

The Group has not early applied the following new and revised HKFRSs relevant to the Group’s interim financial statements that have been issued but not yet effective in these financial statements which are effective for periods beginning on or after 1 January 2009.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKFRS 2 (Amendment)	Share-based Payment — Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations — Comprehensive Revision on Applying the Acquisition Method ³
HKFRS 8	Operating Segments ¹
Amendments to HKAS 1 (Revised)	Presentation of Financial Statements — Puttable financial instruments and obligations arising on liquidation ¹
Amendments to HKAS 32	Financial Instruments: Presentation — Puttable financial instruments and obligations arising on liquidation ¹
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement — Puttable financial instruments and obligations arising on liquidation ¹
Amendments to HKFRS 7	Financial Instruments: Disclosures — Puttable financial instruments and obligations arising on liquidation ¹
HK(IFRIC) — Int 13	Customer Loyalty Programmes ²
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) — Int 16	Hedges of a Net Investment on a Foreign Operation ⁴
Amendments to HK(IFRIC) — Int 2	Members’ Shares in Co-operative Entities and Similar Instruments ¹

- ¹ Effective for annual periods beginning on or after 1 January 2009
² Effective for annual periods beginning on or after 1 July 2008
³ Effective for annual periods beginning on or after 1 July 2009
⁴ Effective for annual periods beginning on or after 1 October 2008

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 financial statements.

3. Segment Information

In accordance with the Group's internal financial reporting, the Group has determined that business segments are its primary reporting format, with each segment organized and managed separately.

(i) Primary reporting format — 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

The following table represents revenue and results information for the six months ended 30 June 2008 for the Group's business segments:

	Six months ended 30 June 2008 (Unaudited)							
	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	—	—	93,012	9,468	10,687	8	—	113,175
Inter-segments	—	—	3,879	1,532	—	—	(5,411)	—
	<u>—</u>	<u>—</u>	<u>96,891</u>	<u>11,000</u>	<u>10,687</u>	<u>8</u>	<u>(5,411)</u>	<u>113,175</u>
Segment results	(8,932)	(1,493)	91,206	442	(2,923)	1,810	—	80,110
Inter-segments	<u>942</u>	<u>—</u>	<u>(1,992)</u>	<u>201</u>	<u>—</u>	<u>849</u>	<u>—</u>	<u>—</u>
Contribution from operations	(7,990)	(1,493)	89,214	643	(2,923)	2,659	—	80,110
Gain on fair value adjustment on investment properties	—	—	96,130	—	—	—	—	96,130
Write-down of properties held for sale to net realisable value	(5,147)	—	—	—	—	—	—	(5,147)
Gain on disposal of an investment property	<u>—</u>	<u>—</u>	<u>9,537</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,537</u>
	<u>(13,137)</u>	<u>(1,493)</u>	<u>194,881</u>	<u>643</u>	<u>(2,923)</u>	<u>2,659</u>	<u>—</u>	<u>180,630</u>
Unallocated income and expenses								(16,082)
Profit from operations								164,548
Finance costs								(32,825)
Share of profits less losses of a jointly-controlled entity								(9)
Profit before income tax								131,714
Income tax expense								(26,163)
Profit for the period								<u>105,551</u>
Attributable to:								
— Equity holders of the Company								105,827
— Minority interests								(276)
Profit for the period								<u>105,551</u>

Six months ended 30 June 2007 (Unaudited)

	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>
Segment revenue								
External customers	—	—	75,184	8,155	14,558	4	—	97,901
Inter-segments	—	—	2,505	—	—	—	(2,505)	—
	<u>—</u>	<u>—</u>	<u>77,689</u>	<u>8,155</u>	<u>14,558</u>	<u>4</u>	<u>(2,505)</u>	<u>97,901</u>
Segment results	—	(445)	69,752	4,311	(2,970)	312	—	70,960
Inter-segments	—	—	(726)	202	—	524	—	—
Contribution from operations	—	(445)	69,026	4,513	(2,970)	836	—	70,960
Gain on fair value adjustment on investment properties	—	—	192,220	—	—	—	—	192,220
	<u>—</u>	<u>(445)</u>	<u>261,246</u>	<u>4,513</u>	<u>(2,970)</u>	<u>836</u>	<u>—</u>	<u>263,180</u>
Unallocated income and expenses								(13,502)
Loss on disposal of a subsidiary								(72)
Profit from operations								249,606
Finance costs								(38,940)
Share of profits less losses of associates								(15)
Share of profits less losses of a jointly-controlled entity								(8)
Profit before income tax								210,643
Income tax expense								(36,697)
Profit for the period								<u>173,946</u>
Attributable to:								
— Equity holders of the Company								174,153
— Minority interests								(207)
Profit for the period								<u>173,946</u>

(ii) Secondary reporting format — geographical segments

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

	Six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Hong Kong	102,488	83,343
Mainland China ("PRC")	10,687	14,558
	<u>113,175</u>	<u>97,901</u>

4. Other Income

	Six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Interest income	133	521
Miscellaneous income	1,313	754
	<u>1,446</u>	<u>1,275</u>

5. Profit from Operations

Profit from operations is arrived at after charging:

	Six months ended 30 June	
	2008 (Unaudited) HK\$'000	2007 (Unaudited) HK\$'000
Depreciation	1,227	1,185
Staff cost (including directors' remuneration)	19,242	13,859
Amortisation of operating lease prepayment	7	7
Amortisation of intangible assets	430	395
Impairment loss on goodwill	4,168	—
Amortisation of properties held for development	608	404
Cost of inventories recognised as expenses	5,138	7,822
Provision for obsolete inventories	—	2,189
Provision for impairment of trade receivables	6	18
Operating lease charges in respect of premises	1,202	1,234

6. Finance Costs

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest charges on:		
Bank loans		
— wholly repayable within five years	27,647	21,085
— not wholly repayable within five years	4,818	15,844
Other borrowings wholly repayable within five years	42	1,458
Convertible bond	318	553
	<u>32,825</u>	<u>38,940</u>

7. Income Tax Expense

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Hong Kong profits tax	8,916	3,056
Deferred tax	17,247	33,641
	<u>26,163</u>	<u>36,697</u>

Hong Kong profits tax is provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit arising or derived from Hong Kong.

The Group's subsidiaries established and operating in the PRC are exempted from PRC enterprise income tax for the first two profitable years of operations, and thereafter, are eligible for a 50% relief from PRC enterprise income tax for the following three years under the Income Tax Law of the PRC. Effective on 1 January 2008, the New PRC Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%. According to the implementation rules dated 26 December 2007, the foreign-invested 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.

For the six months ended 30 June 2008, no provision for PRC enterprises income tax has been made as the Group's PRC subsidiaries were either within the tax exemption period or without any assessable profit arising from its operation.

8. Earnings Per Share

The calculation of basic earnings per share is based on the unaudited consolidated profit attributable to the equity holders of the Company of approximately HK\$105,827,000 (30 June 2007: approximately HK\$174,153,000) and the weighted average of 226,234,666 shares (30 June 2007: 223,018,480 shares) in issue during the six months ended 30 June 2008.

The calculation of diluted earnings per share is based on the adjusted net profit attributable to the equity holders of the Company of HK\$105,827,000 (30 June 2007: HK\$174,706,000) and the weighted average of 226,678,878 shares (30 June 2007: 237,830,550 shares) in issue during the period adjusted for the effect of all dilutive shares.

The adjusted net profit attributable to the equity holders of the Company for the period is HK\$105,827,000 which is the same as the unaudited consolidated profit attributable to the equity holders of the Company as there is no change in income or expenses that would result from the conversion of the dilutive potential ordinary shares.

The weighted average number of shares used in calculation of diluted earnings per share is calculated based on the weighted average of 226,234,666 shares (30 June 2007: 223,018,480 shares) in issue during the period plus the weighted average of 444,212 shares (30 June 2007: 14,812,070 shares) deemed to be issued at no consideration as if all the dilutive potential shares been issued.

9. Trade and Other Receivables

As at balance sheet date, trade receivables included in trade and other receivables were approximately HK\$53,108,000 (31 December 2007: approximately HK\$63,310,000). The credit terms of the Group range from 60 to 90 days. The aging analysis of trade receivables was set out below:

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
0 — 30 days	23,099	36,324
31 — 90 days	4,567	6,356
91 — 180 days	5,751	5,834
Over 180 days	19,691	14,796
	<u>53,108</u>	<u>63,310</u>
Total trade receivables	<u><u>53,108</u></u>	<u><u>63,310</u></u>

10. Trade and Other Payables

As at balance sheet date, trade payables included in trade and other payables were approximately HK\$18,553,000 (31 December 2007: approximately HK\$20,228,000). The aging analysis of trade payables was set out below:

	30 June 2008 (Unaudited) HK\$'000	31 December 2007 (Audited) HK\$'000
0 — 30 days	5,961	10,935
31 — 90 days	1,135	1,182
Over 90 days	11,457	8,111
	<u>18,553</u>	<u>20,228</u>
Total trade payables	<u><u>18,553</u></u>	<u><u>20,228</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Hong Kong continued to develop steadily in the first half of 2008 with the increasing number of tourists coming from Mainland China. Latest figures released by Hong Kong Tourism Board revealed that the cumulative number of visitors as of July 2008 recorded a 9.1% growth as compared to the same period last year. Together with the robust retail market boosted by the public's propensity to consume, the total retail sales volume of the first seven months rose by 15.6%. The occupancy rate and rental rate increment of Soundwill Plaza, the Group's flagship property, have also been benefited from these healthy economic factors. The Group also performed satisfactorily in other property rentals and assembling during the first half of the year.

Property Assembling

The Group continued to expand its property assembling business during the period. In May 2008, the Group has entered into an agreement for the sale and purchase of the properties in Jones Street and Warren Street, Tai Hang, Causeway Bay which will be completed in or before 2009. The Group also entered into a disposal agreement in June 2008 to dispose of its properties located at Nos. 11-15A Lin Fa Kung Street East and shops of Jolly House, No. 16 Lin Fa Kung Street West, Tai Hang. This transaction was completed in September this year and the gain will be booked in the second half of 2008.

Property Development

The Group successfully integrated the property ownership of Hang Tang House at Nos. 7-19 Tang Lung Street, Causeway Bay in the first half of this year, which bumped up its land reserve for development of the Group.

The Group planned to redevelop Hang Tang House together with its adjacent sites into a Ginza-style commercial building featuring popular restaurants and fashionable labels. This project of approximately 130,000 sq.ft. total gross floor area is expected to be completed in 2010. Situated near Soundwill Plaza, the Group's flagship property, in the core shopping area of Causeway Bay, the project will further strengthen the Group's rental property portfolio and boost financial returns by leveraging on its synergy of tenant mix with Soundwill Plaza.

Property Leasing

Soundwill Plaza, the Group's flagship property situated in a prime location in Causeway Bay, generated an occupancy rate of 99% and a record high rental rate that surpassed all other similar properties in the district. Approximately 20% of the leases were renewed during the first half of 2008 and the total rental income rose by around 30% as compared to the same period last year.

Property Management, E & M and Building Maintenance

The Group initially holds three property management and maintenance subsidiaries that handle property management and facility maintenance services for large-scale commercial buildings, small-to-medium-sized residential properties, estates, and shopping malls. On 1 April 2008, the Group has acquired a property management company named Kong Luen Property Management Limited at a consideration of HK\$4,200,000. These four subsidiaries has generated a total turnover of approximately HK\$9,468,000 (30 June 2007: approximately HK\$8,155,000) during the period under review.

Corporate Citizen

As a responsible corporate citizen, the Group strived to serve the community by actively participating in various community events such as charity sales and helping the victims of the Sichuan earthquake with World Vision. The Group's efforts were further recognized when commended as a "Caring Company" for 2007-2008. The Group strives to promote and support community activities in fulfilling the responsibilities corporate citizen in the future.

Financial Review

For the six months ended 30 June 2008, the Group has recorded a turnover of HK\$113,175,000 (30 June 2007: HK\$97,901,000), representing an increase of 16% as compared with the same period last year. Such increase was mainly due to the continued growth of 24% in the rental income of property leasing business in Hong Kong. However, there was a decrease of 27% in the sales of urban infrastructure business in the PRC which was mainly due to the fact that some major urban infrastructure projects are still under construction and will be completed during the second half of 2008.

Net profit attributable to the equity holders of the Company was HK\$105,827,000 (30 June 2007: HK\$174,153,000), representing a decrease of HK\$68,326,000 or 39% over the same period of last year. This decrease was mainly due to a decrease of HK\$79,702,000 in the gain on fair value adjustment on investment properties (net of deferred tax) as compared with same period last year.

If the gain on fair value adjustment on investment properties (net of deferred tax) were to be excluded, the Group's net profit for the period would be HK\$26,947,000 as compared with the same period of last year of HK\$15,571,000, representing an increase of 73%. This was mainly due to a net gain on disposal of an investment property in Hong Kong for HK\$9,537,000 during the period under review.

The Company's basic earnings per share was HK\$0.47 as compared with the same period of last year of HK\$0.78.

Prospects

The Hong Kong economy has been developing in a steady pace particularly the retail market revived by the robust tourism sector. Despite the economic uncertainties, solid economic fundamentals help secure consuming confidence for the Hong Kong public and in turn benefit the retail and property markets. The Group believes that the local property market will continue to grow progressively this year.

In 2008, the Group expects to assemble a number of redevelopment property sites, which are all located at predominant locations on Hong Kong Island. The Group's strategy on acquisition will remain emphasized on redevelopment projects of high appreciation potential, especially those located on Hong Kong Island.

The number of tourists visiting Hong Kong continues to heighten as benefited from the buoyant development of the mainland economy, boosting the local retail market and in turn stimulating rental demand in traditional retail districts like Causeway Bay. The Group's flagship property, Soundwill Plaza, has also been availed. Sound regular income from a further rise in rental rates brought about by renewal contracts is anticipated.

INTERIM DIVIDEND

The Directors do not recommend interim dividend for the six months ended 30 June 2008 (30 June 2007: Nil).

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2008, the Group's cash and cash equivalents amounted to HK\$32,779,000 (31 December 2007: HK\$81,220,000). The Group's total borrowings as at 30 June 2008 were HK\$2,192,309,000 (31 December 2007: HK\$1,890,639,000).

The Group's gearing ratio, expressed as a percentage of total borrowings over total equity, was 58% as at 30 June 2008 (31 December 2007: 51%). As at 30 June 2008, the Group's net assets amounted to HK\$3,802,230,000 (31 December 2007: HK\$3,677,429,000), representing an increase of HK\$124,801,000. With the total number of ordinary shares in issue of 239,184,135 as at 30 June 2008 (31 December 2007: 223,827,816 shares), the net asset value per share was HK\$15.90 (31 December 2007: HK\$16.43).

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 that the continuous appreciation of Renminbi would have positive impact on the Group's assets in the PRC and income generated from the PRC, the Group had not implemented any hedging measures during the period under review.

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

The total interest expenses for the six months ended 30 June 2008 amounted to HK\$32,825,000 (30 June 2007: HK\$38,940,000) representing a decrease of HK\$6,115,000, mainly due to a reduction in bank borrowings rates during the period under review. The average cost of borrowings over the period was 3.16% (30 June 2007: 5.36%) which was expressed as a percentage of total interest expenses over the average total borrowings.

DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisitions and disposals of subsidiaries and associated companies during the six months ended 30 June 2008.

DISPOSAL OF SIGNIFICANT INVESTMENT HELD

During the six months ended 30 June 2008, as announced on 5 May 2008 and 24 June 2008 respectively, the Group disposed of its properties at (i) Nos. 1-11 Jones Street and Nos. 3-11 Warren Street at the aggregate consideration of HK\$470,000,000; and (ii) Shops 1, 2, 3, 5, 6, 7, 8 and 9 on the Ground Floor of Jolly House, No. 16 Lin Fa Kung Street West and Nos. 11-15A Lin Fa Kung Street East at the aggregate consideration of HK\$115,000,000. The transactions are expected to bring along a total net gain of approximately HK\$267,100,000. Save as above, there is no other material change in the significant investments and properties held by the Group.

EMPLOYEES

There was no material change regarding the number and remuneration of the employees of the Group since the publication of the Company's 2007 annual report.

PLEDGE OF ASSETS

As at 30 June 2008, investment properties and properties held for sale of the Group with a total carrying value of approximately HK\$6,163,920,000 in total (31 December 2007: approximately HK\$5,725,517,000) were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

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 period end date, those bank balances which were held on behalf of third parties and were not accounted for in the books of account and interim financial statements of the Group amounted to HK\$2,038,000 (31 December 2007: HK\$4,998,000).

POST BALANCE SHEET EVENT

As announced on 24 June 2008, the Group has entered into a sales and purchase agreement to dispose of its properties at Shops 1, 2, 3, 5, 6, 7, 8 and 9 on the Ground Floor of Jolly House, No. 16 Lin Fa Kung Street West and Nos. 11-15A Lin Fa Kung Street East at the aggregate consideration of HK\$115,000,000. The transaction was duly completed on 3 September 2008.

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

During the six months ended 30 June 2008, 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 2008.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2008 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.

(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.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at <http://www.hkex.com.hk> and on the Company’s website at <http://www.soundwill.com.hk>. The Interim Report 2008 of the Company will also be published on the aforesaid websites in due course.

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
Foo Kam Chu, Grace
Chairman

Hong Kong, 18 September 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: Tsim Tak Po, Kwan Kai Cheong and Ho Suk Yin.