

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## SOUNDWILL HOLDINGS LIMITED

金朝陽集團有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

### ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### FINANCIAL HIGHLIGHT

	Year ended 31 December	
	2015	2014
Turnover	<b>HK\$540 million</b>	HK\$2,937 million
Profit before income tax expense excluding net (loss)/gain on fair value adjustments	<b>HK\$350 million</b>	HK\$1,162 million
Net (loss)/gain on fair value adjustments on investment properties	<b>HK\$(327) million</b>	HK\$639 million
Profit before income tax expense	<b>HK\$23 million</b>	HK\$1,801 million
(Loss)/Profit attributable to owners of the Company	<b>HK\$(53) million</b>	HK\$1,625 million
Basic (loss)/earnings per share	<b>HK\$(0.18)</b>	HK\$5.77
Dividend per share		
– proposed final dividend	<b>HK\$0.2</b>	HK\$0.2
– proposed special dividend	–	HK\$0.1
	At	At
	<b>31 December</b>	31 December
	<b>2015</b>	2014
Total assets	<b>HK\$20.0 billion</b>	HK\$20.0 billion
Net assets	<b>HK\$16.5 billion</b>	HK\$16.7 billion
Total borrowings	<b>HK\$2.1 billion</b>	HK\$2.2 billion
Gearing ratio	<b>13%</b>	13%
Net asset value per share	<b>HK\$57.9</b>	HK\$58.7

\* For identification only

## RESULTS

The board of directors (the “Directors”) of Soundwill Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2015 with comparative figures for the previous years as follows:

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	2	<b>540,491</b>	2,937,245
Cost of sales		<b>(23,082)</b>	(1,560,771)
Gross profit		<b>517,409</b>	1,376,474
Other income	2	<b>46,474</b>	33,897
Selling expenses		<b>(43,809)</b>	(56,615)
Administrative expenses		<b>(176,060)</b>	(212,461)
Other operating expenses		<b>(4,379)</b>	(40,969)
Loss on disposal of a joint venture		<b>(16,961)</b>	–
Loss on disposal of investment properties		<b>(3,195)</b>	–
Gain on disposal of subsidiaries		<b>69,367</b>	114,250
Net (loss)/gain on fair value adjustments on investment properties		<b>(326,954)</b>	638,801
Finance costs	4	<b>(38,817)</b>	(52,266)
Share of results of a joint venture		<b>–</b>	(51)
Profit before income tax expense	5	<b>23,075</b>	1,801,060
Income tax expense	6	<b>(67,172)</b>	(156,443)
<b>(Loss)/Profit for the year</b>		<b>(44,097)</b>	1,644,617

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000
<b>Other comprehensive income, net of tax</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Surplus on revaluation of leasehold buildings, net of deferred tax		<b>2,457</b>	3,956
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange (loss)/gain on translation of financial statements of foreign operations		<b>(33,637)</b>	358
Release of exchange reserve upon disposal of subsidiaries		<b>2,610</b>	1,409
Other comprehensive income for the year, net of tax		<b>(28,570)</b>	5,723
<b>Total comprehensive income for the year</b>		<b>(72,667)</b>	1,650,340
<b>(Loss)/Profit for the year attributable to:</b>			
Owners of the Company		<b>(52,604)</b>	1,625,160
Non-controlling interests		<b>8,507</b>	19,457
		<b>(44,097)</b>	1,644,617
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company		<b>(78,684)</b>	1,631,175
– Non-controlling interests		<b>6,017</b>	19,165
		<b>(72,667)</b>	1,650,340
<b>(Loss)/Earnings per share for (loss)/profit attributable to owners of the Company during the year</b>			
	7		
Basic		<b>HK\$(0.18)</b>	HK\$5.77
Diluted		<b>HK\$(0.18)</b>	HK\$5.76

**Consolidated Statement of Financial Position**  
As at 31 December 2015

	<i>Notes</i>	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties		<b>15,610,480</b>	15,730,226
Property, plant and equipment		<b>116,356</b>	190,699
Properties held for development		<b>19,271</b>	27,187
Interest in a joint venture		–	29,211
Available-for-sale financial assets		<b>10</b>	10
Other receivable		–	35,790
Goodwill		–	–
		<b>15,746,117</b>	16,013,123
<b>Current assets</b>			
Properties under development		<b>3,265,104</b>	2,558,459
Trade and other receivables	8	<b>144,978</b>	85,060
Deposits paid for acquisition of properties		<b>13,505</b>	3,105
Bank deposit at escrow account		<b>346,044</b>	179,007
Structured bank deposits		–	94,591
Cash and bank balances		<b>374,153</b>	1,070,403
		<b>4,143,784</b>	3,990,625
Assets of a disposal group classified as held for sale		<b>73,079</b>	–
Total current assets		<b>4,216,863</b>	3,990,625
<b>Current liabilities</b>			
Trade and other payables	9	<b>460,106</b>	515,668
Deposit received in advance	10	<b>734,637</b>	421,108
Borrowings	11	<b>2,137,050</b>	2,197,920
Provision for income tax		<b>22,707</b>	111,372
		<b>3,354,500</b>	3,246,068
Liabilities of a disposal group classified as held for sale		<b>370</b>	–
Total current liabilities		<b>3,354,870</b>	3,246,068
<b>Net current assets</b>		<b>861,993</b>	744,557
<b>Total assets less current liabilities</b>		<b>16,608,110</b>	16,757,680
<b>Non-current liabilities</b>			
Borrowings	11	–	24,011
Deferred tax liabilities		<b>76,953</b>	70,942
		<b>76,953</b>	94,953
<b>Net assets</b>		<b>16,531,157</b>	16,662,727

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	28,535	28,407
Reserves	<u>16,224,948</u>	<u>16,376,430</u>
	<b>16,253,483</b>	16,404,837
<b>Non-controlling interests</b>	<u>277,674</u>	<u>257,890</u>
<b>Total equity</b>	<u><b>16,531,157</b></u>	<u><b>16,662,727</b></u>

Notes:

## 1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### 1.1 Adoption of revised/amended HKFRSs – effective 1 January 2015

In the current year, the Company and its subsidiaries (the “Group”) have applied for the first time the following revision and amendments to standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2015:

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

Except as explained below, the adoption of these amendments has no material impact on the Group’s financial statements.

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.

### 1.2 New/revised HKFRSs that have been issued but are not yet effective

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 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 10	Investment Entities: Applying the Consolidation Exception <sup>1</sup>
HKFRS 12 and HKAS 28	
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <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 2018

<sup>3</sup> Effective date is deferred

#### *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.

#### *Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

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

HKFRS 9 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 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.

HKFRS 9 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 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

#### *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-step 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

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 financial statements.

## 2. TURNOVER AND OTHER INCOME

Turnover of the Group is the revenue from its principal activities. An analysis of the Group's turnover and other income is as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
<b>Revenue</b>		
<b>Property development</b>		
– Sales of properties under development	10,459	2,466,099
<b>Property leasing</b>		
– Rental and signage rental income	514,934	457,225
<b>Building management and other services</b>		
– Property repairs and maintenance service income	5,895	6,782
– Building management service income	9,203	7,139
	<u>540,491</u>	<u>2,937,245</u>
<b>Other income</b>		
Bank interest income	11,469	12,538
Reversal of provision for impairment on deferred and contingent consideration	27,685	–
Miscellaneous income	7,320	21,359
	<u>46,474</u>	<u>33,897</u>
<b>Total revenue and other income</b>	<u><u>586,965</u></u>	<u><u>2,971,142</u></u>



### 3. SEGMENT REPORTING

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 assembly business	:	Properties assembly and sales of properties
Property development	:	Development of residential, commercial and industrial 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.

The reporting segment results exclude finance costs, share of results of a joint venture, net (loss)/gain on fair value adjustments on investment properties, income taxes and unallocated income and expenses which are not directly attributable to the business activities of any operating segment, are not included in arriving at the operating results of the operating segments.

The revenue of others segment represents the management and service fee income received from fellow subsidiaries.

Segment assets include property, plant and equipment, inventories, loans and receivables and operating cash and mainly exclude available-for-sale financial assets and interest in a joint venture which are not directly attributable to the business activities of any operating segment.

Segment liabilities comprise operating liabilities and exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment. Corporate liabilities include provision for income tax, deferred tax liabilities and corporate borrowings.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Property assembly business		Property development		Property leasing		Building management and other services		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	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>Turnover</b>												
External customers	-	-	10,459	2,466,099	514,934	457,225	15,098	13,921	-	-	540,491	2,937,245
Inter-segments	-	-	87,701	73,320	23,094	224	4,313	3,224	32,316	37,652	147,424	114,420
<b>Reportable segment turnover</b>	<b>-</b>	<b>-</b>	<b>98,160</b>	<b>2,539,419</b>	<b>538,028</b>	<b>457,449</b>	<b>19,411</b>	<b>17,145</b>	<b>32,316</b>	<b>37,652</b>	<b>687,915</b>	<b>3,051,665</b>
<b>Reportable segment profit/ (loss)</b>	<b>-</b>	<b>-</b>	<b>(84,600)</b>	<b>901,295</b>	<b>402,963</b>	<b>339,886</b>	<b>8,134</b>	<b>4,599</b>	<b>60,383</b>	<b>15,382</b>	<b>386,880</b>	<b>1,261,162</b>
Bank interest income	-	-	4,308	7,412	3,534	1,051	1	1	3,626	4,074	11,469	12,538
Depreciation	-	-	(334)	(340)	(3,080)	(3,816)	(6)	(6)	(944)	(1,065)	(4,364)	(5,227)
Amortisation of properties held for development	-	-	(687)	(709)	-	-	-	-	-	-	(687)	(709)
Reversal of/(Provision for) impairment on the deferred and contingent consideration	-	-	-	-	-	-	-	-	27,685	(40,879)	27,685	(40,879)
Provision for impairment loss of trade receivables	-	-	-	-	(3,856)	-	-	-	-	-	(3,856)	-
<b>Reportable segment assets</b>	<b>-</b>	<b>-</b>	<b>3,535,796</b>	<b>2,360,798</b>	<b>15,537,298</b>	<b>16,905,739</b>	<b>17,877</b>	<b>15,088</b>	<b>871,999</b>	<b>692,902</b>	<b>19,962,970</b>	<b>19,974,527</b>
Additions to non-current segment assets during the year	-	-	204	205	249,703	145,978	-	-	32	1,017	249,939	147,200
<b>Reportable segment liabilities</b>	<b>-</b>	<b>-</b>	<b>(1,047,860)</b>	<b>(679,045)</b>	<b>(113,514)</b>	<b>(204,768)</b>	<b>(6,964)</b>	<b>(9,171)</b>	<b>(26,775)</b>	<b>(43,792)</b>	<b>(1,195,113)</b>	<b>(936,776)</b>

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:

	<b>2015</b> <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Reportable segment turnover	<b>687,915</b>	3,051,665
Elimination of inter-segment turnover	<b>(147,424)</b>	(114,420)
Turnover	<b><u>540,491</u></b>	<b><u>2,937,245</u></b>
Reportable segment profits	<b>386,880</b>	1,261,162
Net (loss)/gain on fair value adjustments on investment properties	<b>(326,954)</b>	638,801
Unallocated income and expenses	<b>(47,245)</b>	(46,586)
Finance costs	<b>(38,817)</b>	(52,266)
Loss on disposal of investment properties	<b>(3,195)</b>	–
Gain on disposal of subsidiaries	<b>69,367</b>	–
Loss on disposal of a joint venture	<b>(16,961)</b>	–
Share of results of a joint venture	<b>–</b>	(51)
Profit before income tax	<b><u>23,075</u></b>	<b><u>1,801,060</u></b>
Reportable segment assets	<b>19,962,970</b>	19,974,527
Interest in a joint venture	<b>–</b>	29,211
Available-for-sale financial assets	<b>10</b>	10
Group assets	<b><u>19,962,980</u></b>	<b><u>20,003,748</u></b>
Reportable segment liabilities	<b>1,195,113</b>	936,776
Borrowings	<b>2,137,050</b>	2,221,931
Provision for income tax	<b>22,707</b>	111,372
Deferred tax liabilities	<b>76,953</b>	70,942
Group liabilities	<b><u>3,431,823</u></b>	<b><u>3,341,021</u></b>

The Group's turnover from external customers and its non-current assets (other than available-for-sale financial assets) are divided into the following geographical areas:

	Turnover from external customers		Non-current assets	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
<b>Principal markets</b>				
Hong Kong (domicile)	<b>530,032</b>	2,857,189	<b>15,703,918</b>	15,932,340
People's Republic of China* ("PRC")	<b>10,459</b>	80,056	<b>42,189</b>	80,773
	<b><u>540,491</u></b>	<b><u>2,937,245</u></b>	<b><u>15,746,107</u></b>	<b><u>16,013,113</u></b>

\* For reporting purpose, People's Republic of China excludes Hong Kong, Taiwan and Macau.

The geographical location of customers is based on the location at which the goods/services were delivered/rendered. The geographical location of non-current assets is based on the physical location of the assets.

For the year ended 31 December 2015, there were two customers from the Group's property leasing segment, each of whom contributed approximately 19% and 18% of the Group's total revenue. Revenue derived from these two customers during the year amounted to approximately HK\$104,110,000 and HK\$96,200,000 respectively. For the year ended 31 December 2014, the Group did not derive more than 10% of the Group's total revenue from any single customer.

#### 4. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest charges on:		
Bank loans		
– wholly repayable within five years	<b>40,211</b>	52,852
– not wholly repayable within five years	–	7,422
Other borrowings – wholly repayable within five years	<b>3,993</b>	1,528
Total borrowing costs	<b>44,204</b>	61,802
Less: Interest capitalised in investment properties and properties under development	<b>(5,387)</b>	(9,536)
	<b><u>38,817</u></b>	<b><u>52,266</u></b>

The analysis shows the finance costs of bank loans, including term loans which contain a repayment on demand clause, in accordance with agreed scheduled repayment dates set out in the loan agreements. For the years ended 31 December 2015 and 2014, the interest on bank loans which contain a repayment on demand clause amounted to HK\$40,211,000 and HK\$60,274,000 respectively.

## 5. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging/(crediting):

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Amortisation of properties held for development	687	709
Auditor's remuneration	4,346	3,757
Bad debts written off*	501	70
Cost of properties under development recognised as expenses	5,309	1,553,153
Deposit for property acquisition written off*	–	20
Depreciation of property, plant and equipment	4,364	5,227
Employee compensation expenses (including directors' remuneration and defined contribution cost)		
– share option expenses	1,830	5,989
– other employee benefit expenses	129,584	159,038
	<u>131,414</u>	<u>165,027</u>
Loss/(Gain) on disposal of property, plant and equipment*	22	(65)
Operating lease charges in respect of office premises	1,129	1,910
Provision for impairment loss of trade receivables*	3,856	–
Provision for impairment on deferred and contingent consideration	–	40,879
Property, plant and equipment written off	–	309
Gross rental income from investment properties	(514,934)	(457,225)
Less: Outgoings	<u>24,565</u>	<u>23,596</u>
	<u><u>(490,369)</u></u>	<u><u>(433,629)</u></u>

\* included in other operating expenses

## 6. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Hong Kong profits tax		
Tax for the year ( <i>note (a)</i> )	50,514	129,123
Under-provision in prior years ( <i>note (b)</i> )	9,726	328
	<u>60,240</u>	<u>129,451</u>
PRC Enterprise Income Tax		
– Tax for the year ( <i>note (c)</i> )	613	6,619
Deferred tax charge	6,319	20,373
	<u>67,172</u>	<u>156,443</u>

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.
- (b) The underprovision of tax arisen from bank interest expenses from 2008 to 2013 which were disallowed for tax purposes by Hong Kong Inland Revenue Department.
- (c) For the year ended 31 December 2015, all of the Group's PRC subsidiaries were subject to PRC Enterprise Income Tax rate of 25% (2014: 25%).

## 7. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share of the Company is based on the loss for the year attributable to owners of the Company of HK\$52,604,000 (2014: profit of HK\$1,625,160,000) and the weighted average number of ordinary shares of 284,366,184 (2014: 281,479,037) in issue during the year.

No adjustment has been made to basic loss per share amount presented for the year ended 31 December 2015 in respect of the diluted loss per share as the impact of share options had an anti-dilutive on the basic loss per share.

For the year ended 31 December 2014, the calculation of the diluted earnings per share is based on the profit attributable to owners of the Company of HK\$1,625,160,000 and the weighted average number of ordinary shares of 282,082,547 in issue, after adjusting for the effects of all dilutive potential ordinary shares in respect of share options of 603,510 shares.

## 8. TRADE AND OTHER RECEIVABLES

As at the reporting date, trade receivables included in trade and other receivables were approximately HK\$9,647,000 (2014: approximately HK\$11,149,000). The credit terms of the Group ranging from 30 to 90 days. Based on the invoice dates, the aging analysis of trade receivables was set out below:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 30 days	3,631	5,833
31 – 90 days	3,048	4,430
91 – 180 days	1,739	445
Over 180 days	1,229	441
	<hr/>	<hr/>
Total trade receivables, net	9,647	11,149
Deferred and contingent consideration, net of provision for impairment loss	–	2,498
Other receivables, utility deposits and prepayment, net of provision for impairment loss	135,331	71,413
	<hr/>	<hr/>
	135,331	73,911
	<hr/>	<hr/>
	<b>144,978</b>	<b>85,060</b>

## 9. TRADE AND OTHER PAYABLES

As at the reporting date, trade payables included in trade and other payables were approximately HK\$5,517,000 (2014: approximately HK\$10,829,000). The Group was granted by its suppliers with credit periods ranging from 30 to 60 days. Based on the invoice dates, the aging analysis of trade payables was set out below:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
0 – 30 days	1,887	4,842
31 – 90 days	979	847
Over 90 days	<u>2,651</u>	<u>5,140</u>
Total trade payables	5,517	10,829
Other payables	<u>454,589</u>	<u>504,839</u>
	<u><b>460,106</b></u>	<u><b>515,668</b></u>

## 10. DEPOSIT RECEIVED IN ADVANCE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Deposit received in advance associated with pre-sale of properties under development situated at:		
– Hong Kong	707,727	407,273
– PRC	<u>26,910</u>	<u>13,835</u>
	<u><b>734,637</b></u>	<u><b>421,108</b></u>

## 11. BORROWINGS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank loans – secured	2,137,050	2,197,920
Other loan	<u>–</u>	<u>24,011</u>
	<u><b>2,137,050</b></u>	<u><b>2,221,931</b></u>
Carrying amount repayable based on the scheduled repayment dates set out in the loan agreements:		
Within one year	809,130	188,300
More than one year, but not exceeding two years	149,800	705,711
More than two years, but not exceeding five years	1,178,120	1,145,020
More than five years	<u>–</u>	<u>182,900</u>
	<u><b>2,137,050</b></u>	<u><b>2,221,931</b></u>
Carrying amount of bank loans due for repayment after one year which contain a repayment on demand clause (shown under current liabilities)	<u><b>1,327,920</b></u>	<u><b>2,009,620</b></u>

As at 31 December 2015, bank loans are secured by certain investment properties, property, plant and equipment and properties under development of the Group with a total carrying value of approximately HK\$12,404,739,000 (2014: HK\$12,782,748,000).

## **OPERATIONS REVIEW AND PROSPECTS**

### **Management Discussion and Analysis**

#### **Overview**

During the year under review, the US Federal Reserve kicked off a new cycle of interest-rate hikes in December, which coupled with significant fluctuations in the Renminbi exchange rate and the ongoing decline in oil prices, sparked turmoil in global financial markets. Although the US interest rate hike turned out to be an inevitable fact, its timing and pace were within expectations. As the financial market becomes more certain, the level of volatility in global stock markets is anticipated to gradually return to normal.

In Hong Kong, the retail and rental property market were affected by the depreciation of the Renminbi as well as the decline in the number of inbound visitors and spending by PRC visitors. These factors indirectly impacted the Group's rental performance during the year, but the Group took steps to mitigate their impact through strategic adjustments. For example, Soundwill Plaza I and Soundwill Plaza II – Midtown, which are the Group's flagship properties, generated greater synergy through regular activities that encouraged interaction within the industry. Income from the overall leasing business grew steadily during the period, and the occupancy rate remained at a high level. Although the retail industry in Hong Kong was undergoing an adjustment stage. The limited supply and entry of newly listed enterprises stimulated the demand for quality office space.

With respect to the residential property market in Hong Kong, in tandem with continuous dampening measures designed to cool down the buoyant housing market the government has been actively increasing the land supply. In addition, property developers have introduced new projects and provided various concessionary offers, boosting the primary market to the fore, but reports of an interest rate hike and price reductions had undoubtedly put pressure on property investment in Hong Kong.

During the year under review, the Group pre-sold all 322 workshops in iPLACE, an industrial project located on Castle Peak Road in Kwai Chung. All of the workshops were sold out, with total sales proceeds amounting to more than HK\$1 billion.

In 2015, the Group also acquired an industrial project on Ta Chuen Ping Street, Kwai Chung and more than 90% interest in an industrial building on Chai Wan Kok Street, Tsuen Wan. Through these acquisitions, the Group further expanded its land bank to meet future development needs.

The Group will continue to explore development opportunities under a bold, creative and agile strategy and will pursue sustainable development to maximise efficiency in the use of limited land resources.



## **Property Portfolio**

During the year, the Group actively acquired old properties in various areas on Hong Kong Island, while taking advantage of opportune times to purchase premium properties. It also continued to increase investment in projects with high appreciation potential in order to broaden and enhance the quality of its property portfolio. Moreover, the Group remained committed to revitalising the environment of the areas in which the Group's properties are located, raised the quality of its properties and offered support to both new and existing owners.

In order to fully capitalise on business opportunities in the Hong Kong market, the Group focused on multiple areas with high potential investment value. The Group actively participated in urban redevelopment and other high-quality projects and will continue to selectively acquire parcels of land through various channels to expand its market share.

The Group had also looked for sites with high potential outside of Hong Kong Island in order to replenish its land reserves at a reasonable cost. Additionally, the Group continued to prudently assess its investment property portfolio and retain projects with high appreciation potential for the Group's own construction and development in order to increase earnings.

### *105-113 Ta Chuen Ping Street, Kwai Chung*

This project is located on 105-113 Ta Chuen Ping Street, Kwai Chung, with a gross floor area of approximately 190,000 square feet.

### *14-18 Mosque Street, Mid-levels West*

This project is located on 14-18 Mosque Street, Midlevels West, with a gross floor area of approximately 49,000 square feet.

### *57 Kin Wah Street and 66 Fort Street, North Point*

This project is located on 57 Kin Wah Street and 66 Fort Street, North Point, with a total gross floor area of approximately 30,000 square feet.

### *71-75 Chai Wan Kok Street, Tsuen Wan*

This project is located on 71-75 Chai Wan Kok Street, Tsuen Wan with a gross floor area of approximately 114,000 square feet.

## **Property Assembly Business**

The Group has been capturing business opportunities in the local market through property assembly and the acquisition of old buildings. In this business, the Group sought to acquire land reserves with high appreciation potential at a reasonable cost and retained projects with strong potential for its own development purposes. Meanwhile, the continuous dampening measures enacted by the government to cool down the property market has, to certain extent, slowed down the pace of the Group's property assembly business. Nevertheless, the Group will continue to source quality land sites for acquisition in the long run to maintain a consistent acquisition and development strategy.

The property assembly business has laid a foundation that will contribute to the Group's property development and earnings growth over the next few years.

## **Property Leasing**

For the year ended 31 December 2015, this business segment recognised revenue of HK\$514,934,000, representing 95% of the Group's total revenue for the year.

As a result of the persistent depreciation of the Renminbi and adjustments in Hong Kong's retail sales sector, the rental business inevitably was affected during the year. In this environment, the Group continued to enhance the quality of its properties and optimise the tenant mix in order to meet changing consumer preferences. These factors, combined with a series of strategic marketing campaigns, have enabled tenants of the Group's properties to achieve stable sales despite the slowdown in the retail sector.

### *Soundwill Plaza I*

Soundwill Plaza I is located on 38 Russell Street in the heart of Causeway Bay. It generated promising results for the year. Occupancy levels remained high, and steady in rental income was recorded.

### *Midtown*

Soundwill Plaza II – Midtown is a 31-storey building located on 1 Tang Lung Street. The project officially opened in December 2014 and has become a popular new landmark for food & beverage and leisure activities.

### *10 Knutsford Terrace, Tsim Sha Tsui, Kowloon*

The 23-storey 10 Knutsford Terrace property is located at 10 Knutsford Terrace, Tsim Sha Tsui, one of the most prominent tourist and retail districts in Hong Kong.

The Group optimised and expanded its investment property portfolio in Hong Kong in a timely manner. Its portfolio has the geographical advantage of being located in core tourist and retail districts to meet the needs of a variety of retail tenants.

## **Property development**

Small to medium-sized residential units and industrial projects in Hong Kong continued to be in strong demand in 2015. During the year, the Group developed land reserves with high potential into boutique residential units or industrial projects of superior quality. Given the prime locations and excellent design of these projects, the Group recorded outstanding sales performance and built a successful brand for this business.

### **Residential projects**

#### *Jones Hive*

The Group jointly developed Jones Hive, a residential project located on 8 Jones Street, Tai Hang, with Henderson Land Development Company Limited. The project was expected to be delivered in the second half of 2017, when it will provide 119 units with a saleable area ranging from 328 square feet to 558 square feet.

#### *COHO*

The Group's residential development project COHO, located on 18 School Street, Tai Hang, comprises 46 units with two units per floor. The project includes a total of 44 standard units and 2 special units with a flat roof, together with a 24-hour clubhouse.

#### *Park Haven*

Park Haven, a major residential development project of the Group, is located at 38 Haven Street. The project provides approximately 190 residential units ranging in size from about 510 to 1,154 square feet. A total of 174 units have been sold, bringing in revenue of approximately HK\$2.38 billion. The project was completed in the fourth quarter of 2014, and revenue was booked accordingly.

#### *WarrenWoods*

WarrenWoods, the Group's luxurious landmark residential project, is located on 23 Warren Street, Tai Hang. The project provides 163 residential units in total and was delivered at the end of 2012.

### **Commercial project**

#### *THE SHARP*

Situated on 11-13 Sharp Street East and 1-1A Yiu Wah Street in Causeway Bay, THE SHARP is an integrated commercial property project combining retail and office spaces. The project provides 29 floors for sale, which were sold out within one day on 3 January 2013. The highest price commanded for this project was HK\$48,100 per square foot (based on gross area). The Group has retained shops from the ground floor to the second floor for leasing. The project is expected to be completed in the first quarter of 2016.

## **Industrial projects**

### *iPLACE*

The iPLACE industrial project, located on 301-305 Castle Peak Road, Kwai Chung, went on sale in the first half of 2015. The entire project provides 322 workshops in total, all of which were sold out in a few months and realised more than HK\$1 billion in aggregate.

### *105-113 Ta Chuen Ping Street, Kwai Chung*

This industrial project is located on 105-113 Ta Chuen Ping Street, Kwai Chung, with a gross floor area of approximately 190,000 square feet. Demolition was completed at the end of 2015.

## **Property management**

For the year ended 31 December 2015, the property management segment recognised revenue of approximately HK\$15,098,000, representing approximately 3% of the Group's total revenue for the year.

The Group's subsidiaries for property management and maintenance are engaged in the provision of high quality management, customer and maintenance services in large-scale commercial buildings, as well as in small and medium sized estates. These subsidiaries continuously introduced innovative services that raised overall service standards. With extensive experience in serving customers, the property management team successfully maintained the quality standards of the indoor environments under their care during the year, reduced waste and lowered the carbon footprint of the properties by employing energy-efficient measures.

## **The Concierge – a new French-style hotel management service**

The Group launched The Concierge, a service modelled on hotel management services in France, at the Park Haven luxury residential project. As part of this approach to property management, The Group provided a wide range of value-added concierge, dining and catering, household maintenance, laundry and dry cleaning services as well as home and car cleaning referral services. Through this premium, comprehensive array of personal services, the Group aims to provide a high quality lifestyle for the enjoyment of its tenants.

## **Customer services**

The Group also provided a comprehensive range of outstanding after-sales services following the delivery of units to their owners. The Group has set up a team dedicated to identifying relevant and appropriate services for newly-completed units as they were being occupied. To increase confidence, homeowners of the newly occupied properties are entitled to warranties covering repair and maintenance for the first two years.

To ensure each unit is in perfect condition, the team conducts several thorough inspections to ensure the highest standard of quality upon delivery to the owners. The handover team also offered a full range of attentive services during the handover period to ensure a smooth completion. Not only does this ensure the quality of the newly completed units, it also enables the Group to effectively collect opinions of homeowners directly. This new service offering also reflected the commitment of the Group's subsidiaries to provide property management services of the highest standard through continuous innovation.

### **Soundwill Club**

Founded by the Group, Soundwill Club provides a platform for individuals with exceptional taste — including prospective property buyers, retail tenants and visitors to the Group's properties — to exchange information about the latest in upscale lifestyle trends. Soundwill Club covers a wide variety of topics according to the preferences and interests of members. The Club also offers a wide range of superb services and activities for members, in keeping with its unwavering commitment to excellence.

### **Real Estate Business in PRC**

For the year ended 31 December 2015, this business segment recognised revenue of approximately HK\$10,459,000, representing 2% of the Group's total revenue for the year.

During the year under review, the economy of the PRC continued to slow down but this was offset by the Government's implementation of measures designed to stimulate the real estate market. The Group believes that this will contribute to the steady growth of the property market in the PRC and hence facilitate its continuing development.

The Group currently owns a number of real estate projects in the PRC, some of which are in the development stage. Shang Hui Hai An (The Lakeview Bay) is an integrated project wholly owned by the Group featuring villa and highrise residences located in Gaoyao City, Zhaoqing. The first phase of the project has been completed, and the high-rise residences in Phase 2 were under construction. In addition, construction of the first phase of Yu Ming Du (Shan Shui Xiang Ri), a project located in Doumen District, Zhuhai, is nearing completion.

### **Corporate Citizenship**

The Group remains firmly committed to operating as a socially-responsible company in all of its business operations.

With Soundwill Plaza II – Midtown having become a landmark in the community, the Group has taken the opportunity to support the arts and promote local culture. Over the years, it has organised a variety of art exhibitions as well as other activities that have been well recognised by the public. This year, for example, the Group held the **Mobile M+: Moving Images** project in the art exhibition space of Midtown POP in the West Kowloon Cultural District, which won the Best Contemporary Chinese Art Exhibition at the 2015 TANC Asia Prize. In addition, the Group sponsored a personal painting exhibition held in association with the ink wash painting maestro Nan Xi and organised a number of press conferences with major brands to bring the work of this distinguished artist to the public.

## **Soundwill Volunteer Team**

To give staff a more active role in the community, in 2012 the Group established the Soundwill Volunteer Team, which gives employees and their families the opportunity to lend a helping hand to people in need. The Group also sponsored and participated in regular sessions of the Little Sprouts Storytelling Activity of the Story Family Fun Neighbourhood Development Plan in Tung Chung District, hosted by the Hong Kong Outlying Islands Women's Association. This activity reflects the Soundwill Volunteer Team's dedication to teaching positive attitudes among schoolchildren through story-telling.

## **Caring Company**

In recognition of the efforts by the Group's management and employees to make a positive contribution to the community, the Group was honoured as a Caring Company by The Hong Kong Council of Social Service for the fifth consecutive year. The Group in conjunction with its member companies and property projects also received a number of commendations recognising its commitment to fulfil its social responsibilities over the years.

Also during the year, the Group sponsored the Concert of the Tung Chung Youth Marching Band 2015 held by the Hong Kong Outlying Islands Women's Association.

## **Inclusion – Joy Charity Walk**

In November 2015, the Group participated in the Inclusion – Joy Charity Walk organised by the Hong Kong Federation of Handicapped Youth. The Group made donations to the Federation, the organiser of this activity, and sent volunteers to take part in the charity walk in order to raise awareness of the importance of sports involving the disabled and to promote healthy and environmentally-friendly communities.

## **Dress Casual Day of the Community Chest**

Staff took part in Dress Casual Day of the Community Chest in 2015, the proceeds of which went to local vulnerable groups and towards supporting those in need in the community.

## **FINANCIAL REVIEW**

### **Results of Operations**

During the year, the Group's turnover recorded of approximately HK\$540,491,000 (2014: HK\$2,937,245,000), representing a significant decrease as compared with last year. The decrease in turnover was mainly due to the decrease in income recorded from the property development projects.

Selling expenses mainly represents the sales commission paid for an industry development "iPLACE" which is located in Kwai Chung and selling expenses paid for a residential project located on 8 Jones Street, Tai Hang during the year. Decrease in administrative expenses were mainly due to the cost saving exercise on various teams such as marketing team, construction team and project development team in order to cope with the market condition. Decrease in finance cost was mainly due to repayment of borrowings.

Furthermore, the decrease in fair value of investment properties was mainly due to the revaluation loss of the Group's investment properties located in Hong Kong.

### **(Loss)/Profit Attributable to Owners of the Company**

During the year, the Group has recorded a loss attributable to owners of the Company of approximately HK\$52,604,000 (2014 Profit: HK\$1,625,160,000), a decrease of 103% as compared with last year. This loss was mainly due to the decrease in income recorded from the property development projects and increase in the net loss on fair value adjustments on investment properties during the year.

### **Net Assets**

The net assets of the Group as at 31 December 2015 amounted to HK\$16,531,157,000 (2014: HK\$16,662,727,000). Net asset value per share as at 31 December 2015 is HK\$57.9 (2014: HK\$58.7).

### **FINANCIAL RESOURCES AND LIQUIDITY**

As at 31 December 2015, the Group's cash and bank balances amounted to HK\$374,153,000 (2014: HK\$1,070,403,000). Total borrowings of the Group amounted to HK\$2,137,050,000 (2014: HK\$2,221,931,000) as at 31 December 2015.

As at 31 December 2015, the Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 13% (2014: 13%). As at 31 December 2015, the net assets of the Group amounted to HK\$16,531,157,000 (2014: HK\$16,662,727,000).

The Group mainly operates and invests in Hong Kong and the PRC with most of the transactions denominated and settled in HK\$ and RMB respectively. No foreign currency risk has been identified for the financial assets in the PRC as they were denominated in a currency same as the functional currencies of the group entities to which these transactions relate.

During the year, the Group did not engage in any derivative activities or use 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.

### **PLEDGE OF ASSETS**

As at 31 December 2015, certain investment properties, property, plant and equipment and properties under development of the Group with a total carrying value of approximately HK\$12,404,739,000 (2014: HK\$12,782,748,000) were pledged to secure banking facilities for the Group.



## **REVIEW BY AUDIT COMMITTEE**

The audited consolidated results of the Group for the year ended 31 December 2015 and the accounting principles and practices adopted by the Group have been reviewed by the audit committee of the Company.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditor, BDO Limited and is in line with the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited 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 BDO Limited on the preliminary announcement.

## **CORPORATE GOVERNANCE**

The Group places great significance on corporate integrity, business ethics and good governance. Coupled with the strong support of an excellent management team, we have established a highly effective Board of Directors to actively participate in investor relations activities.

The Group is committed to the practice of sound corporate governance. Efforts are made to maintain interactive communication with stakeholders including investors, analysts and credit rating agencies and the media. We provide and disclose information relating to the Group's corporate strategy and latest business development. In order to ensure a high level of corporate transparency, the Company will distribute relevant corporate information to shareholders and other stakeholders in a timely manner. In addition, the Group will further strengthen its connection with global investors through frequent exchanges of views with investors at meetings and briefings.

## **COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS**

The Group believes that effective communication with shareholders is key for improving investor relations and will ultimately assist the investment community in understanding the Group's business performance and strategies. Through regular, comprehensive, and interactive communication, we strive to enhance communication with investors through various communication channels. These include in-person meetings, telephone conferences, overseas roadshows, and project-site visits organised for the investor community. The Group seeks to establish a trusting and productive relationship with its shareholders and investors. The 2014 Annual General Meeting was held in May 2015. The Group organised briefings and media interviews for results announcements and maintained regular contact with the media through press releases, announcements, and other promotional materials. The Group is committed to enhancing corporate transparency and providing timely disclosure of information on the Group's developments to help shareholders and investors make informed investment decisions. The Group is dedicated to enhancing corporate governance practices on business growth and strives to attain a balance between corporate governance requirements and performance. The Board of Directors believes that sound corporate governance is essential to the success of the Group and will enhance shareholder value.



## **PROSPECTS**

In the year ahead, the continuing possibility of stagnant economic growth, persistent depreciation of the Renminbi, faltering oil prices and the enduring global recession will likely pose further challenges to the global economy. At the same time, it is expected that the major economies will retain their loose monetary policies for the continuation of low interest rates, which may help to mitigate the effects of the weak global economy as a whole.

In Hong Kong, the local economy will be affected by global financial challenges and worries over a market downturn. Yet, Hong Kong may also benefit from China's policies favouring the development of the market through programmes such as Shanghai-Hong Kong Stock Connect and the Mutual Recognition of Funds, which should help to maintain investor interest in Hong Kong's market. On the other hand, despite signs of the property market turning a corner and the shrinking number of property transactions, it is expected that volatility may not have an undue impact and property sales and purchases will continue. This, along with the anticipated keen demand for new homes, increasing population growth and the expectation that mortgage-to-income ratios may be kept at a reasonable level, should help the local residential property market to sustain healthy development.

Nevertheless, the impact of a possible further depreciation of the Renminbi as well as gloomy forecasts about the overall market and the retail industry in particular could increase concerns about an economic downturn, thereby weakening Hong Kong people's purchasing power. Under this scenario, rental property market are expected to come under some adjustment pressure. As the Group takes a discreet view of the market and watches developments closely, it will adjust its respective businesses according to changes in the market to avoid any adverse effects on its present operations.

Looking to 2016, in spite of uncertainties in the global marketplace the Group will continue to champion the long-term interests of its shareholders and continue its plan to expand its land reserves through a variety of means. It will also prudently pursue its business development and launch new projects at the most opportune time. With a strong business foundation based on many successful years in Hong Kong, it is the Group's belief that it can continue to exploit every opportunity for its business development and achieve steady, solid returns regardless of the prevailing business climate.

## **EMPLOYEES REMUNERATION**

The Group had 289 and 84 employees in Hong Kong and PRC respectively as at 31 December 2015. Employees were remunerated on the basis of their performance, experience and prevailing market practice. Remuneration packages comprise salary, medical insurance, mandatory provident fund and year end discretionary bonus. Total salaries and wages incurred in 2015, if excluding share option expenses of approximately HK\$1,830,000 (2014: HK\$5,989,000 ) were approximately HK\$129,584,000 (2014: HK\$159,038,000).

## **DIVIDEND**

The Board recommends a payment of a final dividend of HK\$0.20 (2014: HK\$0.20) per share and no payment of special dividend (2014: HK\$0.10 per share) for the year ended 31 December 2015, subject to the approval of the shareholders at the forthcoming annual general meeting to be held on 25 May 2016. The final dividend will be payable on or about 17 June 2016 to shareholders whose names appear on the register of members on 1 June 2016.

## **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The register of members of the Company will be closed from Monday, 23 May 2016 to Wednesday, 25 May 2016 (both dates inclusive). In order to determine the shareholders who are entitled to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. Friday, 20 May 2016.

## **CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND**

The register of members of the Company will be closed from Tuesday, 31 May 2016 to Wednesday, 1 June 2016 (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 forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. Monday, 30 May 2016.

## **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 financial statements of the Group amounted to HK\$27,492,000 (2014: HK\$19,577,000).
- (b) The Group has fully settled the legal proceedings HCA 1902/2009 and related actions HCMP 1760/2009 and HCA1931 of 2009 (an action commenced by Million Link International Holdings Limited against the joint venture partner in which a Group company was joined as third party) (collectively the "Actions") during the year upon the Actions have come to a satisfactory conclusion after a settlement sum amounting to HK\$13,000,000 has been fully received from the joint venture partner and all legal costs have been fully settled. Given that the Actions have been satisfactorily settled, the receipt of the settlement sum amounting to HK\$13,000,000, together with the reversal of overprovision for the legal costs amounting to approximately HK\$2,965,000, was credited to the profit or loss for the calculation of the loss on disposal of the joint venture of HK\$16,961,000. The Group's interest in joint venture was effectively disposed of as a result of the settlement of the Actions.

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

The Company is empowered by the applicable laws of the Bermuda and its articles of association to repurchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. During the year, the Company had repurchased a total of 538,500 shares of HK\$0.10 each on the Stock Exchange at an aggregate consideration paid of HK\$5,042,885. All of the repurchased shares were subsequently cancelled. The repurchases were effected by the Directors for the enhancement of shareholders' value. Details of the repurchases are as follows:

<b>Month of the repurchases</b>	<b>Total number of shares repurchased</b>	<b>Highest price paid per share HK\$</b>	<b>Lowest price paid per share HK\$</b>	<b>Aggregate consideration paid HK\$</b>
December 2015	538,500	9.60	9.19	5,042,885

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Company has complied with the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules during the year ended 31 December 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 neither separated nor 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 Group'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 at least once every three years 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 the Model Code (Appendix 10 of the Listing Rules) regarding Directors’ securities dealing transactions.

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

### **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, 23 March 2016

*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 and Kong Siu Man Kenny; and (ii) Independent Non-Executive Directors: Chan Kai Nang, Pao Ping Wing and Ng Chi Keung.*