SOUNDWILL HOLDINGS LIMITED
金朝陽集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$ million	*HK$ million*
Revenue	**1,351.5**	261.3
Profit before income tax expense excluding net (loss)/gain on fair value adjustments	**469.0**	151.1
Net (loss)/gain on fair value adjustments on investment properties	**(279.4)**	216.1
Profit before income tax expense	**189.6**	367.3
Profit attributable to owners of the Company	**59.2**	290.1
Basic earnings per share (dollars)	**HK$0.21**	HK$1.02

	At 30 June 2016	At 31 December 2015
	(Unaudited)	(Audited)
	HK$ million	*HK$ million*
Total assets	**20,064**	19,963
Net assets	**16,573**	16,531
Total borrowings	**1,987**	2,137
Gearing ratio	**12%**	13%
Net asset value per share (dollars)	**HK$58.5**	HK$57.9

* *For identification only*

RESULTS

The board (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 2016 which have been reviewed by the Audit Committee of the Company, with comparative figures for the corresponding period in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue		**1,351,460**	261,321
Cost of sales		**(841,138)**	(5,792)
Gross profit		**510,322**	255,529
Other income	*4*	**9,398**	18,796
Selling expenses		**(18,525)**	(23,975)
Administrative expenses		**(83,279)**	(81,182)
Other operating expenses		**(831)**	(26)
Gain on disposal of subsidiaries		**70,614**	–
Net (loss)/gain on fair value adjustments on investment properties		**(279,386)**	216,138
Finance costs	*5*	**(18,696)**	(18,020)
Share of results of a joint venture		**–**	(2)
Profit before income tax expense	*6*	**189,617**	367,258
Income tax expense	*7*	**(58,764)**	(30,146)
Profit for the period		**130,853**	337,112
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss:			
Surplus on revaluation of leasehold building, net of deferred tax		**–**	813
Item that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(24,225)**	3,710
Other comprehensive income for the period, net of tax		**(24,225)**	4,523
Total comprehensive income for the period		**106,628**	341,635

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(CONTINUED)*

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period attributable to:		
– Owners of the Company	**59,225**	290,122
– Non-controlling interests	**71,628**	46,990
	130,853	337,112
Total comprehensive income for the period attributable to:		
– Owners of the Company	**40,175**	294,025
– Non-controlling interests	**66,453**	47,610
	106,628	341,635

		Six months ended 30 June	
		2016	2015
		(Unaudited)	(Unaudited)
	Note	***HK$***	*HK$*
Earning per share for profit attributable to owners of the Company during the period	*8*		
Basic		**HK$0.21**	HK$1.02
Diluted		**HK$0.21**	HK$1.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2016 (Unaudited) *HK$'000***	31 December 2015 (Audited) *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**14,555,549**	15,610,480
Property, plant and equipment		**115,848**	116,356
Properties held for development		**18,786**	19,271
Available-for-sale financial assets		**10**	10
Goodwill		**–**	–
		14,690,193	15,746,117
Current assets			
Properties under development		**2,634,853**	3,265,104
Trade and other receivables	*9*	**179,466**	144,978
Deposits paid for acquisition of properties		**9,605**	13,505
Bank deposit at escrow account		**260,488**	346,044
Cash and bank balances		**1,473,437**	374,153
		4,557,849	4,143,784
Assets of a disposal group classified as held for sale	*10*	**816,027**	73,079
Total current assets		**5,373,876**	4,216,863
Current liabilities			
Trade and other payables	*11*	**504,967**	460,106
Deposits received in advance		**648,422**	734,637
Borrowings		**1,986,620**	2,137,050
Provision for income tax		**68,530**	22,707
		3,208,539	3,354,500
Liabilities of a disposal group classified as held for sale	*10*	**202,468**	370
Total current liabilities		**3,411,007**	3,354,870
Net current assets		**1,962,869**	861,993
Total assets less current liabilities		**16,653,062**	16,608,110
Non-current liabilities			
Deferred tax liabilities		**79,855**	76,953
Net assets		**16,573,207**	16,531,157

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

	30 June 2016 (Unaudited) *HK$'000*	31 December 2015 (Audited) *HK$'000*
EQUITY		
Equity attributable to owners of the Company		
Share capital	**28,331**	28,535
Reserves	**16,190,397**	16,224,948
	16,218,728	16,253,483
Non-controlling interests	**354,479**	277,674
Total equity	**16,573,207**	16,531,157

Notes:

1. Basis of Preparation

The unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2016 (the "Unaudited Condensed Interim Financial Information") have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standards ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

2. Principal accounting policies

The Unaudited Condensed Interim Financial Information has been prepared under the historical cost convention, except for investment properties and leasehold building, which are stated at fair values.

The accounting policies adopted for the Unaudited Condensed Interim Financial Information are consistent with those used in the preparation of the Group's annual audited financial statements for the year ended 31 December 2015 (the "2015 Annual Financial Statements") except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") which include individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations as disclosed below.

The Unaudited Condensed Interim Financial Information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2015 Annual Financial Statements, which have been prepared in accordance with HKFRSs.

In the current interim period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA, which is relevant to and effective for the Group's financial statements for the annual financial period beginning on or after 1 January 2016.

2. Principal accounting policies *(Continued)*

Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 1, Presentation of financial statements: Disclosure Initiative

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

Annual Improvements to HKFRSs 2012-2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, HKAS 34, Interim financial reporting, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group's interim financial report as the Group does not present the relevant required disclosures outside the interim financial statements.

Amendments to HKAS 1, Presentation of financial statements: Disclosure Initiative

The amendments to HKAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group's interim financial report.

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.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2017
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective date is deferred

2. Principal accounting policies *(Continued)*

Amendments to HKAS 7 - Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

Amendments to HKAS 12 - Recognition of deferred tax assets for unrealised losses

The amendments stemmed from a request to clarify the requirements on recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value. However, the amendments address a broader area of accounting for deferred tax assets in general.

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments also provide guidance on how an entity should determine future taxable profits to support the recognition of a deferred tax asset arising from a deductible temporary difference.

HKFRS 9 (2014) – Financial Instruments

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

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

2. Principal accounting policies *(Continued)*

HKFRS 9 (2014) – Financial Instruments (Continued)

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

HKFRS 15 – Revenue from Contracts with Customers

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

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

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

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.

2. Principal accounting policies *(Continued)*

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases", introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis.

The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17. In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Directors will assess the impact of the application of HKFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of HKFRS 16 until the Group performs a detailed review.

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.

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

3. Segment Information

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

The Group has identified the following reportable segments:

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

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

During the six months ended 30 June 2016, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

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

	Six months ended 30 June									
	Property development		**Property leasing**		**Building management and other services**		**Others**		**Total**	
	2016 (Unaudited) *HK$'000*	2015 (Unaudited) *HK$'000*	**2016 (Unaudited) *HK$'000***	2015 (Unaudited) *HK$'000*	**2016 (Unaudited) *HK$'000***	2015 (Unaudited) *HK$'000*	**2016 (Unaudited) *HK$'000***	2015 (Unaudited) *HK$'000*	**2016 (Unaudited) *HK$'000***	2015 (Unaudited) *HK$'000*
Revenue										
External customers	**1,083,525**	1,998	**259,091**	252,000	**8,844**	7,323	**–**	–	**1,351,460**	261,321
Inter-segments	**126,461**	110,611	**3,343**	2,829	**1,896**	2,531	**19,690**	25,600	**151,390**	141,571
Reportable segment revenue	**1,209,986**	112,609	**262,434**	254,829	**10,740**	9,854	**19,690**	25,600	**1,502,850**	402,892
Reportable segment profit/(loss)	**207,990**	(34,424)	**207,579**	196,686	**4,469**	3,754	**(605)**	15,770	**419,433**	181,786
Reportable segment assets	**3,206,379**	3,584,212	**15,495,323**	16,804,227	**22,466**	15,648	**1,339,891**	180,052	**20,064,059**	20,584,139
Reportable segment liabilities	**(965,116)**	(953,188)	**(379,283)**	(142,944)	**(9,762)**	(8,309)	**(1,696)**	(35,151)	**(1,355,857)**	(1,139,592)

3. Segment Information *(Continued)*

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Reportable segment revenue	**1,502,850**	402,892
Elimination of inter-segment revenue	**(151,390)**	(141,571)
Revenue	**1,351,460**	261,321
Reportable segment profits	**419,433**	181,786
Net (loss)/gain on fair value adjustments on investment properties	**(279,386)**	216,138
Gain on disposal of subsidiaries	**70,614**	–
Unallocated expenses	**(2,348)**	(12,644)
Finance costs	**(18,696)**	(18,020)
Share of results of a joint venture	**–**	(2)
Profit before income tax	**189,617**	367,258

4. Other Income

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**2,296**	8,602
Other service income from building management services	**–**	237
Reversal of provision for impairment of trade receivable	**1,000**	–
Reversal of provision for impairment of deferred and contingent consideration	**1,012**	8,516
Miscellaneous income	**5,090**	1,441
	9,398	18,796

5. Finance Costs

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest charges on:		
Bank loans	**19,802**	20,372
Other borrowings	**2,630**	298
Total borrowing costs	**22,432**	20,670
Less: Interest capitalised in investment properties	**(3,736)**	(2,650)
	18,696	18,020

6. Profit before income tax expense

Profit before income tax expense is arrived at after charging:

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortisation of properties held for development	**243**	355
Cost of properties under development recognised as expense	**839,681**	1,150
Depreciation of property, plant and equipment	**942**	2,484
Loss on disposal of property, plant and equipment*	**–**	26
Employee benefit expenses (including Directors' remuneration and defined contribution cost)		
– Share option expenses	**10**	915
– Salaries, bonus and defined contribution cost	**57,500**	57,937
– Other employee benefit expenses	**975**	1,291
	58,485	60,143
Operating lease charges in respect of premises	**409**	676

* included in other operating expenses

7. Income Tax Expense

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong profits tax	**55,622**	28,519
PRC income tax	**–**	496
Deferred tax charge	**3,142**	1,131
	58,764	30,146

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2015: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

For the period ended 30 June 2016, all of the Group's PRC subsidiaries are subject to PRC Enterprise Income Tax ("EIT") rate of 25% (six months ended 30 June 2015: 25%).

8. Earnings Per Share

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company	**59,225**	290,122

	2016	2015
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(note a)*	**283,485,884**	284,227,635
Effect of dilutive potential ordinary shares in respect of employee share options	**–**	542,094
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**283,485,884**	284,769,729

Note a: During the six months ended 30 June 2016, the Company had bought-back a total of 2,039,000 shares of HK$0.1 each on the Stock Exchange at an aggregate consideration paid of HK$19,056,064. All of the bought-back shares were subsequently cancelled in January and February 2016.

9. Trade and Other receivables

As at 30 June 2016, trade receivables included in trade and other receivables were approximately HK$22,958,000 (31 December 2015: approximately HK$9,647,000). The credit terms of the Group ranging from 30 to 90 days. Based on the invoices dates, the ageing analysis of trade receivables was set out below:

	30 June 2016 (Unaudited) ***HK$'000***	31 December 2015 (Audited) *HK$'000*
0 – 30 days	**10,788**	3,631
31 – 90 days	**7,489**	3,048
91 – 180 days	**1,307**	1,739
Over 180 days	**3,374**	1,229
Total trade receivables, net	**22,958**	9,647
Other receivables, utility deposits and prepayments, net (including the deferred and contingent consideration)	**156,508**	135,331
	179,466	144,978

10. Assets and liabilities of a disposal group classified as held for sale

The assets and liabilities related to Indigo Dragon Limited (the "Indigo Dragon") have been presented as held for sale following the approval of the Board to dispose of Indigo Dragon on 15 June 2016 at an aggregate consideration of HK$820,000,000. Indigo Dragon is an investment holding company and indirectly held the entire issued share capital of Mosque Investment Properties Limited and Charm Wish Limited which together in turn held the investment properties situated at Nos. 14 and 14A Mosque Street, No.16 Mosque Street, and No.18 Mosque Street, situated in Hong Kong (collectively the "Indigo Dragon Group"). The disposal of Indigo Dragon Group was completed on 15 July 2016. The Directors regard the sale proceeds less the directly attributable cost which amounted to approximately HK$555,432,000 as the fair value less cost to sell for the disposal of Indigo Dragon Group, of which approximately HK$258,554,000 is attributable to the Group. The expected gain arising from the disposal of Indigo Dragon Group is estimated to be approximately HK$4,000,000 which represents the sale proceeds less the aggregate of the carrying amount of the net assets of Indigo Dragon Group and the shareholder's loan assignment.

10. Assets and liabilities of a disposal group classified as held for sale *(Continued)*

In accordance with HKFRS 5, the assets and liabilities relating to the Indigo Dragon Group have been classified as held for sale in the consolidated statement of financial position. The division does not constitute a discontinued operation as it does not represent a major line of business or geographical area of operation.

	HK$'000
Investment properties	816,000
Cash and bank balances	27
Total assets classified as held for sale	816,027
Bank borrowings	202,430
Accruals and other payable	38
Total liabilities classified as held for sale	202,468

11. Trade and Other Payables

As at 30 June 2016, trade payables included in trade and other payables were approximately HK$4,644,000 (31 December 2015: approximately HK$5,517,000). The Group was granted credit periods by its suppliers ranging from 30 to 60 days. Based on the invoices dates, the ageing analysis of trade payables was set out below:

	30 June 2016 (Unaudited) ***HK$'000***	31 December 2015 (Audited) *HK$'000*
0 – 30 days	**3,185**	1,887
31 – 90 days	**1,216**	979
Over 90 days	**243**	2,651
Total trade payables	**4,644**	5,517
Other payables	**500,323**	454,589
	504,967	460,106

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the first half of 2016, numerous uncertainties emerged in the global economy. Among the leading causes was the Brexit referendum, which triggered a domino effect in global financial markets and caused substantial fluctuations in the world's stock, foreign exchange and gold markets. With economies in Europe and the United States remaining sluggish, Asia became the main contributor to world economic growth. Stable growth in Mainland China along with monetary easing and the Government's destocking policies contributed to a robust property market in the first half of the year.

In Hong Kong, the economy showed signs of stabilisation despite the decline in both the number of PRC visitors and volume of retail sales. The performance of the retail market had an indirect impact on the Group, which made strategic adjustments in accordance with market conditions. During the period under review, income from the overall leasing business remained stable, and occupancy rates remained at a high level.

With respect to the property market in Hong Kong, the Government has been increasing residential land supply in tandem with dampening measures designed to cool down the buoyant housing market, which has led to adjustments in property prices. However, the lower-than-expected pace of interest rate hikes and persistent low interest rate environment worldwide encouraged a shift in capital to the property market. During this period, property developers in Hong Kong launched new residential projects and provided various concessionary offers, which helped to maintain sales of these projects. A number of Mainland China corporations also listed in Hong Kong and set up local operations, which helped to stimulate the industrial and commercial property market and thus kept property transactions at a healthy level.

With regard to property sales, the Group sold out all the 29 floors available for sale of THE SHARP, an integrated commercial property project situated at 11-13 Sharp Street East and 1-1A Yiu Wa Street in Causeway Bay, on the first day of launch. Delivery of different floors of the project commenced in March 2016, and revenue was booked accordingly.

The Group will continue to explore development opportunities and expand its profit and development potential through innovation and aggressive marketing in order to maximise limited land resources.

Property Leasing

For the six months ended 30 June 2016, the property leasing segment recognised revenue of approximately HK$259,091,000, representing 19% of the Group's total revenue for the period.

Merchants of Soundwill Plaza, the Group's flagship property located at No. 38 Russell Street in the heart of Causeway Bay, are popular attractions for both local consumers and tourists around the world. Buoyed by the strong demand for high-quality properties in premium locations, Soundwill Plaza maintained a high occupancy rate during the review period and continued contributing one of the most stable streams of income for the Group.

Soundwill Plaza II – Midtown, another flagship property of the Group, is located at 1 Tang Lung Street, next to Russell Street, in the heart of Causeway Bay. Since its official opening in 2014, this landmark building has become a favourite destination for food & beverage and leisure activities in the area. With a steady rise in customer traffic and sales as well as the introduction of more premium restaurants and retail tenants during the period, the occupancy rate of this building went up to more than 90%.

As the Group's investment properties are located in prime locations of Hong Kong and have a high-quality tenant portfolio, rental income is expected to rise continuously, thus providing a significant source of recurring rental income for the Group.

Property Development

For the six months ended 30 June 2016, the property development segment recognised revenue of approximately HK$1,083,525,000, representing 80% of the Group's total revenue for the period.

Delivery of different floors of THE SHARP, an integrated commercial property project situated at 11-13 Sharp Street East and 1-1A Yiu Wa Street in Causeway Bay, commenced in March 2016, and revenue of approximately HK$1,082,417,000 was booked accordingly.

Property Management

For the six months ended 30 June 2016, the property management business recognised revenue of approximately HK$8,844,000, representing 1% of the Group's total revenue for the period.

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

Real Estate Business in Mainland China

The Group currently has two property projects in Mainland China, some of which are in the development stage. During the period under review, Chinese property market sentiment was positive and the Group's projects in Mainland China, which benefited from favourable Government policies, performed satisfactorily.

Shang Hui Hai An (The Lakeview Bay), an integrated residential project with villas and high rise residences in Gaoyao City, Zhaoqing, is wholly owned by the Group. During the review period, the villas in Phase 1 of this project were completed. Sales results were promising, and buyers have already moved into some of the flats. The high-rise residences in Phase 2 were still under construction, and blocks 5 and 6 are expected to be delivered at the end of the year. In anticipation of the opening of the cross-river bridge joining Gaoyao City and the city core next year, Shang Hui Hai An will offer much better transportation links, which should help the value of this project to rise further.

In addition, construction of Phase I of Yu Ming Du (Shan Shui Xiang Ri), a project located in Doumen District, Zhuhai, was close to completion during the review period and is expected to be delivered at the end of 2016. With the acceleration of construction, Phase II is expected to be available for pre-sale shortly.

Communication with Shareholders and Investors/Investor Relations

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

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

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

Corporate Citizenship

The Group remains firmly committed to its social responsibilities – a commitment that has become firmly embedded in its corporate culture.

In cooperation with art organisations and corporate brands, the Group provided access to Midtown POP, a multi-purpose art exhibition space located at Midtown, as a platform for promoting local art and culture. The Group also has a focus on education. For the School of Architecture of the Chinese University of Hong Kong, the Group recently sponsored and provided a venue in support of the 20th Master of Architecture Graduation Show, a platform for 53 graduates to display their creative works.

The Soundwill Volunteer Team continued to play an active role in the community, regularly participating in events such as the Little Sprouts Storytelling Activity of the Story Family Fun Neighbourhood Development Plan hosted by the Hong Kong Outlying Islands Women's Association. During this activity, volunteers from the Group shared stories with children living in Tung Chung District.

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

Prospects

It is expected that the global economy will face a number of challenges in the second half of 2016, including the impact of Brexit on global financial markets, the uncertainties over interest rate hikes by the US Federal Reserve and the divergence of policies among central banks. In this environment, stimulus measures will likely be strengthened in order to promote global economic development.

While there may not be many signs of recovery in the external economy, growing domestic demand, further reform measures and new infrastructure construction in Mainland China will provide new momentum for steady economic growth.

In Hong Kong, Brexit is expected to have only a limited impact on the local economy. At the same time, Hong Kong is still a global investment centre with sufficient bank funds and low interest rates. The local economy is therefore anticipated to stabilise in the latter half of the year. Even though the rental property market has come under some adjustment pressure as a result of the slowdown in retail sales, healthy domestic consumption and a robust employment picture have encouraged various retail brands to set up shops in prime locations, giving hope for a turnaround.

In the local property market, demand for residential and commercial properties is still strong. Supported by the prevailing low interest rate environment and growing investor and homebuyer sentiment, the property market should continue to experience healthy growth.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

Prospects *(CONTINUED)*

Although remaining cautious about the economic outlook, the Group believes there is no immediate cause for concern after considering the relevant negative factors. However, it will keep a close watch on market developments and will, at the appropriate time, consider making adjustments to the relevant businesses.

Looking ahead to the second half of 2016, the Group will continue to maintain a balance between income from property sales and property leasing. It will also continue to participate in land tendering and carry out acquisitions this year, aiming to increase its land reserves through a variety of means, and to develop its businesses prudently by launching new projects when it is opportune to do so. These strategies, along with solid, recurring leasing and property-sales income, will allow the Group to capture new business opportunities while laying a solid foundation for its future development.

INTERIM DIVIDEND

The Directors do not recommend interim dividend for the six months ended 30 June 2016 (30 June 2015: Nil).

FINANCIAL REVIEW

For the six months ended 30 June 2016, the Group has recorded a revenue of HK$1,351,460,000 (30 June 2015: HK$261,321,000), representing an increase of 417% as compared with the same period last year. The increase in revenue was mainly attributable to the increase in revenue from property development in Hong Kong.

Net profit attributable to owners of the Company was HK$59,225,000 (30 June 2015: HK$290,122,000), representing a decrease of HK$230,897,000 as compared with the corresponding period in 2015, which is mainly due to the fact that a net loss on fair value adjustments on the Group's investment properties was recorded for the six months ended 30 June 2016 while a net gain on fair value adjustments on investment properties was recorded for the six months ended 30 June 2015.

The total interest expenses for the six months ended 30 June 2016 amounted to HK$18,696,000 (30 June 2015: HK$18,020,000).

The Company's basic earnings per share was HK$0.21 as compared with the same period of last year of HK$1.02.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2016, the Group cash and bank balances amounted to HK$1,473,437,000 (31 December 2015: HK$374,153,000). The Group's total borrowings as at 30 June 2016 were HK$1,986,620,000 (31 December 2015: HK$2,137,050,000). The Group's gearing ratio, (which was expressed as a percentage of total borrowings over total equity) was 12% as at 30 June 2016 (31 December 2015: 13%).

As at 30 June 2016, the Group's net assets amounted to HK$16,573,207,000 (31 December 2015: HK$16,531,157,000).

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

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

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

DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 15 June 2016, the Group entered into a sale and purchase agreement with an independent third party to dispose the entire issued share capital of Indigo Dragon Limited and its subsidiaries (collectively the "Indigo Dragon Group") and the assignment of the shareholder's loan at an aggregate consideration of HK$820,000,000. The disposal of Indigo Dragon Group was completed on 15 July 2016. Please refer to the announcement and the circular issued by the Company on 15 June 2016 and 2 August 2016 respectively for more details.

EMPLOYEES

There was no material change regarding the number of the employees of the Group since the publication of the Company's 2015 annual report.

PLEDGE OF ASSETS

As at 30 June 2016, certain investment properties, property, plant and equipment, and properties under development of the Group with a total carrying value of approximately HK$11,000,618,000 (31 December 2015: approximately HK$12,404,739,000) 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 names of certain subsidiaries of the Company on behalf of third parties to whom these subsidiaries provided building management services. As at 30 June 2016, those bank balances which were held on behalf of third parties and were not accounted for in the books of account and financial statements of the Group amounted to HK$32,226,000 (31 December 2015: HK$27,492,000).

PURCHASE, SALE OR BUY-BACK OF THE COMPANY'S LISTED SECURITIES

The Company is empowered by the applicable laws of the Bermuda and its Bye-laws to buy-back 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 six months ended 30 June 2016, the Company had bought-back a total of 2,039,000 shares of HK$0.10 each on the Stock Exchange at an aggregate consideration paid of HK$19,056,064. All of the bought-back shares were subsequently cancelled in January and February 2016. The buy-backs were effected by the Directors for the enhancement of shareholders' value. Details of the buy-backs are as follows:

Month of the buy-backs	**Total number of shares bought-back**	**Highest price paid per share**	**Lowest price paid per share**	**Aggregate consideration paid**
		HK$	*HK$*	*HK$*
January 2016	2,039,000	10.20	8.69	19,056,064

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or bought-back any of the Company's listed securities during the six months ended 30 June 2016.

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 2016.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2016 except that:

(1) Code Provision A.2.1

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

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

(2) Code Provision A.4.1

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

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

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

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

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

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 2016 of the Company will also be published on the aforesaid websites in September 2016.

APPRECIATION

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

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

Hong Kong, 24 August 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.