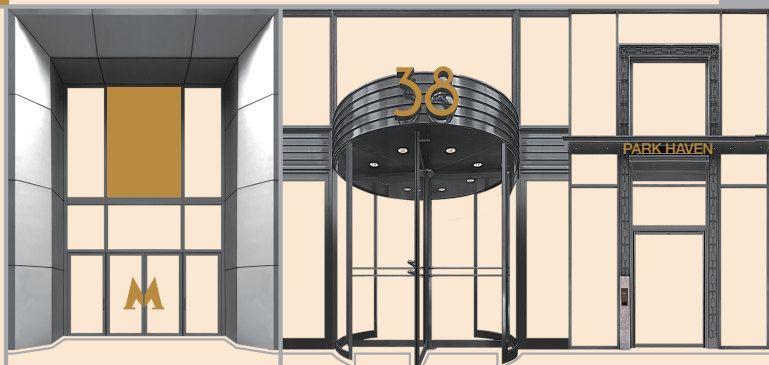




金朝陽集團有限公司*
SOUNDWILL HOLDINGS LIMITED

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



2017

中期
Interim Report
報告

C ONTENTS

- 002 Corporate Information
- 003 Financial Highlights
- 005 Management Discussion and Analysis
- 018 Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 021 Consolidated Statement of Financial Position
- 023 Consolidated Statement of Changes in Equity
- 025 Condensed Consolidated Cash Flow Statement
- 026 Notes to the Condensed Consolidated Interim Financial Statements

Directors

Executive Directors:

FOO Kam Chu Grace (*Chairman*)

CHAN Wai Ling

KONG Siu Man Kenny

Independent Non-Executive

Directors:

CHAN Kai Nang

PAO Ping Wing

NG Chi Keung

Company Secretary

TANG So Him

External Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants

Internal Auditor

Crowe Horwath (HK) Corporate
Consultancy Limited

Legal Advisors

Lo, Wong & Tsui

Conyers Dill & Pearman

Head Office and Principal Place of Business in Hong Kong

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

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

Principal Banks

The Hongkong and Shanghai Banking
Corporation Limited

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

DBS Bank (Hong Kong) Limited

Industrial and Commercial Bank of China
(Asia) Limited

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road

Pembroke HM08, Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Standard Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

Share Information

Place of Listing

The Main Board of The Stock Exchange
of Hong Kong Limited

Stock Code

878

Board Lot

500 shares

Website

www.soundwill.com.hk

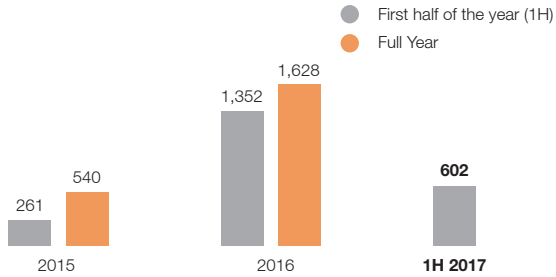
Investor Relations

E-mail: sw.ir@soundwill.com.hk

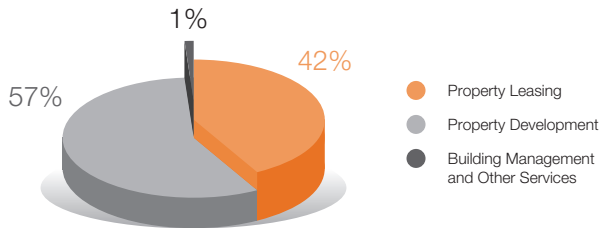
	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK\$ million	HK\$ million
Revenue	602.2	1,351.5
Net gain/(loss) on fair value adjustments on investment properties	86.9	(279.4)
Profit attributable to owners of the Company	319.6	59.2
Basic earnings per share (dollars)	HK\$1.13	HK\$0.21
	At	At
	30 June	31 December
	2017	2016
	(Unaudited)	(Audited)
	HK\$ million	HK\$ million
Total assets	22,472	22,343
Net assets	18,990	19,003
Total borrowings	1,819	1,694
Gearing ratio	10%	9%
Net asset value per share (dollars)	HK\$67.0	HK\$67.1

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

HK\$ million

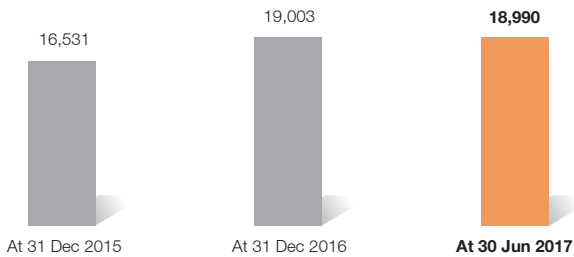


GROUP'S REVENUE MIX FOR THE SIX MONTHS ENDED 30 JUNE 2017



GROUP'S NET ASSET VALUE

HK\$ million



MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Although the global economy experienced a gradual recovery in the first half of 2017, the hike in interest rates by the Federal Reserve, divergence in monetary policy among major central banks and complexity in the international political environment spurred capital flows and, in turn, volatility in global financial markets.

In Hong Kong, the economy stabilised despite ongoing potential threats. During the period, consumer sentiment recovered but visitor arrivals continued to lag, which affected the tourism industry. Although the retail sector gradually recovered, the leasing market was still digesting these unfavourable trends. The Group made adjustments to its leasing business and succeeded in maintaining occupancy rates at a high level.

During the review period, the Group's businesses remained solid in the face of market challenges, such as the Hong Kong Government's further measures to stabilise the property market. These included a tightening of the stamp duty exemption for residential property purchases and a new round of measures to regulate mortgage lending. Prices in Hong Kong's property market soared to record highs for both land and property transactions and, after absorbing interest rate hikes earlier in the year, demand for residential flats resumed. This performance was primarily attributable to the Group's long-standing prudent approach to its business development.

The Group's premium brand and professional sales team have long enjoyed the confidence of the market and customers. Going forward, the Group will continue to explore development opportunities and expand its profit and development potential through innovation and aggressive marketing to make the most of its limited land resources.

Property Leasing

For the six months ended 30 June 2017, the property leasing segment recognised revenue of approximately HK\$252,040,000, representing 42% of the Group's total revenue for the period.

Soundwill Plaza, the Group's flagship property, is located at 38 Russell Street in the heart of Causeway Bay, a popular destination for both local consumers and inbound tourists. Buoyed by the strong demand for high-quality properties in premium locations, Soundwill Plaza delivered satisfactory leasing performance and maintained a high occupancy rate during the review period, making this property one of the most stable contributors 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. The steady rise in customer traffic and sales, together with the introduction of more premium restaurants and retail tenants during the period, helped to generate stable occupancy rates and rental income from this project.

Property Development

For the six months ended 30 June 2017, the property development segment recognised revenue of approximately HK\$341,454,000, representing 57% of the Group's total revenue for the period. The Group's iPLACE industrial project at 303 Castle Peak Road, Kwai Chung was successively delivered and booked.

Property Management

For the six months ended 30 June 2017, the property management segment recognised revenue of approximately HK\$8,702,000, representing 1% of the Group's total revenue for the period.

The Group's property management and maintenance subsidiaries are engaged in the provision of management, customer and maintenance services in large-scale commercial buildings, as well as small and medium sized estates.

Real Estate Business in Mainland China

The Group currently has several property projects in Mainland China, some of which are in the development stage.

Shang Hui Hai An (The Lakeview Bay) is an integrated residential project wholly owned by the Group featuring villas and high rise residences in Gaoyao City, Zhaoqing. The villas of Phase 1 were gradually occupied, while the high-rise residences offered in the first-batch were nearly sold out and successively delivered.

Phase I of Yu Ming Du (Shan Shui Xiang Ri), a project located in Doumen District, Zhuhai, was sold out and ready for delivery.

Communication with Shareholders and Investors

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.

Through regular, comprehensive and interactive communication, the Group seeks to establish a trusting and productive relationship with its shareholders and investors. Channels of communication include in-person meetings, teleconferences, overseas roadshows, and project site visits organised for the investor community. The Group also holds an annual general meeting, which was held in May this year. Additionally, it organised briefings and media interviews on its results announcements and maintained regular contact with the media through press releases, announcements, and promotional materials.

The Board of Directors believes that sound corporate governance is essential to the success of the Group and enhancement of shareholder value. Accordingly, the Group is committed to enhancing transparency and providing timely disclosure of information to help shareholders and investors make informed investment decisions. In order to maintain high standards of corporate governance, the Group attempts to strike a balance between 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.

The Soundwill Volunteer Team continued to play an active role in the community. Among the events in which the team participated was the Little Bean Sprouts Storytelling Activity of the Family Storytelling — Neighbourhood Development Project hosted by the Hong Kong Outlying Islands Women's Association, during which volunteers shared stories with children in the Tung Chung community. By telling stories, the Volunteer Team helps to instil a positive and curious attitude in the schoolchildren.

In addition, the volunteer team participates in the Pei Ho Counterparts community meal, in which free lunchboxes are distributed to people in need. The team also works with Food Angel to pre-process donated raw vegetables and food packs.

Furthermore, the Group's employees participate in Green Day and Dress Casual Day held by the Hong Kong Community Chest, which raises money for local vulnerable groups and worthwhile causes.

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 many consecutive years. The Group, in conjunction with its member companies and property projects, has also received commendations acknowledging its commitment to social responsibility over the years.

Prospects

It is expected that the global economy and political environment will remain uncertain in the second half of 2017, owing to continuing geopolitical tensions, the commencement of Brexit negotiations and changes in US economic policy, leading to an increased risk of fluctuations in global financial markets. Complexity and volatility will be the new norm in global political and economic developments.

With continuous improvements in China's economic structure, positive export and consumption indicators and the Central Government's ability to respond to external shocks, China's economy will continue to maintain steady growth.

In Hong Kong, the economic base is firmer now and the new administration of the HKSAR Government is expected to guide Hong Kong forward and maintain its competitiveness. It is also anticipated that support for the property leasing market will be underpinned by increasing visitor arrivals, healthy domestic consumption and the

gradual recovery of the tourism and retail industry. Other signs for optimism include the record high selling prices of two commercial sites in the second quarter of the year and the augmented market demand for office space in core business districts.

In the local property market, demand for residential and commercial properties is still strong. Funds will continue to be injected into the market, hence it is expected that the property market should continue to experience healthy growth in the second half of the year. The Group will keep a close watch on market developments and changes in relevant governmental policies and, correspondingly, will consider adjusting its business at the appropriate time.

For the second half of 2017, the Group will continue to maintain a balance between income from property sales and property leasing. Along with solid, recurring leasing income will allow the Group laying a solid foundation for its future development.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (30 June 2016: Nil).

FINANCIAL REVIEW

For the six months ended 30 June 2017, the Group has recorded a revenue of HK\$602,196,000 (30 June 2016: HK\$1,351,460,000), representing a decrease of HK\$749,264,000 as compared with the same period last year. The decrease in revenue was mainly attributable to the decrease in revenue from property development in Hong Kong.

Net profit attributable to owners of the Company for the six months ended 30 June 2017 was HK\$319,616,000 (30 June 2016: HK\$59,225,000), representing an increase of 440% as compared with the corresponding period in 2016, which is mainly due to the fact that a net gain on fair value adjustments on the Group's investment properties was recorded for the six months ended 30 June 2017 while a net loss on fair value adjustments on investment properties was recorded for the six months ended 30 June 2016.

The total interest expenses for the six months ended 30 June 2017 amounted to HK\$12,098,000 (30 June 2016: HK\$18,696,000).

The Company's basic earnings per share was HK\$1.13 as compared with the same period of last year of HK\$0.21.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2017, the Group cash and bank balances amounted to HK\$793,645,000 (31 December 2016: HK\$1,592,375,000). The Group's total borrowings as at 30 June 2017 were HK\$1,819,320,000 (31 December 2016: HK\$1,694,220,000). The Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 10% as at 30 June 2017 (31 December 2016: 9%).

As at 30 June 2017, the Group's net assets amounted to HK\$18,989,868,000 (31 December 2016: HK\$19,002,701,000).

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 denominated in Hong Kong Dollars and bear interest at floating rates.

DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 7 June 2017, the Group entered into a sale and purchase agreement with an independent third party to dispose the entire issued share capital of Honest Merit International Group Limited and its subsidiaries (collectively the “Honest Merit Group”) and the assignment of the shareholder’s loan at an aggregate consideration of HK\$455,620,000. The disposal of Honest Merit Group was completed on 6 July 2017. Please refer to the announcements issued by the Company on 7 June 2017 and 6 July 2017 for more details.

EVENT AFTER REPORTING PERIOD

Saved the disposal of Honest Merit Group as disclosed above, there is no other important event affecting the Group which has occurred since 30 June 2017 and up to the date hereof.

EMPLOYEES

There was no material change regarding the number of the employees of the Group since the publication of the Company’s 2016 annual report.

PLEDGE OF ASSETS

As at 30 June 2017, certain investment properties and property, plant and equipment of the Group with a total carrying value of approximately HK\$13,242,060,000 (31 December 2016: approximately HK\$13,235,980,000) were pledged to secure banking facilities for the Group.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

(a) Directors' interests in the Company

As at 30 June 2017, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which are required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have taken under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the shares and underlying shares:

Name of Director	Capacity	Number of Ordinary Shares Interested	Approximate Percentage of the Company's Total Issued Shares
Foo Kam Chu Grace	Beneficial owner and interest of controlled corporation	203,580,130 (Note)	71.86%

Note: 203,580,130 shares represented the aggregate of (i) 96,602 shares directly held by Madam Foo Kam Chu Grace; (ii) 201,097,528 shares held by Ko Bee Limited, a company wholly owned by Madam Foo Kam Chu Grace; and (iii) 2,386,000 shares held by Full Match Limited, a company wholly owned by Ko Bee Limited. Accordingly Ko Bee Limited is deemed to be interested in the 2,386,000 shares in the Company.

(b) Directors' Interests in Associated Corporations

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

Save as disclosed above, as at 30 June 2017, none of the Directors of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have taken under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

At the end of reporting period, details of outstanding options granted to eligible persons are as follows:

2011 Share Option Scheme

Name of Grantee	Date of Grant	Closing Price Immediately Preceding the Date of Grant (HK\$)	Exercise Price (HK\$)	Weighted Average Share Price of Shares at the Date of Exercise (HK\$)	Exercisable Period	Number of Options			
						As at 1 January 2017	Granted During the 6 Months Ended 30 June 2017	Exercised/ Lapsed During the 6 Months Ended 30 June 2017	As at 30 June 2017
Directors									
Foo Kam Chu Grace	3/1/2013	15.78	15.76	N/A	3/1/2014 to 2/1/2017	316,000	—	(316,000)	—
Chan Wai Ling	3/1/2013	15.78	15.76	N/A	3/1/2014 to 2/1/2017	2,000,000	—	(2,000,000)	—
Kong Siu Man Kenny	3/1/2013	15.78	15.76	N/A	3/1/2014 to 2/1/2017	250,000	—	(250,000)	—
Other Employees	3/1/2013	15.78	15.76	N/A	3/1/2014 to 2/1/2017	2,260,000	—	(2,260,000)	—
						4,826,000	—	(4,826,000)	—

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

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

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

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed above, at no time during the six months ended 30 June 2017, were rights to subscribe for equity or debt securities of the Company granted to any Director of the Company or to their spouse or children under 18 years of age as recorded in the register required to be kept under Part XV of the SFO, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable any such persons to acquire any such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2017, the person(s) other than a Director of the Company who have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, was/were as follows:

Long Positions in the Shares

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage of Shareholding
Ko Bee Limited	Beneficial owner and interest of controlled corporation	203,483,528 <i>(Note)</i>	71.82%

Note: These 203,483,528 shares represented the aggregate of (i) 201,097,528 shares held by Ko Bee Limited, a company wholly owned by Madam Foo Kam Chu Grace and (ii) 2,386,000 shares held by Full Match Limited, a company wholly owned by Ko Bee Limited.

Save as disclosed above, as at 30 June 2017, the Company had not been notified by any person(s) (other than the Directors of the Company, whose interests are set out in the section "Directors' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations" above) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

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 2017, 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\$33,273,000 (31 December 2016: HK\$37,271,000).

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

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee, comprising three independent non-executive Directors, has reviewed with the 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 condensed consolidated interim financial statements for the six months ended 30 June 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 June 2017 except that:

(1) Code Provision A.2.1

Code Provision A.2.1 of the CG Code 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 of the CG Code 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 the annual general meeting of the Company in accordance with the bye-laws of the Company.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. The Company has made specific enquiry and all Directors confirmed that they have complied with the required standard of dealing as set out in the Model Code during the six months ended 30 June 2017.

The Company has also adopted the written guidelines on no less exacting terms than the Model Code for those relevant employees (as defined in the CG Code) in respect of their dealings in the securities of the Company in compliance with the Code Provision A.6.4 of the CG Code.

CHANGE IN DIRECTORS’ INFORMATION

Change in the Directors’ information since the disclosures made in the Company’s 2016 annual report dated 23 March 2017, which are required to be disclosed pursuant to the requirement of Rule 13.51B(1) of the Listing Rules are set out below:

Name of Director	Change
Ng Chi Keung	Re-designated as an independent non-executive director of Fairwood Holdings Limited (0052.HK) on 6 June 2017.

Save as disclosed above, there is no other change in the Directors’ information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the publication of the 2016 annual report of the Company.

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, 25 August 2017

	Notes	Six months ended 30 June	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue		602,196	1,351,460
Cost of sales		(256,092)	(841,138)
Gross profit		346,104	510,322
Other income	4	48,856	9,398
Selling expenses		(32,659)	(18,525)
Administrative expenses		(71,210)	(83,279)
Other operating expenses		(1,125)	(831)
Gain on disposal of subsidiaries		—	70,614
Net gain/(loss) on fair value adjustments on investment properties		86,854	(279,386)
Finance costs	5	(12,098)	(18,696)
Profit before income tax expense	6	364,722	189,617
Income tax expense	7	(45,497)	(58,764)
Profit for the period		319,225	130,853

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

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Other comprehensive income, net of tax		
<i>Item that will not be reclassified to profit or loss:</i>		
Deficit on revaluation of leasehold building, net of deferred tax	(287)	—
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange gain/(loss) on translation of foreign operations	6,221	(24,225)
Other comprehensive income for the period, net of tax	5,934	(24,225)
Total comprehensive income for the period	325,159	106,628

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Profit for the period attributable to:		
— Owners of the Company	319,616	59,225
— Non-controlling interests	(391)	71,628
	319,225	130,853
Total comprehensive income for the period attributable to:		
— Owners of the Company	325,318	40,175
— Non-controlling interests	(159)	66,453
	325,159	106,628

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

	<i>Note</i>	Six months ended 30 June	
		2017 (Unaudited) HK\$	2016 (Unaudited) HK\$
Earning per share for profit attributable to owners of the Company during the period			
	8		
Basic		HK\$1.13	HK\$0.21
Diluted		HK\$1.13	HK\$0.21

	<i>Notes</i>	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	9	18,589,841	17,794,052
Property, plant and equipment		110,981	112,118
Properties held for development		18,133	18,026
Available-for-sale financial assets		10	10
Loan receivables	10	29,137	7,655
		18,748,102	17,931,861
Current assets			
Properties under development		2,218,404	2,617,495
Trade and other receivables	10	153,292	135,119
Deposits paid for acquisition of properties		19,979	15,203
Bank deposit at escrow account		100,354	51,121
Cash and bank balances	11	793,645	1,592,375
		3,285,674	4,411,313
Assets of a disposal group classified as held for sale	12	438,414	—
Total current assets		3,724,088	4,411,313

	<i>Notes</i>	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Current liabilities			
Trade and other payables	13	474,333	488,308
Deposits received in advance		861,303	864,457
Borrowings	14	1,819,320	1,694,220
Provision for income tax		174,229	144,120
Total current liabilities		3,329,185	3,191,105
Net current assets		394,903	1,220,208
Total assets less current liabilities		19,143,005	19,152,069
Non-current liabilities			
Deferred tax liabilities		153,137	149,368
Net assets		18,989,868	19,002,701
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	28,331	28,331
Reserves		18,928,033	18,942,685
		18,956,364	18,971,016
Non-controlling interests		33,504	31,685
Total equity		18,989,868	19,002,701

C Consolidated Statement of Changes in Equity

	For the six months ended 30 June 2017 (unaudited)												
	Equity attributable to owners of the Company												
	Share capital	Share premium	Share redemption reserve	Capital revaluation reserve	Assets revaluation reserve	Employee share-based equity reserve	Retained profits	Exchange reserve	Special reserve	Proposed final and special dividends	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017	28,331	690,811	295	2,546	21,928	17,910,441	(25,154)	1,848	339,970	18,971,016	31,685	19,002,701	
Profit for the period	-	-	-	-	-	319,616	-	-	-	319,616	(391)	319,225	
Other comprehensive income													
Deficit on revaluation of leasehold building, net of deferred tax	-	-	-	(287)	-	-	-	-	-	(287)	-	(287)	
Exchange gain on translation of foreign operations	-	-	-	-	-	-	5,989	-	-	5,989	232	6,221	
Total comprehensive income for the period	-	-	-	(287)	-	319,616	5,989	-	-	325,318	(159)	325,159	
Lapse of shares options	-	-	-	-	(21,928)	21,928	-	-	-	-	-	-	
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	1,978	1,978	
Final dividend paid for 2016	-	-	-	-	-	-	-	-	(339,970)	(339,970)	-	(339,970)	
At 30 June 2017	28,331	690,811	295	2,259	-	18,251,985	(19,165)	1,848	-	18,956,364	33,504	18,989,868	

C Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2016 (unaudited)
Equity attributable to owners of the Company

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Assets revaluation reserve HK\$'000	Employee share-based equity reserve HK\$'000	Retained profits HK\$'000	Exchange reserve HK\$'000	Special reserve HK\$'000	Proposed final and special dividends HK\$'000		Non-controlling interests HK\$'000	Total equity HK\$'000
									Special reserve HK\$'000	Proposed final and special dividends HK\$'000		
At 1 January 2016	28,535	709,663	91	7,908	21,918	15,421,014	5,436	1,848	57,070	16,253,483	277,674	16,531,157
Profit for the period	-	-	-	-	-	59,225	-	-	-	59,225	71,628	130,853
Other comprehensive income												
Exchange loss on translation of foreign operations	-	-	-	-	-	-	(19,050)	-	-	(19,050)	(5,175)	(24,225)
Total comprehensive income for the period	-	-	-	-	-	59,225	(19,050)	-	-	40,175	66,453	106,628
Share repurchased and cancelled	(204)	(18,852)	204	-	-	(204)	-	-	-	(19,056)	-	(19,056)
Equity-settled share based payment	-	-	-	-	10	-	-	-	-	10	-	10
Disposal of a subsidiary	-	-	-	(4,445)	-	4,445	778	-	-	778	-	778
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	10,352	10,352
Final dividend paid for 2015	-	-	-	-	-	-	-	-	(56,662)	(56,662)	-	(56,662)
Under-provision for final dividend for 2015	-	-	-	-	-	408	-	-	(408)	-	-	-
At 30 June 2016	28,331	690,811	295	3,463	21,928	15,484,888	(12,836)	1,848	-	16,218,728	354,479	16,573,207

C Condensed Consolidated Cash Flow Statement

	<i>Note</i>	Six months ended 30 June	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Net cash inflow from operating activities		259,445	993,587
Net cash (outflow)/inflow from investing activities		(157,490)	33,405
Net cash outflow from financing activities		(224,990)	(13,366)
(Decrease)/increase in cash and cash equivalents		(123,035)	1,013,626
Cash and cash equivalents at 1 January		604,148	374,153
Effect of foreign exchange rate changes, net		6,532	(14,315)
Cash and cash equivalents at 30 June	11	487,645	1,373,464

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of Soundwill Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the six months ended 30 June 2017 (the “Unaudited Condensed Consolidated Interim Financial Statements”) 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 Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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

2. PRINCIPAL ACCOUNTING POLICIES

The Unaudited Condensed Consolidated Interim Financial Statements have been prepared on the historical cost basis, except for investment properties and leasehold building, which are stated at fair values.

The accounting policies adopted for the Unaudited Condensed Consolidated Interim Financial Statements are consistent with those used in the preparation of the Group’s annual audited financial statements for the year ended 31 December 2016 (the “2016 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 (“HKASs”) and Interpretations as disclosed below.

The Unaudited Condensed Consolidated Interim Financial Statements have not included all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2016 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 HKASs issued by the HKICPA, which is relevant to and effective for the Group’s consolidated financial statements for the annual financial period beginning on or after 1 January 2017.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Amendments to HKAS 7	Disclosure Initiatives
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these amendments to HKASs had no material effect on the results and financial position of the Group set out in the Unaudited Condensed Consolidated Interim Financial Statements for the current and/or prior accounting periods.

In the current interim period, the Group has adopted the following amendments to HKAS and in advance of its effective date. The Group has chosen 1 January 2017 as its date of initial application.

Amendments to HKAS 40	Transfers of Investment Property
-----------------------	----------------------------------

Amendments to HKAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in HKAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

The early adoption of amendments to HKAS 40 has resulted in the transfer of certain properties from properties under development to investment properties during the current period with details as disclosed in note 9 to the Unaudited Condensed Consolidated Interim 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, industrial 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 2017, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

3. SEGMENT INFORMATION (Continued)

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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue										
External customers	341,454	1,083,525	252,040	259,091	8,702	8,844	–	–	602,196	1,351,460
Inter-segments	121,077	126,461	26,342	3,343	1,682	1,896	24,594	19,690	173,695	151,390
Reportable segment revenue	462,531	1,209,986	278,382	262,434	10,384	10,740	24,594	19,690	775,891	1,502,850
Reportable segment profit/(loss)	65,856	207,990	222,001	207,579	5,453	4,469	(1,563)	(605)	291,747	419,433
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	3,050,231	2,952,620	18,737,402	17,988,998	30,604	28,429	653,943	1,373,117	22,472,180	22,343,164
Reportable segment liabilities	(1,040,223)	(1,129,903)	(174,531)	(182,590)	(10,005)	(10,543)	(110,877)	(29,729)	(1,335,636)	(1,352,765)

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

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 Consolidated Statement of Profit or Loss and Other Comprehensive Income as follows:

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Reportable segment revenue	775,891	1,502,850
Elimination of inter-segment revenue	(173,695)	(151,390)
Revenue	602,196	1,351,460
Reportable segment profits	291,747	419,433
Net gain/(loss) on fair value adjustments on investment properties	86,854	(279,386)
Gain on disposal of subsidiaries	—	70,614
Unallocated corporate expenses	(1,781)	(2,348)
Finance costs	(12,098)	(18,696)
Profit before income tax	364,722	189,617

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

4. OTHER INCOME

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Bank interest income	4,547	2,296
Reversal of provision for impairment of trade receivable	—	1,000
Reversal of provision for impairment of deferred and contingent consideration	—	1,012
Miscellaneous income	44,309	5,090
	48,856	9,398

5. FINANCE COSTS

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Interest charges on:		
Bank loans	12,098	19,802
Other borrowings	—	2,630
Total borrowing costs	12,098	22,432
Less: Interest capitalised in investment properties	—	(3,736)
	12,098	18,696

6. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Amortisation of properties held for development	234	243
Bad debts written off*	1,125	—
Cost of properties under development recognised as expense	256,089	839,681
Depreciation of property, plant and equipment	702	942
Employee benefit expenses (including Directors' remuneration and defined contribution cost)		
— Share option expenses	—	10
— Salaries, bonus and defined contribution cost	36,125	57,500
— Other employee benefit expenses	1,090	975
	37,215	58,485
Operating lease charges in respect of premises	459	409

* Included in other operating expenses

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
The charge comprises:		
Hong Kong profits tax	42,787	55,622
PRC Enterprise Income Tax ("EIT")	—	—
Deferred tax charge	2,710	3,142
	45,497	58,764

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit arising in or derived from Hong Kong for both periods.

All of the Group's PRC subsidiaries are subject to PRC EIT rate of 25% for both periods.

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	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Earnings		
Profit attributable to owners of the Company	319,616	59,225
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (note (a))	283,308,635	283,485,884
Effect of dilutive potential ordinary shares in respect of employee share options (note (b))	—	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	283,308,635	283,485,884

Notes:

- (a) During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries has repurchased any of the Company's shares.

During the six months ended 30 June 2016, the Company had repurchased 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 repurchased shares were subsequently cancelled in January and February 2016.

- (b) The computation of diluted earnings per share does not assume the exercise of the Company's employee share options because the exercise price of these options was higher than the average market price for shares for both periods.

9. INVESTMENT PROPERTIES

Changes to the carrying amount presented in the Consolidated Statement of Financial Position can be summarised as follows:

	2017 (Unaudited) HK\$'000
Carrying amount at 1 January	17,794,052
Additions	845,164
Transfer to assets classified as held for sales (<i>note 12</i>)	(438,000)
Transfer from properties under development	301,212
Net gain on fair value adjustments	86,854
Exchange realignment	559
Carrying amount 30 June	18,589,841

The Group's investment properties were revalued at 31 December 2016 and 30 June 2017 by an independent professional valuer, DTZ Cushman & Wakefield Limited, on the following basis:

- Certain investment properties under construction and held for future development were revalued on redevelopment basis by adopting the residual method. The residual method is determined by deducting the estimated total cost of the development including costs of construction, professional fee, finance cost, associated costs and an allowance for developer's risk and profit from the gross development value; and
- The remaining investment properties are revalued based on the market value on an existing use basis which involves certain estimates, including comparable sales transactions in the relevant market, or where appropriate, by investment method by capitalising the rental income derived from the existing tenancies with due provision for any reversionary income potential.

9. INVESTMENT PROPERTIES (Continued)

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

The fair value of the Group's investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided in above table.

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

There has been no changes to the valuation technique during the period for completed properties. For the investment properties held for future development, the valuation technique has been changed from direct comparison approach to residual method during the period.

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

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

9. INVESTMENT PROPERTIES (Continued)

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

As at 30 June 2017

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 30 Jun 2017	Valuation technique(s)	Significant unobservable input(s)	Range of significant unobservable inputs	Interrelationship between key unobservable input(s) and fair value measurement
Completed investment properties (whole block of commercial building)	16,048,000	Income capitalisation approach	Reversionary rental value	HK\$19.5–HK\$54 per month per square foot for upper-level office/restaurants premises;	The higher the rental value, the higher the fair value
				HK\$85–HK\$1,370 per month per square foot for ground floor shops	
			Adjusted term/reversionary yield	2.25%–3.5%	The higher the adjusted term and reversionary yield, the lower the fair value
Investment properties under construction	233,000	Residual method	Price per square foot	HK\$26,000 per square foot for residential premises;	The higher the price per square foot, the higher the fair value
				HK\$28,000–HK\$35,000 per square foot for shops	
			Estimated construction and other professional costs to completion	HK\$3,300 per square foot	The higher the estimated construction and other professional costs, the lower the fair value
			Estimated profit margin required to hold and develop the investment properties to completion	10%	The higher estimated profit margin, the lower the fair value

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

9. INVESTMENT PROPERTIES (Continued) As at 30 June 2017 (Continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 30 Jun 2017	Valuation technique(s)	Significant unobservable input(s)	Range of significant unobservable inputs	Interrelationship between key unobservable input(s) and fair value measurement
HK\$'000					
Investment properties held for future development	450,000	Residual method	Price per square foot	HK\$26,000 per square foot for office premises;	The higher the price per square foot, the higher the fair value
				HK\$27,000–HK\$65,000 per square foot for shops	
			Estimated construction and other professional costs to completion	HK\$4,700 per square foot	The higher the estimated construction and other professional costs, the lower the fair value
			Estimated profit margin required to hold and develop the investment properties to completion	15%	The higher estimated profit margin, the lower the fair value
Completed investment properties (individual units or ground floor shops)	1,858,841	Direct comparison	Quality of properties (e.g. location, size, level and condition of the properties)	+/- 20%	The higher the quality of properties with reference to comparables, the higher the fair value

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

9. INVESTMENT PROPERTIES (Continued)

As at 31 December 2016

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 31 Dec 2016	Valuation technique(s)	Significant unobservable input(s)	Range of significant unobservable inputs	Interrelationship between key unobservable input(s) and fair value measurement
HK\$'000					
Completed investment properties (whole block of commercial building)	15,632,000	Income capitalisation approach	Reversionary rental value	HK\$19.5–HK\$54 per month per square foot for upper-level office/restaurants premises;	The higher the rental value, the higher the fair value
				HK\$85–HK\$1,370 per month per square foot for ground floor shops	
			Adjusted term/reversionary yield	2.625%–3.5%	The higher the adjusted term and reversionary yield, the lower the fair value
Investment properties under construction	230,000	Residual method	Price per square foot	HK\$25,800 per square foot for residential premises;	The higher the price per square foot, the higher the fair value
				HK\$28,000–HK\$35,000 per square foot for shops	
			Estimated construction and other professional costs to completion	HK\$3,300 per square foot	The higher the estimated construction and other professional costs, the lower the fair value
		Estimated profit margin required to hold and develop the investment properties to completion	10%	The higher estimated profit margin, the lower the fair value	
Completed investment properties (individual units or ground floor shops)	1,932,052	Direct comparison	Quality of properties (e.g. location, size, level and condition of the properties)	+/- 20%	The higher the quality of properties with reference to comparables, the higher the fair value

10. TRADE AND OTHER RECEIVABLES

As at 30 June 2017, trade receivables included in trade and other receivables were approximately HK\$19,340,000 (31 December 2016: approximately HK\$24,075,000). The credit terms of the Group ranging from 30 to 90 days. The ageing analysis of trade receivables, presented based on the invoice date, was set out below:

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
0–30 days	12,822	10,710
31–90 days	2,832	5,384
91–180 days	2,359	6,366
Over 180 days	1,327	1,615
Total trade receivables, net	19,340	24,075
Other receivables, utility deposits and prepayment, net of provision for impairment loss	132,792	110,849
Loan receivables (<i>note</i>)	1,160	195
	133,952	111,044
	153,292	135,119
<i>Non-current:</i>		
Loan receivables (<i>note</i>)	29,137	7,655
	182,429	142,774

10. TRADE AND OTHER RECEIVABLES (Continued)

Note:

As at 30 June 2017, loan receivables included amounts of HK\$30,297,000 (31 December 2016: HK\$7,850,000) which are secured, interest-bearing at Hong Kong Dollar Best Lending Rate minus 2%–2.5% per annum, for the first 36 months from the date of loan drawdown and thereafter at the Hong Kong Dollar Best Lending Rate. The loans were repayable in 216–360 monthly instalments.

The Directors consider that the fair values of trade and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts due to short maturity periods on their inception.

11. CASH AND BANK BALANCES

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

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Cash and cash equivalents	487,645	604,148
Time deposits with original maturity over three months	306,000	988,227
Total cash and bank balances	793,645	1,592,375

Cash at bank earns interest at floating rates based on the daily bank deposit rates.

The Group's bank balances included restricted bank deposits of approximately HK\$67,092,000 (31 December 2016: approximately HK\$67,947,000) which was restricted for the purpose of construction related payments.

Included in cash and cash equivalents of the Group is HK\$219,942,000 (31 December 2016: HK\$148,726,000) of bank balances denominated in Renminbi placed with banks in the PRC.

12. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 7 June 2017, the Group entered into a sale and purchase agreement to dispose of Honest Merit International Group Limited (the “Honest Merit”), a wholly owned subsidiary of the Group (the “Disposal”). Honest Merit is an investment holding company and indirectly held the entire issued share capital of School Investment Properties Limited which together in turn held the investment properties situated at 18 School Street, Causeway Bay, Hong Kong (collectively the “Honest Merit Group”). The assets and liabilities related to Honest Merit Group have been presented as held for sale following the approval of the Board on 7 June 2017 at an aggregate consideration of HK\$455,620,000 (the “Initial Consideration”). The Disposal was completed on 6 July 2017 and the Initial Consideration was adjusted upwards by an adjustment of approximately HK\$411,000 and therefore the balance payment of the Initial Consideration as so adjusted was received on that day. The Directors regard the net sale proceeds from the Disposal (estimated to be approximately HK\$388,620,000 and therefore HK\$389,031,000, after adjustment) will be used by the Group primarily for future investment and development of the Group and as general working capital.

In accordance with HKFRS 5, the assets and liabilities relating to the Honest Merit Group have been classified as held for sale in the Consolidated Statement of Financial Position. The Disposal does not constitute a discontinued operation as it does not represent a major line of business or geographical area of operation.

	30 June 2017 HK\$'000
Investment properties (<i>note</i>)	438,000
Deposit paid	414
Total assets classified as held for sale	438,414

12. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (Continued)

Note:

The investment properties classified as held for sale were revalued on 30 June 2017 by an independent professional qualified valuer, LCH (Asia-Pacific) Surveyors Limited. In determining the fair value, the investment properties were revalued based on the market value on an existing use basis which involved certain estimates including comparable market transactions.

The investment properties were held for capital appreciation purposes and were measured using the fair value model and were classified and accounted for as investment properties.

The fair value of the investment properties is a level 3 recurring fair value measurement.

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

13. TRADE AND OTHER PAYABLES

As at 30 June 2017, trade payables included in trade and other payables were approximately HK\$10,163,000 (31 December 2016: approximately HK\$7,344,000). The Group was granted credit periods by its suppliers ranging from 30 to 60 days. The ageing analysis of trade payables, presented based on the invoice date, was set out below:

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
0–30 days	6,086	2,472
31–90 days	9	1,105
Over 90 days	4,068	3,767
Total trade payables	10,163	7,344
Other payables	464,170	480,964
	474,333	488,308

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

14. BORROWINGS

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Current liabilities		
Bank loans — secured	1,819,320	1,694,220

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

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Carrying amount of bank loans repayable based on the scheduled repayment date set out in the loan agreements:		
Within one year	1,059,220	516,100
More than one year, but not exceeding two years	576,800	481,420
More than two years, but not exceeding five years	183,300	696,700
	1,819,320	1,694,220
Less: Amounts shown under current liabilities	(1,819,320)	(1,694,220)
Amount shown under non-current liabilities	—	—
Carrying amount of bank loans due for repayment after one year which contain a repayment on demand clause (shown under current liabilities)	760,100	1,178,120

15. SHARE CAPITAL

There were no movements in the share capital of the Company in the six months ended 30 June 2017.

16. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Related companies		
Operating lease charges and management fee in respect of office premises situated in Guangzhou, the PRC (<i>note (a)</i>)	413	381
Interest expenses on unsecured revolving credit facility (<i>note (b)</i>)	—	2,630
Rental income in respect of an office premise (<i>note (c)</i>)	297	297
Rental expense for leasing carparking spaces situated in Guangzhou, the PRC (<i>note (d)</i>)	13	19

16. RELATED PARTY TRANSACTIONS (Continued)

Notes:

- (a) A subsidiary of the Company entered into a tenancy agreement with a related company, in which the Chairman and an executive Director of the Company have interests, for leasing a number of premises situated at Guangzhou, the PRC for office purpose.
- (b) On 12 June 2014, a related company in which the Chairman and an executive Director of the Company have interests, has agreed to provide an unsecured revolving credit facility for amount of HK\$150,000,000 to a wholly owned subsidiary of the Group with maturity date on 30 April 2017. On 1 May 2017, the subsidiary and related company has agreed to extend the maturity date to 30 April 2018 and revised the interest rate to prime lending rate for loans in Hong Kong dollars from time to time less 2.0% (before revision: 2.5%) per annum. There was no interest expenses arising from this facility during the current period (30 June 2016: HK\$196,000). As at 30 June 2017, the unsecured revolving credit facility was not utilised (31 December 2016: Nil).

On 1 July 2014, a related company in which the Chairman and an executive Director of the Company have interests, has agreed to provide unsecured revolving credit facility of an amount to RMB50,000,000 (equivalent to HK\$63,662,000) to a wholly owned subsidiary of the Group with a maturity date on 31 December 2016. The credit facility is interest bearing at the loan interest rate specified by People's Bank of China plus 1.5% per annum. There was no interest expenses arising from this facility during the current period (30 June 2016: HK\$2,434,000). As at 31 December 2016, the Group did not renew the facility.

- (c) A subsidiary of the Company entered into a tenancy agreement with a company, in which the Chairman and her daughters have wholly-owned interest, for leasing an office premise in Soundwill Plaza for the period of two years from 1 September 2013 to 31 August 2015 at the monthly rent of HK\$45,322 (with one month rent free period). The tenancy was renewed for a period of three years commencing from 1 September 2015 and expiring on 31 August 2018 at a monthly rental of HK\$49,538.
- (d) A subsidiary of the Company entered into tenancy agreements with a related company, in which a close family member of the Chairman and an executive Director of the Company have interests, for leasing three (30 June 2016: four) carparking spaces situated in Guangzhou, the PRC.

17. FUTURE OPERATING LEASE ARRANGEMENTS

The Group leases its investment properties (note 9) under operating lease arrangements with average lease terms of one to eight years with an option to renew the lease terms at the expiry date or at dates mutually agreed between the Group and the respective tenants. Certain leases include contingent rentals calculated with reference to turnover of the tenants. As at 30 June 2017, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties are as follows:

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Within one year	442,730	449,791
More than one year but not exceeding five years	270,990	478,230
More than five years	—	1,829
	713,720	929,850

18. COMMITMENTS

(a) Operating lease commitments

As at 30 June 2017, the total future aggregate minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Within one year	364	241
More than one year but not exceeding five years	—	34
	364	275

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2017

18. COMMITMENTS (Continued)

(b) Capital commitments

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Contracted but not provided for:		
– Construction costs and services expenses of property development	395,705	332,460
– Acquisition of properties	89,054	19,043
– Capital contribution to Hong Kong and PRC subsidiaries of property development business	43,813	38,062
	528,572	389,565



金朝陽集團有限公司[®]
SOUNDWILL HOLDINGS LIMITED

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



www.fsc.org

MIX

Paper from responsible sources

源自負責任的森林資源的紙張

FSC™ C007445