SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$ million	*HK$ million*
Turnover	**261.3**	254.7
Net gain on fair value adjustments on investment properties	**216.1**	261.0
Profit attributable to owners of the Company	**290.1**	448.1
Basic earnings per share (dollars)	**HK$1.02**	HK$1.60

	At 30 June 2015	At 31 December 2014
	(Unaudited)	(Audited)
	HK$ million	*HK$ million*
Total assets	**20,613.4**	20,003.8
Net assets	**16,926.0**	16,662.7
Total borrowings	**2,351.4**	2,221.9
Gearing ratio	**14%**	13%
Net asset value per share (dollars)	**HK$59.5**	HK$58.7

RESULTS

The Board of directors (the "Directors") of Soundwill Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 which have been reviewed by the Audit Committee of the Company, with comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue/Turnover		**261,321**	254,721
Cost of sales		**(5,792)**	(33,525)
Gross profit		**255,529**	221,196
Other income	*4*	**18,796**	15,248
Selling expenses		**(23,975)**	(9,237)
Administrative expenses		**(81,182)**	(88,073)
Other operating expenses		**(26)**	(20)
Gain on disposal of subsidiaries		**–**	101,546
Net gain on fair value adjustments on investment properties		**216,138**	261,017
Finance costs	*5*	**(18,020)**	(30,140)
Share of results of a joint venture		**(2)**	(14)
Profit before income tax expense	*6*	**367,258**	471,523
Income tax expense	*7*	**(30,146)**	(24,843)
Profit for the period		**337,112**	446,680
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**	2,934
Item that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) on translation of financial statements of foreign operations		**3,710**	(3,932)
Other comprehensive income for the period, net of tax		**4,523**	(998)
Total comprehensive income for the period		**341,635**	445,682

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

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period attributable to:		
– Owners of the Company	**290,122**	448,078
– Non-controlling interests	**46,990**	(1,398)
	337,112	446,680
Total comprehensive income attributable to:		
– Owners of the Company	**294,025**	447,601
– Non-controlling interests	**47,610**	(1,919)
	341,635	445,682

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	***HK$***	*HK$*
Earning per share for profit attributable to owners of the Company during the period	*8*		
Basic		**HK$1.02**	HK$1.60
Diluted		**HK$1.02**	HK$1.59

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2015 (Unaudited)** ***HK$'000***	31 December 2014 (Audited) *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**15,948,810**	15,730,226
Property, plant and equipment		**189,190**	190,699
Properties held for development		**26,931**	27,187
Interest in a joint venture		**29,218**	29,211
Available-for-sale financial assets		**10**	10
Other receivable		**36,059**	35,790
Goodwill		**–**	–
		16,230,218	16,013,123
Current assets			
Properties under development		**3,417,880**	2,558,459
Trade and other receivables	*9*	**105,703**	85,060
Deposits paid for acquisition of properties		**5,875**	3,105
Bank deposit at escrow account		**307,614**	179,007
Structured bank deposits		**8,870**	94,591
Cash and bank balances		**321,109**	1,070,403
		4,167,051	3,990,625
Assets classified as held for sales	*10*	**216,098**	–
		4,383,149	3,990,625
Current liabilities			
Trade and other payables	*11*	**518,418**	515,668
Deposits received in advance		**621,174**	421,108
Borrowings		**2,299,350**	2,197,920
Provision for income tax		**124,129**	111,372
		3,563,071	3,246,068
Net current assets		**820,078**	744,557
Total assets less current liabilities		**17,050,296**	16,757,680
Non-current liabilities			
Borrowings		**51,999**	24,011
Deferred tax liabilities		**72,295**	70,942
		124,294	94,953
Net assets		**16,926,002**	16,662,727

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

	30 June 2015 (Unaudited) ***HK$'000***	31 December 2014 (Audited) *HK$'000*
EQUITY		
Equity attributable to owners of the Company		
Share capital	**28,429**	28,407
Reserves	**16,587,979**	16,376,430
	16,616,408	16,404,837
Non-controlling interests	**309,594**	257,890
Total equity	**16,926,002**	16,662,727

Notes:

1. Basis of Preparation

The unaudited condensed interim consolidated financial statements of the Group for the six months ended 30 June 2015 (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, and the accounting policies of which are consistent with those of the Group's annual audited financial statements for the year ended 31 December 2014 (the "2014 Annual Financial Statements") as described thereof.

The accounting policies adopted for the six months ended 30 June 2015 are consistent with those used in the preparation of the 2014 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 2014 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 2015.

2. Principal accounting policies *(Continued)*

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

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

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The adoption of the amendments to HKAS 16 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with revaluations of its property, plant and equipment.

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018

2. Principal accounting policies *(Continued)*

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

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.

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.

2. Principal accounting policies *(Continued)*

Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

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.

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 2015, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

The turnover 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**	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	(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*
Turnover										
External customers	**1,998**	41,229	**252,000**	206,947	**7,323**	6,545	**–**	–	**261,321**	254,721
Inter-segments	**110,611**	104,529	**2,829**	34,600	**2,531**	1,838	**25,600**	26,461	**141,571**	167,428
Reportable segment turnover	**112,609**	145,758	**254,829**	241,547	**9,854**	8,383	**25,600**	26,461	**402,892**	422,149
Reportable segment profit/(loss)	**(34,424)**	(18,452)	**196,686**	167,154	**3,754**	1,706	**15,770**	3,532	**181,786**	153,940
Reportable segment assets	**3,584,212**	3,941,115	**16,804,227**	16,062,568	**15,648**	10,575	**180,052**	194,910	**20,584,139**	20,209,168
Reportable segment liabilities	**(953,188)**	(1,666,001)	**(142,944)**	(139,922)	**(8,309)**	(6,614)	**(35,151)**	(6,512)	**(1,139,592)**	(1,819,049)

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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Reportable segment turnover	**402,892**	422,149
Elimination of inter-segment turnover	**(141,571)**	(167,428)
Turnover	**261,321**	254,721
Reportable segment profit	**181,786**	153,940
Net gain on fair value adjustments on investment properties	**216,138**	261,017
Gain on disposal of subsidiaries	**–**	101,546
Unallocated income and expenses	**(12,644)**	(14,826)
Finance costs	**(18,020)**	(30,140)
Share of results of a joint venture	**(2)**	(14)
Profit before income tax	**367,258**	471,523

4. **Other Income**

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**8,602**	3,448
Other service income from building management services	**237**	328
Reversal of provision for impairment of deferred and contingent consideration	**8,516**	–
Miscellaneous income	**1,441**	11,472
	18,796	15,248

5. Finance Costs

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest charges on:		
Bank loans		
– wholly repayable within five years	**17,030**	30,056
– not wholly repayable within five years	**3,342**	5,728
Other borrowings – wholly repayable within five years	**298**	106
Total borrowing costs	**20,670**	35,890
Less: Interest capitalised in investment properties and properties under development	**(2,650)**	(5,750)
	18,020	30,140

6. Profit before income tax expense

Profit before income tax expense is arrived at after charging:

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Amortisation of properties held for development	**355**	354
Cost of properties under development recognised as expense	**1,150**	25,235
Deposits for property acquisition written off*	**–**	20
Depreciation of property, plant and equipment	**2,484**	2,801
Loss on disposal of property, plant and equipment*	**26**	–
Property, plant and equipment written off	**–**	158
Employee benefit expenses (including directors' remuneration and defined contribution cost)		
– Share option expenses	**915**	3,055
– Salaries, bonus and defined contribution cost	**57,937**	64,468
– Other employee benefit expenses	**1,291**	1,356
	60,143	68,879
Operating lease charges in respect of premises	**676**	1,285

* included in other operating expenses

7. Income Tax Expense

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The charge/(credit) comprises:		
Hong Kong profits tax	**28,519**	21,982
PRC income tax	**496**	3,788
Deferred tax charge/(credit)	**1,131**	(927)
	30,146	24,843

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit arising in or derived from Hong Kong.

For the period ended 30 June 2015, all the Group's PRC subsidiaries are subject to PRC Enterprise Income Tax ("EIT") rate of 25% (2014: 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	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings		
Profit attributable to owners of the Company	**290,122**	448,078

	2015	2014
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**284,227,635**	280,860,600
Effect of dilutive potential ordinary shares in respect of employee share options	**542,094**	1,864,394
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**284,769,729**	282,724,994

9. Trade and Other receivables

As at the reporting date, trade receivables included in trade and other receivables were approximately HK$9,220,000 (31 December 2014: approximately HK$11,149,000). 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 2015 (Unaudited) ***HK$'000***	31 December 2014 (Audited) *HK$'000*
0 – 30 days	**4,793**	5,833
31 – 90 days	**1,844**	4,430
91 – 180 days	**1,441**	445
Over 180 days	**1,142**	441
Total trade receivables	**9,220**	11,149
Other receivables, utility deposits and prepayment, net (including the deferred and contingent consideration)	**96,483**	73,911
	105,703	85,060

10. Assets classified as held for sale

During the period, the Group, together with other owners of adjacent units, comprising all the owners of an entire building, put up a tendering offer to the public and accordingly have reclassified these investment properties as "Assets classified as held for sale" as required under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". A letter of tender acceptance was subsequently granted to an independent third party in July 2015 to dispose of the said properties at a total consideration of HK$403,800,000, in which the Group has the interests of 53.62% (the "Disposal"). The Disposal is expected to be completed on 29 September 2015. At 30 June 2015, the Group has recognised a fair value gain of approximately HK$124,398,000 on these investment properties.

11. Trade and Other Payables

As at the reporting date, trade payables included in trade and other payables were approximately HK$7,905,000 (31 December 2014: approximately HK$10,829,000). 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 2015 (Unaudited) *HK$'000*	31 December 2014 (Audited) *HK$'000*
0 – 30 days	**2,088**	4,842
31 – 90 days	**602**	847
Over 90 days	**5,215**	5,140
Total trade payables	**7,905**	10,829
Other payables	**510,513**	504,839
	518,418	515,668

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the first half of 2015, global financial markets were in turmoil as a result of the Greek debt crisis and upheavals in China's stock markets. Although Greece may yet pull out of the Eurozone despite reaching agreement with international creditors, the global economy as a whole remained stable owing to persistently loose monetary conditions in major economies.

In Hong Kong, the slowdown in the number of inbound visitors from Mainland China, coupled with the decline in the foreign exchange rates of its neighbours, affected the local retail sector and indirectly to the Group's rental performance. The drop in visitor spending, however, did not have a negative impact on Hong Kong's property development sector as evidenced by the residential market in Hong Kong has been performing well both in terms of volume and price. This positive market momentum was driven mainly by solid end-user demand for small- to medium-sized units and the prevailing low interest rate environment coupled with reasonable affordability should help sustain transactions at healthy levels.

With regard to property sales, the Group pre-sold all 322 workshops in iPLACE during the period under review, an industrial project located on Castle Peak Road in Kwai Chung. All the workshops in it have been sold out. Total sales proceeds amounted to more than HK$1 billion.

The Group also acquired an industrial project on Ta Chuen Ping Street, Kwai Chung, for about HK$493 million (including transaction costs) in January 2015. Additionally, in March 2015 the Group acquired more than 85% ownership of an industrial building on Chai Wan Kok Street, Tsuen Wan for about HK$268 million (including transaction costs). The Group will continue to replenish its landbank for strengthening earnings and development growth.

MANAGEMENT DISCUSSION AND ANALYSIS *(CONTINUED)*

Property Assembly Business

The Group is constantly looking for business opportunities through property assembly, acquisition of old buildings and tenders for government land. In addition to its focus on residential projects, the Group seeks to acquire development projects and land reserves with high appreciation potential at a reasonable cost. This strategy allows the Group to increase earnings, expand its development potential and maximize the efficient use of its land resources.

Property Leasing

For the six months ended 30 June 2015, the segment from property leasing recognised revenue of approximately HK$252,000,000, representing 96% of the Group's revenue for the period.

Soundwill Plaza, the Group's flagship property located at 38 Russell Street in the heart of Causeway Bay, is a popular attraction for both local consumers and visitors. During the period under review, this property achieved satisfactory rental performance and currently contributes one of the most stable streams of income to the Group. Buoyed by the market's enthusiastic demand for high-quality properties in premium locations, the occupancy rate of Soundwill Plaza still remained at high level.

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 December 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, the occupancy rate of this building achieved at satisfactory level.

The Group's investment properties in prime locations of Hong Kong, together with a high-quality tenant portfolio, will continue to provide a significant source of recurring rental income for the Group.

Property Development

For the six months ended 30 June 2015, the segment from property development recognised revenue of approximately HK$1,998,000, representing 1% of the Group's revenue for the period.

As mentioned above, the total sales proceeds of iPLACE on Castle Peak Road exceeded HK$1 billion in which the sale has achieved the Group's target. This project is expected to be completed in the fourth quarter of 2016.

Property Management

For the six months ended 30 June 2015, the segment from property management business recognised revenue of approximately HK$7,323,000, representing 3% of the Group's 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 a 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 manage.

Real Estate Business in Mainland China

The Group currently has several property projects in Mainland China, some of which are in the development stage. During the period under review, the Chinese property market benefited from a series of government stimulus policies, such as monetary easing in the form of interest rate cuts and the reduction in required reserves ratios for banks as well as easing curbs on mortgage lending and relaxation in home purchase restrictions.

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. The villas in Phase 1 were completed while the high-rise residences in Phase 2 were under construction.

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.

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 the Company's 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 organized briefings and media interviews to discuss results announcements 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 of Directors recognizes 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 Citizen

The Group remains firmly to pursue excellence in social responsibilities to the community, a commitment that has become firmly embedded in its corporate culture.

In cooperation with art organizations and corporate brands, the Group provides access to Midtown POP, a multi-purpose art exhibition space located at Midtown, as a platform for promoting local art and culture. For example, the Group recently collaborated with West Kowloon Cultural District to stage the Mobile M+: Moving Images exhibition depicting the influx of immigrants to Hong Kong in the 1980s. The event gave artists from Hong Kong and elsewhere an outstanding performance venue in a contemporary urban setting for showcasing their talents.

The Soundwill Volunteer Team plays 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. Volunteers from the Group share 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. The Group, in conjunction with its member companies and property projects, also received commendations acknowledging its commitment to social responsibility over the years.

Prospects

Despite the imminent prospect of an interest rate hike by the US Federal Reserve, this seems unlikely to have a significant impact on the economy as it has been widely anticipated in the market for a period of time. In addition, the sustained recovery of the US economy, the upturn of the European economy and the adoption of accommodative monetary policy by central banks around the world, may all play a role in contributing to robust economic growth for the remains of 2015. The impact of the recent devaluation of Renminbi remains to be seen.

Notwithstanding the slowdown in local retail sales, it is anticipated that Hong Kong may expect moderate economic growth on the back of ongoing large-scale infrastructure construction and healthy domestic consumption amid robust employment conditions.

In Hong Kong's residential market sector, transaction volumes in the primary market were steady over the last six months; this improvement was underpinned by solid end-user demand of small-sized and boutique-style residences. This trend, supported by stable economic conditions and the prevailing low interest rate environment, should ensure healthy growth in the residential market.

The Company is cautious about the outlook but finds no immediate material adverse effect on the current business after considering the relevant negative factors. However, the Company will keep a closer look at the market development and will at appropriate time consider adjustments to the relevant business.

Looking ahead to the second half of 2015, the Group will continue to keep a balance of its income from property sales and property leasing. It will also selectively replenish its land bank and continue to develop its businesses prudently by launching new projects at opportune times. These strategies, along with solid, recurring leasing income 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 2015 (30 June 2014: Nil).

FINANCIAL REVIEW

For the six months ended 30 June 2015, the Group has recorded a turnover of HK$261,321,000 (30 June 2014: HK$254,721,000), representing an increase of 3% as compared with the same period last year. The increase in turnover was mainly attributable to the increase in revenue from property leasing.

Net profit attributable to owners of the Company was HK$290,122,000 (30 June 2014: HK$448,078,000), representing a decrease of HK$157,956,000 as compared with the corresponding period in 2014, mainly due to the decrease of fair value adjustments on the Group's investment properties portfolio and the decrease in gain on disposal of subsidiaries.

The total interest expenses for the six months ended 30 June 2015 amounted to HK$18,020,000 (30 June 2014: HK$30,140,000) representing a decrease of HK$12,120,000, mainly due to lower total borrowings at the beginning of the year as compared with the same period in last year.

The Company's basic earnings per share was HK$1.02 as compared with the same period of last year of HK$1.60.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2015, the Group cash and bank balances amounted to HK$321,109,000 (31 December 2014: HK$1,070,403,000). The Group's total borrowings as at 30 June 2015 were HK$2,351,349,000 (31 December 2014: HK$2,221,931,000). The Group's gearing ratio, (which was expressed as a percentage of total borrowings over total equity) was 14% as at 30 June 2015 (31 December 2014: 13%).

As at 30 June 2015, the Group's net assets amounted to HK$16,926,002,000 (31 December 2014: HK$16,662,727,000), representing an increase of 2%.

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

There was no material acquisitions of subsidiaries and associated companies during the six months ended 30 June 2015.

EMPLOYEES

There was no material change regarding the number of the employees of the Group since the publication of the Company's 2014 annual report.

PLEDGE OF ASSETS

As at 30 June 2015, certain investment properties, property, plant and equipment, and properties under development of the Group with a total carrying value of approximately HK$12,802,443,000 (31 December 2014: approximately HK$12,782,748,000) were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

(a) During the course of business, certain bank accounts were opened and held in the name of certain subsidiaries on behalf of third parties to whom these subsidiaries provided building management services. As at the reporting date, those bank balances which were held on behalf of third parties and were not accounted for in the books of account and financial statements of the Group amounted to HK$24,996,000 (31 December 2014: HK$19,577,000).

(b) Since the Group commenced legal proceedings HCA 1902/2009 ("the Action") against a joint venture partner in 2009, with whom the Group has a joint venture agreement for the development and construction of village houses in the New Territories, the Action has been stayed pending the outcome of the proceedings in HCMP 1760/2009 which concerns the same subject matter. The Group has filed a re-amended statement of claim in December 2012 in HCMP 1760/2009 and the exchange of pleadings have been closed in or about April 2013. The case has come to the stage of discovery of documents and thereafter it will proceed to the mutual exchange of factual witnesses' statements. The trial date is yet to be fixed by court.

    In view of the Group's legal adviser unable to assess the likely outcome, provision for amount due from a joint venture and provision for legal costs were amounting to HK$15,565,000 and HK$3,237,000 (31 December 2014: HK$15,565,000 and HK$3,598,000) respectively.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee comprising three independent non-executive directors has reviewed with management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 June 2015.

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 2015 except that:

(1) Code Provision A.2.1

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

The roles of the chairman and chief executive officer are 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 2015 of the Company will also be published on the aforesaid websites in due course.

APPRECIATION

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

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

Hong Kong, 18 August 2015

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.