



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

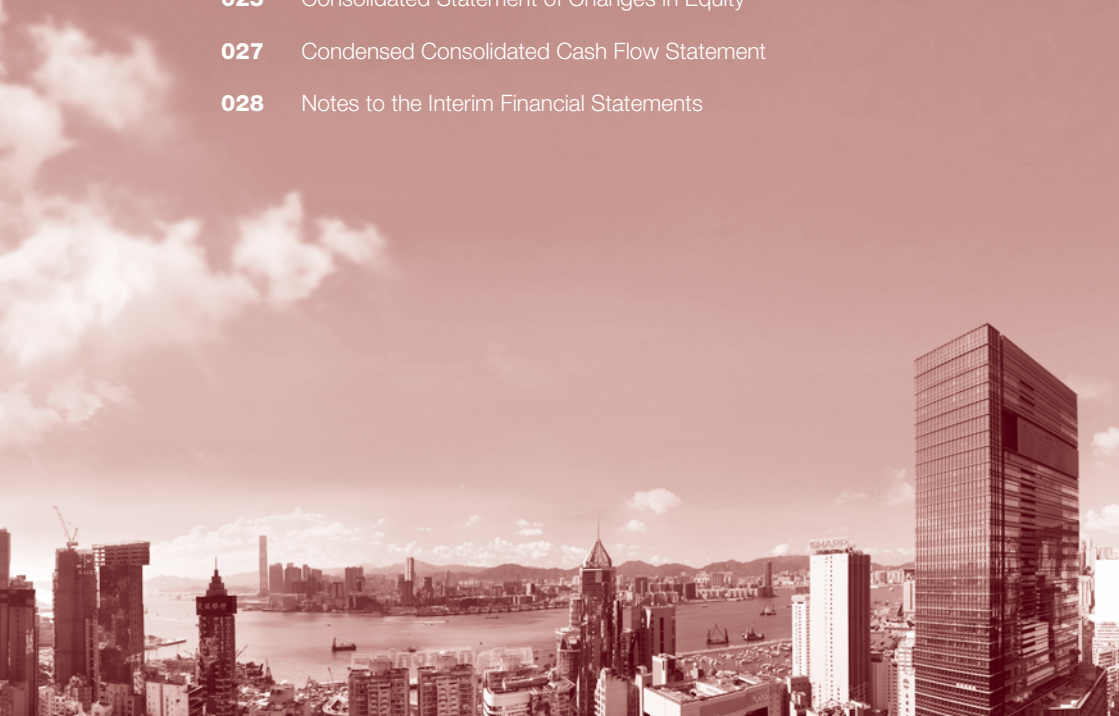
# 2016

**INTERIM REPORT**  
中期報告

\* 僅供識別 / For identification only

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# Corporate Information

## 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

TAM Chong Cheong Aaron

## AUDITOR

BDO Limited  
Certified Public Accountants

## LEGAL ADVISORS

Lo, Wong & Tsui  
Conyers Dill & Pearman

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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  
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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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](http://www.soundwill.com.hk)

## INVESTOR RELATIONS

E-mail: [sw.ir@soundwill.com.hk](mailto:sw.ir@soundwill.com.hk)

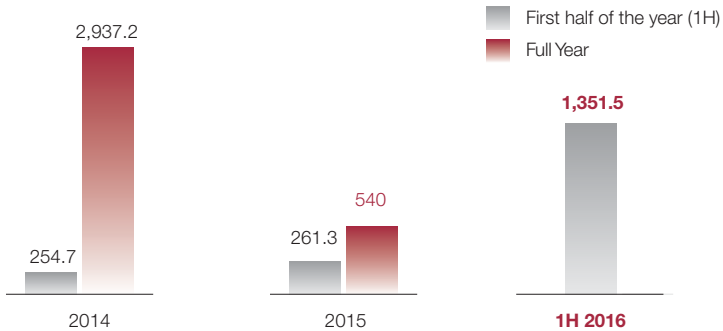
## Financial Highlights

	<b>Six months ended 30 June</b>	
	<b>2016</b> <b>(Unaudited)</b> <b>HK\$ million</b>	2015 (Unaudited) HK\$ million
Revenue	<b>1,351.5</b>	261.3
Profit before income tax expense excluding net (loss)/gain on fair value adjustments	<b>469.0</b>	151.1
Net (loss)/gain on fair value adjustments on investment properties	<b>(279.4)</b>	216.1
Profit before income tax expense	<b>189.6</b>	367.3
Profit attributable to owners of the Company	<b>59.2</b>	290.1
Basic earnings per share (dollars)	<b>HK\$0.21</b>	HK\$1.02
	<b>At</b> <b>30 June</b> <b>2016</b> <b>(Unaudited)</b> <b>HK\$ million</b>	At 31 December 2015 (Audited) HK\$ million
Total assets	<b>20,064</b>	19,963
Net assets	<b>16,573</b>	16,531
Total borrowings	<b>1,987</b>	2,137
Gearing ratio	<b>12%</b>	13%
Net asset value per share (dollars)	<b>HK\$58.5</b>	HK\$57.9

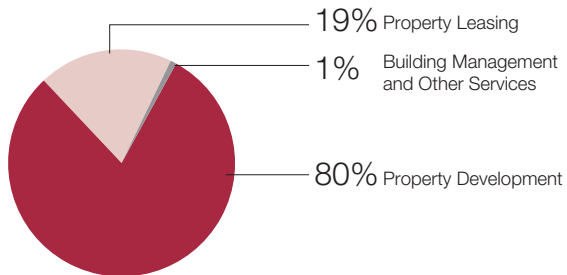
## Financial Highlights (Continued)

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

HK\$ million

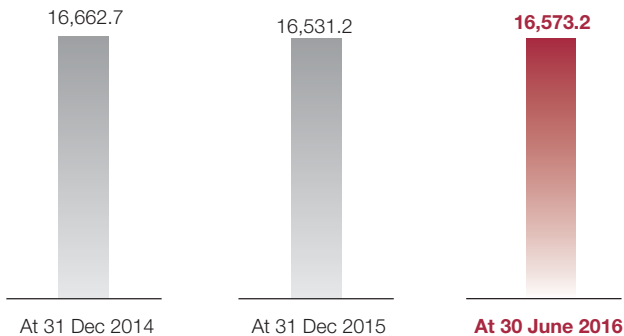


### GROUP'S REVENUE MIX FOR THE SIX MONTHS ENDED 30 JUNE 2016



### GROUP'S NET ASSET VALUE

HK\$ million



# Management Discussion and Analysis

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

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

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

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

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

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

# Management Discussion and Analysis (Continued)

## Property Leasing

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

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

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

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

## Property Development

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

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

## Property Management

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

## Management Discussion and Analysis (Continued)

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

### Real Estate Business in Mainland China

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

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

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

### Communication with Shareholders and Investors/Investor Relations

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



## Management Discussion and Analysis (Continued)

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

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

### Corporate Citizenship

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

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

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

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

# Management Discussion and Analysis (Continued)

## Prospects

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

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

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

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

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

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

# Management Discussion and Analysis (Continued)

## INTERIM DIVIDEND

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

## FINANCIAL REVIEW

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

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

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

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

## FINANCIAL RESOURCES AND LIQUIDITY

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

Amongst the total borrowings, approximately HK\$383,600,000 (31 December 2015: approximately HK\$809,130,000) will be repayable within one year and approximately HK\$1,603,020,000 (31 December 2015: approximately HK\$1,327,920,000) will be repayable after one year based on the scheduled repayment dates set out in the respective loan agreements. There are sufficient committed banking facilities available for the Group's current funding needs and future business requirements. The Group's financial position remains healthy.

## Management Discussion and Analysis (Continued)

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

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

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

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

### **DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

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

### **EVENT AFTER REPORTING PERIOD**

Saved the disposal of Indigo Dragon Group as disclosed above, there is no other important event affecting the Group which has occurred since 30 June 2016 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 2015 annual report.

## Management Discussion and Analysis (Continued)

### PLEDGE OF ASSETS

As at 30 June 2016, certain investment properties, property, plant and equipment, and properties under development of the Group with a total carrying value of approximately HK\$11,000,618,000 (31 December 2015: approximately HK\$12,404,739,000) were pledged to secure banking facilities for the Group.

### DIRECTORS' INTERESTS AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

#### (a) Directors' interests in the Company

As at 30 June 2016, the interests of the Directors and chief executive 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:

(i) Long positions in shares:

Name of Director	Capacity	Number of Shares	Approximate Percentage of Shareholding
Foo Kam Chu Grace	Interest of controlled corporation	197,794,028 <sup>(Note)</sup>	69.82
	Beneficial owner	96,602	0.03
Kong Siu Man Kenny	Beneficial owner	250,000	0.09

Note: These 197,794,028 shares represented the aggregate of:

- (i) 195,408,028 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 Madam Foo Kam Chu Grace.

## Management Discussion and Analysis (Continued)

- (ii) Long positions in underlying shares of equity derivatives of the Company – interests in share options of the Company (have been granted and remained outstanding):

Name	Capacity	Number of Shares in the Option	Exercisable Period	Price of Grant (HK\$)	Subscription Price per share (HK\$)
Foo Kam Chu Grace	Beneficial owner	316,000	3/1/2014 to 2/1/2017	1.00	15.76
Chan Wai Ling	Beneficial owner	2,000,000	3/1/2014 to 2/1/2017	1.00	15.76
Kong Siu Man Kenny	Beneficial owner	250,000	3/1/2014 to 2/1/2017	1.00	15.76

### (b) Director's interests in Associated Corporation

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 2016, none of the Directors and chief executive 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.

## Management Discussion and Analysis (Continued)

### SHARE OPTION SCHEME

At the end of reporting period, details of outstanding options granted to several Directors and various employees of the Group 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 closing price of shares immediately before exercise date (HK\$)	Exercisable period	Number of Options			As at 30 June 2016
						As at 1 January 2016	Granted during the 6 months ended 30 June 2016	Exercised/ lapsed* during the 6 months ended 30 June 2016	
<b>Directors</b>									
Foo Kam Chu Grace	6/12/2011	8.60	8.71	N/A	6/12/2012 to 5/12/2015	-	-	-	-
	3/1/2013	15.78	15.76	N/A	3/1/2014 to 2/1/2017	316,000	-	-	316,000
Chan Wai Ling	6/12/2011	8.60	8.71	N/A	6/12/2012 to 5/12/2015	-	-	-	-
	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	6/12/2011	8.60	8.71	N/A	6/12/2012 to 5/12/2015	-	-	-	-
	3/1/2013	15.78	15.76	N/A	3/1/2014 to 2/1/2017	250,000	-	-	250,000
Other employees	6/12/2011	8.60	8.71	N/A	6/12/2012 to 5/12/2015	-	-	-	-
	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

## Management Discussion and Analysis (Continued)

Under the 2011 Share Option Scheme, 5,560,000 and 5,196,000 share options were granted on 6 December 2011 and 3 January 2013 (each "Grant Date"). The vesting schedule of above share options granted is as follows:

- (a) 50% can be exercised at any time after first anniversary of the Grant Date;
- (b) 25% can be exercised at any time after second anniversary of the Grant Date; and
- (c) 25% 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 2016, were rights to subscribe for equity or debt securities of the Company granted to any Director or chief executive of the Company or to the spouse or children under 18 years of age of any such Director or chief executive 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.



# Management Discussion and Analysis (Continued)

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, the person other than a Director or chief executive of the Company who has an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, were as follows:

### Long positions in shares

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate Percentage of Shareholding</b>
Ko Bee Limited	Beneficial owner	197,794,028	69.82

Save as disclosed above as at 30 June 2016, the Company has not been notified of any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under 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 2016, those bank balances which were held on behalf of third parties and were not accounted for in the books of account and financial statements of the Group amounted to HK\$32,226,000 (31 December 2015: HK\$27,492,000).

## Management Discussion and Analysis (Continued)

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

The Company is empowered by the applicable laws of the Bermuda and its Bye-laws to buy-back its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange. During the six months ended 30 June 2016, the Company had bought-back a total of 2,039,000 shares of HK\$0.10 each on the Stock Exchange at an aggregate consideration paid of HK\$19,056,064. All of the bought-back shares were subsequently cancelled in January and February 2016. The buy-backs were effected by the Directors for the enhancement of shareholders' value. Details of the buy-backs are as follows:

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

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

### AUDIT COMMITTEE

The Audit Committee comprising three independent non-executive Directors has reviewed with management, the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including a review of the unaudited interim financial statements for the six months ended 30 June 2016.

## Management Discussion and Analysis (Continued)

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

#### (1) Code Provision A.2.1

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

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

#### (2) Code Provision A.4.1

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

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

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

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

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

# Management Discussion and Analysis (Continued)

## CHANGES IN DIRECTORS' INFORMATION

Changes in the Directors' information since the disclosures made in the Company's Annual Report 2015 dated 23 March 2016, which are required to be disclosed pursuant to the requirement of Rule 13.51B(1) of the Listing Rules are set out below:

<b>Name of Director</b>	<b>Change(s)</b>
Mr. Chan Kai Nang Independent Non-Executive Director	He resigned as independent non-executive director of Asian Capital Holdings Limited and Steed Oriental (Holdings) Company Limited on 18 June 2016 and 12 August 2016 respectively.
Mr. Pao Ping Wing Independent Non-Executive Director	He resigned as independent non-executive director of HL Technology Group Limited on 27 May 2016.

Directors' profiles are available on the Company's website.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## APPRECIATION

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

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

Hong Kong, 24 August 2016

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended 30 June	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue		<b>1,351,460</b>	261,321
Cost of sales		<b>(841,138)</b>	(5,792)
Gross profit		<b>510,322</b>	255,529
Other income	4	<b>9,398</b>	18,796
Selling expenses		<b>(18,525)</b>	(23,975)
Administrative expenses		<b>(83,279)</b>	(81,182)
Other operating expenses		<b>(831)</b>	(26)
Gain on disposal of subsidiaries	20	<b>70,614</b>	–
Net (loss)/gain on fair value adjustments on investment properties		<b>(279,386)</b>	216,138
Finance costs	5	<b>(18,696)</b>	(18,020)
Share of results of a joint venture		<b>–</b>	(2)
Profit before income tax expense	6	<b>189,617</b>	367,258
Income tax expense	7	<b>(58,764)</b>	(30,146)
<b>Profit for the period</b>		<b>130,853</b>	337,112

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

	Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Other comprehensive income, net of tax</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Surplus on revaluation of leasehold building, net of deferred tax	–	813
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange (loss)/gain on translation of financial statements of foreign operations	(24,225)	3,710
Other comprehensive income for the period, net of tax	(24,225)	4,523
<b>Total comprehensive income for the period</b>	<b>106,628</b>	<b>341,635</b>

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

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

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

# Consolidated Statement of Financial Position

	<i>Notes</i>	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Investment properties	9	<b>14,555,549</b>	15,610,480
Property, plant and equipment		<b>115,848</b>	116,356
Properties held for development		<b>18,786</b>	19,271
Available-for-sale financial assets		<b>10</b>	10
Goodwill		<b>–</b>	–
		<b>14,690,193</b>	15,746,117
<b>Current assets</b>			
Properties under development		<b>2,634,853</b>	3,265,104
Trade and other receivables	10	<b>179,466</b>	144,978
Deposits paid for acquisition of properties		<b>9,605</b>	13,505
Bank deposit at escrow account		<b>260,488</b>	346,044
Cash and bank balances	11	<b>1,473,437</b>	374,153
		<b>4,557,849</b>	4,143,784
Assets of a disposal group classified as held for sale	12	<b>816,027</b>	73,079
Total current assets		<b>5,373,876</b>	4,216,863



## Consolidated Statement of Financial Position (Continued)

	Notes	30 June 2016 (Unaudited) HK\$'000	31 December 2015 (Audited) HK\$'000
<b>Current liabilities</b>			
Trade and other payables	13	504,967	460,106
Deposits received in advance		648,422	734,637
Borrowings	14	1,986,620	2,137,050
Provision for income tax		68,530	22,707
		<b>3,208,539</b>	3,354,500
Liabilities of a disposal group classified as held for sale	12	202,468	370
Total current liabilities		<b>3,411,007</b>	3,354,870
<b>Net current assets</b>		<b>1,962,869</b>	861,993
<b>Total assets less current liabilities</b>		<b>16,653,062</b>	16,608,110
<b>Non-current liabilities</b>			
Deferred tax liabilities	15	79,855	76,953
<b>Net assets</b>		<b>16,573,207</b>	16,531,157
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	16	28,331	28,535
Reserves		16,190,397	16,224,948
		<b>16,218,728</b>	16,253,483
<b>Non-controlling interests</b>		<b>354,479</b>	277,674
<b>Total equity</b>		<b>16,573,207</b>	16,531,157

# Consolidated Statement of Changes in Equity

	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	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>At 1 January 2016</b>	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
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 minority shareholders	-	-	-	-	-	-	-	-	-	-	10,352	10,352
Final dividend paid for 2015	-	-	-	-	-	-	-	-	(56,662)	(56,662)	-	(56,662)
<b>Transactions with owners</b>	(204)	(18,852)	204	(4,445)	10	4,241	778	-	(56,662)	(74,930)	10,352	(64,578)
<b>Profit for the period</b>	-	-	-	-	-	59,225	-	-	-	59,225	71,628	130,853
<b>Other comprehensive income</b>												
<i>Items that will be reclassified subsequently to profit or loss:</i>												
Exchange loss on translation of financial statements of foreign operations	-	-	-	-	-	-	(19,050)	-	-	(19,050)	(5,175)	(24,225)
<b>Total comprehensive income for the period</b>	-	-	-	-	-	59,225	(19,050)	-	-	40,175	66,453	106,628
Under-provision for final dividend for 2015	-	-	-	-	-	408	-	-	(408)	-	-	-
<b>At 30 June 2016</b>	28,331	690,811	295	3,463	21,928	15,484,888	(12,836)	1,848	-	16,218,728	354,479	16,573,207

# Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2015 (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	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
<b>At 1 January 2015</b>	28,407	694,240	37	5,451	25,893	15,529,767	33,973	1,848	85,221	16,404,837	257,890	16,662,727
Exercise of share options	22	2,428	-	-	(532)	-	-	-	-	1,918	-	1,918
Equity-settled share based payment	-	-	-	-	915	-	-	-	-	915	-	915
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	4,094	4,094
Final and special dividends paid for 2014	-	-	-	-	-	-	-	-	(85,287)	(85,287)	-	(85,287)
<b>Transaction with owners</b>	22	2,428	-	-	383	-	-	-	(85,287)	(82,454)	4,094	(78,360)
<b>Profit for the period</b>	-	-	-	-	-	290,122	-	-	-	290,122	46,990	337,112
<b>Other comprehensive income</b>												
<i>Items that will not be reclassified to profit or loss:</i>												
Surplus on revaluation of leasehold building, net of deferred tax	-	-	-	813	-	-	-	-	-	813	-	813
<i>Items that may be reclassified subsequently to profit or loss:</i>												
Exchange gain on translation of financial statements of foreign operations	-	-	-	-	-	-	3,090	-	-	3,090	620	3,710
<b>Total comprehensive income for the period</b>	-	-	-	813	-	290,122	3,090	-	-	294,025	47,610	341,635
Lapse of share option	-	-	-	-	(1,041)	1,041	-	-	-	-	-	-
Under-provision of final and special dividends for 2014	-	-	-	-	-	(66)	-	-	66	-	-	-
<b>At 30 June 2015</b>	28,429	696,668	37	6,264	25,235	15,820,864	37,063	1,848	-	16,616,408	309,594	16,926,002

# Condensed Consolidated Cash Flow Statement

	<i>Note</i>	Six months ended 30 June	
		2016 (Unaudited) <i>HK\$'000</i>	2015 (Unaudited) <i>HK\$'000</i>
Net cash inflow/(outflow) from operating activities		<b>993,587</b>	(716,381)
Net cash inflow from investing activities		<b>33,405</b>	115,636
Net cash (outflow)/inflow from financing activities		<b>(13,366)</b>	50,143
Increase/(decrease) in cash and cash equivalents		<b>1,013,626</b>	(550,602)
Cash and cash equivalents at beginning of period		<b>374,153</b>	871,388
Translation difference		<b>(14,315)</b>	323
Cash and cash equivalents at end of period	11	<b>1,373,464</b>	321,109

# Notes to the Interim Financial Statements

For the six months ended 30 June 2016

## 1. BASIS OF PREPARATION

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

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

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

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

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

Annual Improvements to HKFRSs 2012-2014 Cycle

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

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

### Annual Improvements to HKFRSs 2012-2014 Cycle

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

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

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

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> Effective date is deferred

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### **Amendments to HKAS 7 – Disclosure Initiative**

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

### **Amendments to HKAS 12 – Recognition of deferred tax assets for unrealised losses**

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

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

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

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 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.



# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 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.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### HKFRS 16 – Leases

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

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

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

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

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

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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, 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 2016, 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 Interim Financial Statements (Continued)

For the six months ended 30 June 2016

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

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 3. SEGMENT INFORMATION (Continued)

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

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

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 4. OTHER INCOME

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

## 5. FINANCE COSTS

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

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 6. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

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

\* included in other operating expenses

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 7. INCOME TAX EXPENSE

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

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

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



# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Earnings</b>		
Profit attributable to owners of the Company	<b>59,225</b>	290,122
	2016 (Unaudited)	2015 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share (note a)	<b>283,485,884</b>	284,227,635
Effect of dilutive potential ordinary shares in respect of employee share options	–	542,094
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>283,485,884</b>	284,769,729

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

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 9. INVESTMENT PROPERTIES

Changes to the carrying amount presented in the consolidated statement of financial position can be summarised as follows:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Carrying amount at 1 January	<b>15,610,480</b>	15,730,226
Additions	<b>12,864</b>	237,076
Disposal of a subsidiary	–	(216,098)
Purchase of net assets	–	12,627
Transfer to assets classified as held for sales (note 12)	<b>(816,000)</b>	–
Transfer from properties under development	<b>24,395</b>	169,712
Net loss on fair value adjustments	<b>(279,386)</b>	(326,954)
Interest capitalised in investment properties under construction	<b>3,736</b>	5,387
Exchange realignment	<b>(540)</b>	(1,496)
<b>Carrying amount 30 June/31 December</b>	<b>14,555,549</b>	15,610,480

The Group's investment properties were revalued at 30 June 2015, 31 December 2015 and 30 June 2016 by an independent professional valuer, DTZ Debenham Tie Leung Limited, on the following basis:

- Certain investment properties under construction were revalued on redevelopment basis by adopting the residual site method. The residual site 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 market transactions, where appropriate capitalisation rates and reversionary income potential.

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.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 9. INVESTMENT PROPERTIES (Continued)

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. Change in unrealised losses for the period included in profit or loss for investment properties held at the end of the period was HK\$279,386,000 (31 December 2015: HK\$326,954,000).

The Group's interest in investment properties are situated in Hong Kong and the PRC and their carrying amount are analysed as follows:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Held on lease over 50 years	<b>13,129,675</b>	14,184,065
Held on lease from 10 to 50 years	<b>1,425,874</b>	1,426,415
	<b>14,555,549</b>	15,610,480

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.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 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 2016

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 30 June 2016 (Unaudited) HK\$'000	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)	12,493,000	Income capitalisation approach	Reversionary rental value	HK\$19.5 – HK\$54 per month per square foot for upper-level office/restaurants premises  HK\$85 – HK\$1,370 per month per square foot for ground floor shop	The higher the rental value, the higher the fair value
			Adjusted term/reversionary yield	2.875% – 4.5%	The higher the adjusted term and reversionary yield, the lower the fair value

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 9. INVESTMENT PROPERTIES (Continued)

As at 30 June 2016 (Continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 30 June 2016 (Unaudited)		Significant unobservable input(s)	Range of significant unobservable inputs	Interrelationship between key unobservable input(s) and fair value measurement
	198,000	Residual method			
Investment properties under construction	198,000	Residual method	Price per square foot	HK\$18,000 per square foot for residential premises;  HK\$24,000 – HK\$44,000 per square foot for shop	The higher the rental value, the higher the fair value
			Estimated construction and other professional costs to completion	HK\$3,300 per square foot	The higher the estimated construction and professional costs, the lower the fair value
			Estimated profit margin required to hold and develop the investment properties to completion	10%	The higher the estimated profit margin, the lower the fair value

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 9. INVESTMENT PROPERTIES (Continued)

As at 30 June 2016 (Continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 30 June 2016 (Unaudited) HK\$'000	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 (Individual units or ground floor shops)	1,864,549	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 Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 9. INVESTMENT PROPERTIES (Continued)

As at 31 December 2015

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 31 December 2015 (Audited) HK\$'000	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)	12,700,000	Income capitalisation approach	Reversionary rental value	HK\$19.5 – HK\$55 per month per square foot for upper-level office/restaurants premises  HK\$90 – HK\$1,500 per month per square foot for ground floor shops	The higher the rental value, the higher the fair value
			Adjusted term/reversionary yield	2.875% – 4.5%	The higher the adjusted term and reversionary yield, the lower the fair value
Investment properties under construction	1,094,000	Residual method	Price per square foot	N/A per square foot for industrial premises; – HK\$13,200 – HK\$21,200 per square foot for residential premises; – HK\$19,000 – HK\$49,000 per square foot for shops	The higher the rental value, the higher the fair value

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 9. INVESTMENT PROPERTIES (Continued)

As at 31 December 2015 (Continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 31 December 2015 (Audited) HK\$'000	Valuation technique(s)	Significant unobservable input(s)	Range of significant unobservable inputs	Interrelationship between key unobservable input(s) and fair value measurement
			Estimated construction and other professional costs to completion	HK\$2,900 – HK\$4,500 per square foot	The higher the estimated construction and professional costs, the lower the fair value
			Estimated profit margin required to hold and develop the investment properties to completion	5% – 10%	The higher estimated profit margin, the lower the fair value
Completed investment properties (Individual units or ground floor shops)	1,816,480	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

During the six months ended 30 June 2016, there were no changes to the valuation techniques from prior periods.

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



# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 10. TRADE AND OTHER RECEIVABLES

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

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

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 11. CASH AND CASH EQUIVALENTS

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

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Bank and cash balances	<b>229,113</b>	374,153
Short-term bank deposits	<b>1,144,351</b>	–
Total cash and cash equivalents	<b>1,373,464</b>	374,153
Time deposits with original maturity over three months	<b>100,000</b>	–
Less: bank and cash balances classified as held for sale ( <i>note 12</i> )	<b>(27)</b>	–
Total cash and bank balances	<b>1,473,437</b>	374,153

For the six months ended 30 June 2016, the effective interest rate of short-term bank deposits was ranged from 0.3% to 1% per annum. The deposit had maturity period of 7 days to 3 months and was eligible for immediate cancellation without receiving any interest for the last deposit period.

Included in cash and cash equivalents of the Group is HK\$73,414,000 (31 December 2015: HK\$70,687,000) of bank balances denominated in Renminbi placed with banks in the PRC.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

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

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

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

	<i>HK\$'000</i>
Investment properties ( <i>note</i> )	816,000
Cash and bank balances ( <i>note 11</i> )	27
<b>Total assets classified as held for sale</b>	<b>816,027</b>
Bank borrowings	202,430
Accruals and other payable	38
<b>Total liabilities classified as held for sale</b>	<b>202,468</b>

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 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 2016 by an independent professionally qualified valuer, Vigers Appraisal And Consulting 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 interest 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 following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

Investment properties classified as held for sale held by the Group in the statement of financial position	Fair value as at 30 June 2016	Valuation technique	Significant unobservable input(s)	Range of significant unobservable inputs	Interrelationship between key unobservable input(s) and fair value measurement
	<i>HK\$'000</i>				
Investment properties under constructions	816,000	Direct comparison	Quality of properties (e.g. location, size, level and condition of the properties)	+/-6%	The higher the quality of properties with reference to comparables, the higher the value

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

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 13. TRADE AND OTHER PAYABLES

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

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

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 14. BORROWINGS

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Current liabilities		
Bank loans – secured	<b>1,986,620</b>	2,137,050

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

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Carrying amount repayable based on the scheduled repayment date set out in the loan agreements:		
Within one year	<b>383,600</b>	809,130
More than one year, but not exceeding two years	<b>842,920</b>	149,800
More than two years, but not exceeding five years	<b>760,100</b>	1,178,120
	<b>1,986,620</b>	2,137,050
Carrying amount of bank loans due for repayment after one year which contain a repayment on demand clause (shown under current liabilities)	<b>1,603,020</b>	1,327,920

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 15. DEFERRED TAX

The gross movement on the deferred tax account is as follows:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
At 1 January	<b>76,953</b>	70,942
Deferred taxation charged to:		
– Profit or loss ( <i>note 7</i> )	<b>3,142</b>	6,319
– Disposal of a subsidiary ( <i>note 20</i> )	<b>(99)</b>	(348)
– Asset revaluation reserve	<b>–</b>	486
Exchange realignment	<b>(141)</b>	(446)
At 30 June/31 December	<b>79,855</b>	76,953

## 16. SHARE CAPITAL

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Authorised: 5,000,000,000 ordinary shares of HK\$0.10 each	<b>28,331</b>	28,535

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 16. SHARE CAPITAL (Continued)

	30 June 2016 (Unaudited) HK\$'000		31 December 2015 (Audited) HK\$'000	
	Number of Shares		Number of Shares	
Issued and fully paid:				
At 1 January	285,347,635	28,535	284,068,635	28,407
Exercise of share options	-	-	1,817,500	182
Share repurchased and cancelled ( <i>note</i> )	(2,039,000)	(204)	(538,500)	(54)
At 30 June/31 December	283,308,635	28,331	285,347,635	28,535

Note: During the period ended 30 June 2016 and the year ended 31 December 2015, the Group bought-back its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Trading dates	Number of shares bought-back	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration paid HK\$'000
For the period ended 30 June 2016				
January 2016	2,039,000	10.2	8.69	19,056
For the year ended 31 December 2015				
December 2015	538,500	9.60	9.19	5,043

The bought-back shares were subsequently cancelled and the issued share capital of the Company was reduced by the nominal value of these shares accordingly. The premium paid on repurchases was charged to the share premium account. An amount equivalent to the nominal value of the shares cancelled were transferred from share capital to the capital redemption reserve.



# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 17. 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	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
<b>Related companies</b>		
Operating lease charges in respect of residential properties ( <i>note (a)</i> )	–	180
Operating lease charges and management fee in respect of office premises situated in Guangzhou, PRC ( <i>note (b)</i> )	381	395
Interest expenses on unsecured revolving credit facility ( <i>note (c)</i> )	2,630	298
Rental income in respect of an office premise ( <i>note (d)</i> )	297	272
Rental expense for leasing carparking space situated in Guangzhou, PRC ( <i>note (e)</i> )	19	18

Notes:

- (a) A subsidiary of the Company entered into a tenancy agreement with a related company, in which an executive director of the Company has equity interests, for leasing a residential property situated in Hong Kong for a period of one year commencing from 1 September 2014 and expiring on 31 August 2015 at a monthly rental of HK\$60,000. The tenancy agreement was early terminated on 31 March 2015.
- (b) Certain subsidiaries of the Company entered into tenancy agreements 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, PRC for office purpose.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 17. RELATED PARTY TRANSACTIONS (Continued)

Notes: (Continued)

- (c) On 27 February 2011, a related company in which the Chairman and an executive director of the Company have interests, has agreed to increase an unsecured revolving credit facility of amount to HK\$150,000,000 from HK\$100,000,000 to a wholly owned subsidiary of the Group and extend the maturity date to 30 April 2014. On 12 June 2014, the subsidiary and related company has agreed to extend the maturity date to 30 April 2017 and revised the interest rate to prime lending rate for loans in Hong Kong dollars from time to time less 2.5% per annum. The interest expenses arising from this facility during the current period was approximately HK\$196,000 (six months ended 30 June 2015: HK\$137,000). As at 30 June 2016, the unsecured revolving credit facility was not utilised (31 December 2015: 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. The interest expenses arising from this facility during the current period was approximately HK\$2,434,000 (six months ended 30 June 2015: HK\$161,000). As at 30 June 2016, the unsecured revolving credit facility was not utilised (31 December 2015: Nil).

- (d) 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.
- (e) 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 equity interests, for leasing four carparking spaces situated in Guangzhou, PRC.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 18. FUTURE OPERATING LEASE ARRANGEMENTS

The Group leases its investment properties (note 9) under operating lease arrangements with average lease terms of 1 to 8 years. The future aggregate minimum lease receipts under non-cancellable operating leases in respect of land and buildings are as follows:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Within one year	<b>429,809</b>	472,159
In the second to the fifth years inclusive	<b>440,400</b>	650,323
After the fifth years	–	9,147
	<b>870,209</b>	1,131,629

## 19. COMMITMENTS

### (a) Operating lease commitments

As at 30 June 2016, the total future aggregate minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Within one year	<b>138</b>	76

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 19. COMMITMENTS (Continued)

### (b) Capital commitments

	<b>30 June 2016 (Unaudited) HK\$'000</b>	31 December 2015 (Audited) HK\$'000
Contracted but not provided for:		
– Construction costs and services expenses of property development	<b>421,759</b>	559,838
– Acquisition of properties	<b>10,713</b>	25,598
– Capital contribution to Hong Kong and PRC subsidiaries of property development business	–	41,048
	<b>432,472</b>	626,484

All capital commitments are due for contribution in the coming twelve months.

# Notes to the Interim Financial Statements (Continued)

For the six months ended 30 June 2016

## 20. DISPOSAL OF SUBSIDIARIES

On 2 January 2016, the Group entered into an agreement to dispose of its wholly owned subsidiary, namely Moon Phase Limited (“Moon Phase”), and assigned the benefits of all loans of approximately HK\$14,992,000 advanced by the Group (the “Loan Assignment”) to an independent third party at an aggregate cash consideration of HK\$144,000,000. Moon Phase is an investment holding company and held the entire issued share capital of Casa Wood Limited which in turn held a residential unit and certain car parking spaces situated in Hong Kong (collectively the “Moon Phase Group”). The disposal of Moon Phase Group was completed on 2 January 2016. The net assets of subsidiaries at the date of disposal were as follows:

	<b>Six months ended 30 June</b>	
	<b>2016</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2015 (Unaudited) HK\$'000
Net assets disposed of:		
Property, plant and equipment	73,079	–
Other receivables, prepayments and deposits	31	–
Amounts due to fellow subsidiaries	(14,649)	–
Accruals	(3)	–
Tax recoverables	35	–
Deferred tax liabilities (note 15)	(99)	–
	<b>58,394</b>	–
Loan Assignment	14,992	–
Gain on disposal of subsidiaries	70,614	–
Total consideration	<b>144,000</b>	–
Satisfied by:		
Cash	144,000	–

An analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	<b>Six months ended 30 June</b>	
	<b>2016</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2015 (Unaudited) HK\$'000
Net cash inflow arising on disposal:		
Cash consideration received	144,000	–



金朝陽集團有限公司  
SOUNDWILL HOLDINGS LIMITED

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