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To: Business Editor

## **SOUNDWILL'S 2007 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS INCREASES BY 152%**

Soundwill Holdings Limited ("Soundwill Holdings" or the "Group", stock code: 0878) today announced that profit attributable to equity holders of the Group amounted to approximately HK\$1,063 million, representing an increase of 152% from that of the previous year. The increase was mainly due to an increase of approximately HK\$ 603 million on the net gain on fair value adjustment on investment properties (net of deferred tax) as compared with last year. Basic earnings per share was HK\$4.76, representing an increase of 151% over last year.

The Group's turnover for the year ended 31 December 2007 amounted to approximately HK\$464 million, representing an increase of 135 per cent from that of the previous year. During the year under review, the increase of the Group's turnover was a result of the positive impact of higher rental income contribution in 2007 and the disposal of urban redevelopment projects.

The board of directors recommended the payment of a final dividend of HK7 cents per share for the year ended 31 December 2007 (2006: HK 5 cents per share), an increase of 40% as compared with last year.

With a prosperous retail market and an improving property sector, the demand for commercial and retail property began to upsurge. Located in a prime location in Causeway Bay, Soundwill Plaza, the Group's flagship property enjoyed an occupancy rate of 99% during the year. With a superior geographical location and with a shortage of shop supply in the district, more and more retailers and service providers were seeking office to offer retail or customer services. This trend had pushed the rental of Soundwill further upward. The Group's rental income from Soundwill Plaza rose by 20% to HK\$148 million. Upon expiry of certain tenancy agreements, the Group has adjusted the portfolio of its tenants, and introduced a number of world-renowned international brands, resulting in enhanced image and intangible value for Soundwill Plaza. During the year, approximately 30 per cent of leases of Soundwill Plaza expired. The Group was able to increase rental in accordance with the prevailing market rate when renewing the leases. The new leases represented an average increase in rental of around 50%, with the highest increment amounted to 111%.

With respect to property assembling business, the Group's property assembling projects are mainly concentrated in densely-populated area in the vibrant districts on the Hong Kong Island. During the year, the Group continued to expand its property assembling business and completed the disposal of the its redevelopment project at Bowrington Road in Causeway Bay in August 2007, which was booked into the accounts in the second half of the year and recorded a profit of approximately HK\$ 88 million. In addition, the Group expects to complete the acquisition of several property assembling sites, which are all on Hong Kong Island. The Group intends to reserve certain projects for redevelopment or as long-term investment in order to expand the Group's recurrent income base. The Group has completed the acquisition of Hang Tang House in Tang Lung Street for redevelopment. The Group plans to redevelop Hang Tang House into a Ginza-style commercial building with a gross floor area of 130,000sq.ft. The project is expected to be completed in 2010. Besides, the Group has announced earlier, the entering into a non-legal-binding memorandum regarding the possible disposal of certain properties at Jones Street and Warren Street in Tai Hang. If the transaction is consummated, the Group will be entitled to a profit of approximately HK\$200 million.

With respect to property development, the Group has completed the construction of the low-rise, semi-detached and detached luxurious residential development in Sai Kung during the year. The joint venture project comprises a total of 17 semi-detached and detached houses. Since there is a strong market demand for large units and detached houses, the Group intends to launch this project at an opportune moment.

The Group's another residential development project in Yuen Long , is currently under architectural design and landscape planning. The project, with a site area of 140,000 sq.ft., will be developed into a low density residential community, with comprehensive facilities and a luxurious clubhouse.

"The sub-prime crisis in the US emerged in the second half of 2007 had forced interest rate to decline. Following the trend in the US, the Hong Kong interest rate had been lowered several times. During the first quarter of the year, the Hong Kong economy continued to display healthy growth, despite the turmoil in the Hong Kong stock market, as the local economic fundamentals remained sound in 2008. The gradual appreciation of Renminbi has provoked spending in Hong Kong from tourists of Mainland China. This has generated favorable impact on Hong Kong's commercial and retail property markets. Furthermore, some of the investors who have cashed in from the stock market in the past year are switching their gains to the property market. We anticipate these positive factors will continue to support the development of Hong Kong's property market in 2008," said Chan Wai Ling, Executive Director of Soundwill Holdings.

During the period, the Group's business in Mainland China performed satisfactorily, with its urban infrastructure development business extended to various cities including Chongqing and Xian. The Group plans to further expand its coverage to other major cities in the Mainland China including Zhuhai and Tianjin in 2008.

"Given its fundamental competitive niche and a healthy financial position, the Group will maintain sustainable development of its existing portfolio. Meanwhile, the Group will capitalize on the opportunity arising from the property market, to enhance its profitability and cash flow, through redevelopment and the sale of acquired projects," added Ms Chan.

### About Soundwill Holdings Limited

Founded in 1978, Soundwill Holdings Limited became listed on the Stock Exchange of Hong Kong Limited in 1997. The Group is a property conglomerate, with principal business activities in property assembling, property leasing and management, property development, and urban infrastructure in the PRC.

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Issued by: Soundwill Holdings Limited  
Through: CorporateLink Limited

Media Enquiry:

Soundwill Holdings Limited

Carmen Pang Tel: 2916 2876

Email: [carmen.pang@soundwill.com.hk](mailto:carmen.pang@soundwill.com.hk)

CorporateLink Limited

Shiu Ka Yue Tel: 2801 6239 / 9029 1865

Email: [sky@corporatelink.com.hk](mailto:sky@corporatelink.com.hk)

Jacqueline Lee Tel: 2801 6095 / 9743 8585

Email: [jacqueline@corporatelink.com.hk](mailto:jacqueline@corporatelink.com.hk)

Lee

**Soundwill Holdings Limited**  
**Audited Consolidated Results**  
**For the year ended 31 December 2007**

	2007	2006
	HK\$'000	HK\$'000
<b>Turnover</b>	<b>464,673</b>	197,464
Cost of sales	<u>(176,000)</u>	<u>(33,149)</u>
<b>Gross profit</b>	<b>288,673</b>	164,315
Other income	5,853	4,238
Administrative expenses	(77,349)	(56,608)
Other operating expenses	(9,544)	(5,433)
(Loss)/Gain on disposal of subsidiaries	(33)	624
Gain on fair value adjustment on investment properties	1,092,820	361,628
Write-down of properties held for sale to net realisable value	(4,006)	—
Gain on disposal of investment properties	<u>62,552</u>	<u>101,300</u>
<b>Profit from operations</b>	<b>1,358,966</b>	570,064
Finance costs	(88,820)	(70,912)
Share of profits less losses of:		
— associates	(11)	15
— a jointly-controlled entity	<u>(27)</u>	<u>(17)</u>
<b>Profit before income tax</b>	<b>1,270,108</b>	499,150
Income tax expense	<u>(207,170)</u>	<u>(76,045)</u>
<b>Profit for the year</b>	<b><u>1,062,938</u></b>	<b><u>423,105</u></b>
<b>Attributable to:</b>		
Equity holders of the Company	1,063,285	422,474
Minority interests	<u>(347)</u>	<u>631</u>
<b>Profit for the year</b>	<b><u>1,062,938</u></b>	<b><u>423,105</u></b>
<b>Dividends</b>	<b><u>15,668</u></b>	<b><u>11,139</u></b>
<b>Earnings per share for profit attributable to the equity holders of the Company during the year</b>		
— Basic	<u>HK\$4.76</u>	<u>HK\$1.90</u>
— Diluted	<u>HK\$4.46</u>	<u>HK\$1.79</u>