



金朝陽集團有限公司
SOUNDWILL HOLDINGS LIMITED

Press Release

For Immediate Release
To: Financial Editor

Soundwill Holdings Limited Annual Results 2011 Continuous Growth in Investment Properties

[22 March 2012 – Hong Kong] **Soundwill Holdings Limited** (the “Group”, stock code: 0878) is pleased to announce the annual results for the year ended 31 December 2011. The Group achieved a turnover of HK\$901,690,000, representing a slight decrease from the previous year (2010: HK\$913,714,000). It mainly consisted of income from the property assembly business (disposal of 14-20 Merlin Street for HK\$459,280,000), leasing rental and property management in Hong Kong as well as contributions from urban infrastructure projects and property sales income in the PRC. In addition, the increase in fair value adjustment of investment properties was due to the revaluation gain of our core investment property, “Soundwill Plaza”. Further project financing was arranged in the year to cope with rapid growth in the property assembly business and the Group’s self-development projects.

Profit attributable to owners of the Company amounted to HK\$2,111,219,000 (2010: HK\$2,059,658,000 (restated)), representing an increase of 2.5%. Basic earnings per share were HK\$8.05 (2010: HK\$8.57 (restated)).

Despite the fluctuating global economy during the year, the aggregate effect of a stable domestic demand, low-interest rate environment and robust consumption demand from mainland tourists continued to drive growth in the Hong Kong market. During the year, the core businesses of the Group are better than expected. Thanks to the Group’s extensive experience in acquisitions and its professional team, the Group has successfully disposed of the project on 14-20 Merlin Street, North Point after unification of ownership thereof. Furthermore, the Group became a constituent stock of the Morgan Stanley Capital International (“MSCI”) Hong Kong Small Cap Index in May 2011, which further affirmed the market’s recognition on the investment outlook of the Group, reinforcing its position in the international capital market.

Ms. Vivian Chan, Executive Director of the Group said: “The Group has maintained an active presence in the acquisition of old buildings in difference core districts on Hong Kong Island. The two remaining top-floor penthouse units of “WarrenWoods”, a boutique-style luxury residential project in Tai Hang, will be introduced to the public in due course and subject to market conditions, our new luxurious residential project in Causeway Bay, “Park Haven”, is scheduled for pre-sale this year. Furthermore, the Tang Lung Street project has commenced construction and



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development, with completion expected for 2013. The on-going projects are expected to create synergy and will enhance the Group's income source."

Targeted at further expanding profitability and room for development for the Group and consolidating the Group's position in the property market, we will proactively and meticulously select sites with relatively high appreciation potential for self-development. The Group will continue to develop different categories of quality projects in order to cater for the needs of different buyers, build up an outstanding brand through outstanding quality, enhancing the profit margin of development projects, and focusing at purchases key preferences. In 2011, the Group successfully unified various sites, with some projects being reserved for self-development. The projects are anticipated to enter a harvest period in the coming two to three years. For example, the entire ownership of 18 – 21 School Street, Tai Hang was successfully unified in September 2011. The total site area amounted to approximately 2,250 square feet with a buildable gross floor area of approximately 22,500 square feet and can be redeveloped into a residential and commercial complex with panoramic views of Victoria Harbour. The Group also acquired 14 – 16 Mosque Street, Mid-level West in October 2011. With a total site area of approximately 4,061 square feet, the site can be redeveloped into a residential property with a buildable gross floor area of approximately 30,000 square feet. Moreover, the Group has unified 57 Kin Wah Street and 66 Fort Street, North Point last November. The two acquired site areas amounted to approximately 3,240 square feet and together can be redeveloped into a residential project with a buildable gross floor area of approximately 29,200 square feet. In view of Hong Kong's scarce land supply and rising rental trends, the Group strongly believes that the above projects hold immense appreciation potential.

On the other hand, benefiting from the ever-increasing number of mainland visitors to Hong Kong and the blossoming retail market under the stimulation of the strong consumption power of mainland visitors, the shop rental levels in Hong Kong have been pushed to a historical high. Russell Street, (at Causeway Bay, Hong Kong), at where the Group's flagship rental property, "Soundwill Plaza" is located, has become one of the most expensive streets in the world in terms of rental value. A new one of our street-level retail shops was entered into in 2011, with the rentals at more than double of the previous amount. These have driven for new highs in rentals of the property, being one of the most current stable income sources for the Group. During the year, the Group's rental income increased by approximately 6% to HK\$238,388,000 (2010: HK\$225,442,000) and accounted for 26.4% of the Group's overall sales.

In view of changes in the international economy and sustained inflation in China, the Central Government has successively promulgated new stringent control policies on the property market to cope with the economic crisis. However, given that the mainland market is equipped with sound fundamentals, sustained urbanization, strong economy and robust demands, the medium to long term prospects of the property market remains optimistic. During the year, the Group launched a number of residential projects, including the wholly-owned boutique-style residential project, "Soundwill • Ling Du (Jin Hui Lou)" in Zhangtai County, Fujian Province, "Long Feng Chun Xiao", a



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joint development with partners in Doumen, Zhuhai and “The Lakeview Bay”, an integrated residential project in Gaoyao of Zhaoqing Municipal. The proceeds from the above residential projects will be accounted for gradually, which would contribute to the Group’s profits in the coming years.

2012 is the election year for many countries, and it is expected that the economic situation will be relatively volatile. As Hong Kong is a highly open economic system, it will unavoidably be subject to the influence of external factors. However with the expected clear up of the European sovereignty debt crisis, coupled with the advantage of strong support for Hong Kong by China, the Group has full confidence in the property market in the long run against the backdrop of low interest rate versus high inflation, sustained increases in the rental level in core areas, and the much more favorable rental return from quality properties in prime areas against low interest income from bank deposits. Looking ahead, the Group will strive for perfection in every aspect of its operation, with a commitment to enhance its management, planning, implementation and corporate governance to the world level attainment of more fruitful results, in order to reap abundant returns for its shareholders.

About Soundwill Holdings Limited

Established in 1978 and listed on the Main Board of the Hong Kong Stock Exchange in 1997, Soundwill Holdings Limited is principally engaged in old building assembly and acquisition, commercial leasing, property development.

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Media Enquires :

Soundwill Holdings

Candy Yeung

Tel: 2916 2876

Email: candy.yeung@soundwill.com.hk