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SOUNDWILL HOLDINGS LIMITED

金朝陽集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

| | Year ended 31 December | |
|---|---|---|
| | 2021 <i>HK\$ million</i> | 2020 <i>HK\$ million</i> |
| Revenue | 569 | 690 |
| Profit before income tax expense excluding net fair value loss on investment properties | 331 | 326 |
| Net fair value loss on investment properties | (1,077) | (453) |
| Loss before income tax expense | (746) | (127) |
| Loss attributable to owners of the Company | (808) | (185) |
| Basic loss per share (dollars) | HK\$(2.85) | HK\$(0.66) |
| Dividend per share (dollars) | | |
| — proposed final dividend | HK0.20 | HK0.20 |
| — proposed special dividend | — | — |
| | At 31 December 2021 <i>HK\$ million</i> | At 31 December 2020 <i>HK\$ million</i> |
| Total assets | 22,277 | 23,137 |
| Net assets | 19,542 | 20,387 |
| Total borrowings | 1,872 | 1,852 |
| Gearing ratio | 10% | 9% |
| Net asset value per share (dollars) | HK\$69.0 | HK\$72.0 |

* For identification purpose only

RESULTS

The board (the “Board”) of directors (the “Directors”) of Soundwill Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 with comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

| | <i>Notes</i> | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| Revenue | 3 | | |
| Revenue from goods and services | | 149,976 | 211,806 |
| Rental income | | 418,915 | 478,484 |
| | | <hr/> | <hr/> |
| Total revenue | | 568,891 | 690,290 |
| Cost of sales | | (77,435) | (106,784) |
| | | <hr/> | <hr/> |
| Gross profit | | 491,456 | 583,506 |
| Other income, gains and losses | 4 | 25,234 | 78,501 |
| Selling expenses | | (7,017) | (10,298) |
| Administrative expenses | | (155,957) | (154,576) |
| Gain on disposal of subsidiaries | | 1,864 | 7,778 |
| Net fair value loss on investment properties | | (1,077,458) | (452,999) |
| Reversal of impairment loss/(impairment loss) on loan receivables | | 400 | (142,423) |
| Finance costs | | (24,614) | (36,885) |
| | | <hr/> | <hr/> |
| Loss before income tax expense | 6 | (746,092) | (127,396) |
| Income tax expense | 7 | (62,008) | (57,946) |
| | | <hr/> | <hr/> |
| Loss for the year | | <u>(808,100)</u> | <u>(185,342)</u> |

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

For the year ended 31 December 2021

| | <i>Note</i> | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------|--------------------------------|-------------------------|
| Other comprehensive income/(expense), net of tax | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| Deficit on revaluation of buildings, net of deferred tax | | — | (110) |
| Change in fair value of financial assets at fair value through other comprehensive income ("FVTOCI") | | 559 | — |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange gain on translation of foreign operations | | <u>18,922</u> | <u>23,559</u> |
| Other comprehensive income for the year, net of tax | | <u>19,481</u> | <u>23,449</u> |
| Total comprehensive expense for the year | | <u>(788,619)</u> | <u>(161,893)</u> |
| (Loss)/profit for the year attributable to: | | | |
| Owners of the Company | | (807,930) | (185,807) |
| Non-controlling interests | | (170) | 465 |
| | | <u>(808,100)</u> | <u>(185,342)</u> |
| Total comprehensive (expense)/income for the year attributable to: | | | |
| Owners of the Company | | (788,368) | (163,959) |
| Non-controlling interests | | (251) | 2,066 |
| | | <u>(788,619)</u> | <u>(161,893)</u> |
| Loss per share for loss attributable to owners of the Company for the year | | | |
| Basic | 8 | <u>HK\$(2.85)</u> | <u>HK\$(0.66)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

| | <i>Notes</i> | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Investment properties | | 19,808,515 | 20,626,625 |
| Property, plant and equipment | | 135,216 | 151,450 |
| Financial assets at FVTOCI | | 28,605 | — |
| Deposits paid for acquisition of properties | | 16,491 | 9,251 |
| Loan receivables | <i>9</i> | 16,552 | 19,761 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 20,005,379 | 20,807,087 |
| Current assets | | | |
| Properties for sale | | 888,704 | 940,144 |
| Trade and other receivables | <i>9</i> | 151,757 | 171,168 |
| Financial assets at fair value through profit or loss ("FVTPL") | | 2,815 | 63,008 |
| Restricted bank deposits | | 16,110 | 64,082 |
| Short-term bank deposits | | 251,181 | 425,668 |
| Cash and cash equivalents | | 885,358 | 601,806 |
| | | <hr/> | <hr/> |
| Assets classified as held for sale | | 2,195,925 | 2,265,876 |
| | | 75,300 | 63,787 |
| | | <hr/> | <hr/> |
| Total current assets | | 2,271,225 | 2,329,663 |
| Current liabilities | | | |
| Trade and other payables | <i>10</i> | 545,888 | 619,689 |
| Contract liabilities | | 47,186 | 27,682 |
| Lease liabilities | | 13,729 | 9,432 |
| Borrowings | | 1,396,158 | 180,605 |
| Provision for income tax | | 125,595 | 127,042 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 2,128,556 | 964,450 |
| | | <hr/> | <hr/> |
| Net current assets | | 142,669 | 1,365,213 |
| | | <hr/> | <hr/> |

| | 2021 | 2020 |
|---|--------------------------|-------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Total assets less current liabilities | <u>20,148,048</u> | <u>22,172,300</u> |
| Non-current liabilities | | |
| Borrowings | 475,343 | 1,671,393 |
| Lease liabilities | 15,699 | 7,981 |
| Deferred tax liabilities | <u>115,306</u> | <u>105,945</u> |
| Total non-current liabilities | <u>606,348</u> | <u>1,785,319</u> |
| Net assets | <u>19,541,700</u> | <u>20,386,981</u> |
| EQUITY | | |
| Equity attributable to owners of the Company | | |
| Share capital | 28,331 | 28,331 |
| Reserves | <u>19,496,893</u> | <u>20,341,923</u> |
| | 19,525,224 | 20,370,254 |
| Non-controlling interests | <u>16,476</u> | <u>16,727</u> |
| Total equity | <u>19,541,700</u> | <u>20,386,981</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The consolidated financial statements of the Group for the year ended 31 December 2021 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

2.1 Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

| | |
|---|--|
| Amendments to HKFRS 16 | Covid-19-Related Rent Concessions |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

In addition, the Group applied the agenda decisions of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

Except as described below, the application of the amendments to HKFRS in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of the agenda decision of the Committee — Cost necessary to sell inventories (HKAS 2 “Inventories”)

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group's accounting policy prior to the Committee's agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee's agenda decision, the Group changed its accounting policy to determine the net realisable value of properties for sale taking into consideration both incremental costs and other cost necessary to sell inventories (including but no limited to the sales commission expenses). The new accounting policy has been applied retrospectively.

The application of the Committee's agenda decision has had no material impact on the Group's financial positions and performance.

2.2 New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

| | |
|---|---|
| HKFRS 17 | Insurance Contracts and the related Amendments ³ |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴ |
| Amendments to HKFRS 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 ¹ |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to HK Interpretation 5 (2020) ³ |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies ³ |
| Amendments to HKAS 8 | Definition of Accounting Estimates ³ |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³ |
| Amendments to HKAS 16 | Property, Plant and Equipment — Proceeds before Intended Use ² |
| Amendments to HKAS 37 | Onerous Contracts — Cost of Fulfilling a Contract ² |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2018–2020 ² |

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective for annual periods beginning on or after a date to be determined

Except for the amendments to HKAS mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to HKAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty — that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

3. REVENUE

An analysis of the Group's revenue from its principal activities is as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Revenue from contracts with customers under HKFRS 15 | | |
| Property development | | |
| — Sales of completed properties for sale | 127,048 | 189,678 |
| Building management and other services | | |
| — Property repairs and maintenance service income | 8,381 | 7,023 |
| — Building management service income | 14,547 | 15,105 |
| Revenue from contracts with customers under HKFRS 15 | 149,976 | 211,806 |
| Property leasing | | |
| — Rental and signage rental income | 418,915 | 478,484 |
| Total revenue | <u>568,891</u> | <u>690,290</u> |

4. OTHER INCOME, GAINS AND LOSSES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| 4a. Other income | | |
| Interest income from financial assets at FVTPL | 6,586 | 4,602 |
| Interest income from loan receivables | 1,058 | 19,389 |
| Other interest income | 7,401 | 17,719 |
| Government grants (<i>note</i>) | 3,091 | 8,906 |
| Miscellaneous income | 6,981 | 27,387 |
| | <u>25,117</u> | <u>78,003</u> |
| 4b. Other gains and losses | | |
| Reversal of impairment loss on trade receivables, net | 182 | 501 |
| Loss on disposal of property, plant and equipment | (65) | (3) |
| | <u>117</u> | <u>498</u> |
| Total income, gains and losses | <u>25,234</u> | <u>78,501</u> |

Note: During the year ended 31 December 2021, the Group recognised government grants of HK\$3,091,000 (2020: HK\$8,906,000) in respect of Employment Support Scheme provided by the Hong Kong government.

5. 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 resource 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 operating and reportable segments:

| | | |
|--|---|--|
| Property development | : | Development of residential, commercial and industrial properties |
| Property leasing | : | Property rental including signage rental and rental under mini-storage operation |
| Building management and other services | : | Provision of building management, property repairs and maintenance services |

Each of these operating and reportable segments is managed separately as each of the business lines requires different resources as well as operating approaches.

Also, the Group engaged in properties assembly and sales of properties business. There is no project under property assembly business in both years. Thus, this is not constitute a reportable segment during both years.

These operating and reportable segments are monitored and strategic decisions are made on the basis of segment operating results.

Segment revenue and results

| | Property development | | Property leasing | | Building management and other services | | Segment total | |
|--|----------------------|-----------------|------------------|-----------------|---|-----------------|------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | | | | | | | | |
| External customers | 127,048 | 189,678 | 418,915 | 478,484 | 22,928 | 22,128 | 568,891 | 690,290 |
| Inter-segments (<i>note</i>) | — | — | — | 108 | 2,787 | 1,334 | 2,787 | 1,442 |
| Segment revenue | <u>127,048</u> | <u>189,678</u> | <u>418,915</u> | <u>478,592</u> | <u>25,715</u> | <u>23,462</u> | <u>571,678</u> | <u>691,732</u> |
| Segment profits | <u>38,359</u> | <u>58,229</u> | <u>353,731</u> | <u>435,829</u> | <u>19,717</u> | <u>23,675</u> | <u>411,807</u> | <u>517,733</u> |
| Certain other income, gains and losses | | | | | | | 7,591 | 33,435 |
| Certain administrative expenses | | | | | | | (65,682) | (54,035) |
| Gain on disposal of subsidiaries | | | | | | | 1,864 | 7,778 |
| Net fair value loss on investment properties | | | | | | | (1,077,458) | (452,999) |
| Reversal of impairment loss/ (impairment loss) on loan receivables | | | | | | | 400 | (142,423) |
| Finance costs | | | | | | | <u>(24,614)</u> | <u>(36,885)</u> |
| Loss before income tax expense | | | | | | | <u>(746,092)</u> | <u>(127,396)</u> |

Note: Inter-segment sales are charged at mutual agreed terms.

The operating and reportable segment results exclude finance costs, net fair value loss on investment properties, reversal of impairment loss (impairment loss) on loan receivables, gain on disposal of subsidiaries, certain other income, gains and losses, certain administrative expenses and income tax expense.

6. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging/(crediting):

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Auditor's remuneration | 3,084 | 3,062 |
| Cost of completed properties held for sale recognised as expenses (note) | 69,204 | 100,317 |
| Depreciation of right-of-use assets | 8,762 | 6,025 |
| Depreciation of other property, plant and equipment | 10,574 | 11,506 |
| Employee compensation expense (including Directors' remuneration and defined contribution cost) | 128,540 | 124,858 |
| Rentals in respect of short-term leases and low-valued leases | 794 | 467 |
| Revaluation deficit on property, plant and equipment | 520 | 388 |
| Gross rental income from investment properties | (418,915) | (478,484) |
| Less: Direct operating expense arising from investment properties that generated rental income | 19,953 | 23,716 |
| Less: Direct operating expense arising from investment properties that did not generate rental income | 93 | 43 |
| | <u>(398,869)</u> | <u>(454,725)</u> |

Note: The amount included a reversal of the accruals on construction works of HK\$7,256,000 (2020: nil) in respect of the completed properties for sales sold during the year upon the final payment agreed with the respective suppliers during the year ended 31 December 2021.

7. INCOME TAX EXPENSE

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Hong Kong Profits Tax: | | |
| Tax for the year (note (a)) | 38,012 | 60,785 |
| Mainland China Enterprise Income Tax ("EIT"): | | |
| Tax for the year (note (b)) | 10,413 | 5,582 |
| Mainland China Land Appreciation Tax ("LAT") (note (c)) | 3,863 | 4,536 |
| (Over)/under-provision in prior years | (611) | 1,706 |
| Deferred tax charge/(credit) | 10,331 | (14,663) |
| | <u>62,008</u> | <u>57,946</u> |

Notes:

- (a) On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

- (b) For the year ended 31 December 2021, all of the Group’s Mainland China subsidiaries were subject to Mainland China EIT rate of 25% (2020: 25%).
- (c) Under the Provisional Regulations of LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the Mainland China on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures in relation to the gains arising from sales of properties in the Mainland China effective from 1 January 2004, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

8. LOSS PER SHARE

The calculation of basic loss per share for loss attributable to the owners of the Company is based on the following data:

| | Year ended 31 December | |
|---|------------------------|--------------------|
| | 2021 | 2020 |
| | HK\$’000 | HK\$’000 |
| Loss | | |
| Loss attributable to owners of the Company | <u>(807,930)</u> | <u>(185,807)</u> |
| Number of shares | | |
| Number of ordinary shares for the purpose of basic earnings per share (<i>note</i>) | <u>283,308,635</u> | <u>283,308,635</u> |

Note: During the years ended 31 December 2021 and 2020, neither the Company nor any of its subsidiaries had repurchased any of the Company’s shares respectively.

No diluted earnings per share for the years ended 31 December 2021 and 2020 was presented as there were no potential ordinary shares in issue during the years ended 31 December 2021 and 2020.

9. TRADE AND OTHER RECEIVABLES/LOAN RECEIVABLES

As at 31 December 2021 and 2020, based on invoice dates, the ageing analysis of the trade receivables, net of allowance for credit losses, was the following:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| 0–30 days | 10,950 | 15,135 |
| 31–90 days | 8,863 | 7,997 |
| 91–180 days | 2,508 | 8,564 |
| Over 180 days | 7,718 | 7,044 |
| | <u>30,039</u> | <u>38,740</u> |
| Total trade receivables, net | | |
| Loan receivables | 147,191 | 147,298 |
| Less: allowance for credit losses | <u>(142,023)</u> | <u>(142,423)</u> |
| Total loan receivables, net | <u>5,168</u> | <u>4,875</u> |
| Other receivables, utility deposits and prepayment | <u>116,550</u> | <u>127,553</u> |
| Total trade and other receivables categorised as current assets | <u>151,757</u> | <u>171,168</u> |
| <i>Non-current assets:</i> | | |
| Loan receivables | <u>16,552</u> | <u>19,761</u> |
| | <u>168,309</u> | <u>190,929</u> |

10. TRADE PAYABLES

Trade payables had credit periods ranging from 30 to 90 days. Based on invoice dates, the ageing analysis of trade payables was the following:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|----------------------|-------------------------|-------------------------|
| 0–30 days | 4,101 | 1,335 |
| 31–90 days | 3,254 | 852 |
| Over 90 days | 10,050 | 9,032 |
| Total trade payables | <u>17,405</u> | <u>11,219</u> |

OPERATIONS REVIEW AND PROSPECTS

OVERVIEW

In 2021, governments across the globe made a concerted effort to curb the spread of COVID-19 and help the world return to a state of normal. Nevertheless, the volatility of the coronavirus and its variant mutations far exceeded people's expectations. This resulted in tight restrictions on imports and exports and air transportation arrangements that hindered economic growth and trade exchanges in the world's major economies. Concerns also mounted throughout the year over surging external inflation. Further complicating this situation were the continuing unresolved Sino-American disputes and geopolitical issues that brought global economic development to a virtual standstill.

In Hong Kong, the economy was hit hard at the beginning of the year by dampened sentiment caused by the pandemic. As COVID-19 came under control and more and more people were vaccinated, the local retail and catering sectors began to revive, particularly in August following the distribution of electronic consumption vouchers by the government. In addition to benefiting the retail, catering sectors and even related industries, the government voucher programme gave the labour market and the general market sentiment a strong boost. However, asynchronous global economic recovery, disrupted business ties due to strict border control and uncertainties associated with the volatile epidemic situation added pressure to the overall economy, society and livelihoods. Nevertheless, the investors confidence remained low owing to uncertain outlook, a cautious business environment and the ongoing anti-pandemic measures that stalled consumer activity.

The adverse conditions of the year inevitably had a negative impact on the Group's business performance. Although retail sales showed some signs of bottoming out, the leasing market stayed generally weak in 2021, which kept putting downward pressure on overall rental levels for new and renewal lettings, as well as on rental reviews. This together with the rental support measures the Group provided to its tenants caused a decline in our investment properties valuation and rental income. The overall rental income for our main investment properties, including Soundwill Plaza, Soundwill Plaza II — Midtown and 10 Knutsford Terrace in Tsim Sha Tsui, also experienced a downward trend in 2021.

As the retail and service sectors adapted to the new normal of COVID-19, significant progress was made especially in digitalization and customer loyalty. The Group continued to invest heavily in technology in order to cater for more business segments. This included optimising our property management and customer relationship management systems, which helped us better analyse and understand market trends and customer demand, as well as the use of big data statistics for our customer relations channel.

We also connected with customers and tenants through our physical and online platforms, such as the Soundwill Club mobile app and our membership programme. Improvements to the app functions and reward scheme have contributed to the rising number of Soundwill Club members over the last two years. Promotional activities with business partners and tenants during the year included an advanced e-shop and e-voucher programme, as well as several new functions and games to attract new members, which was welcomed by the tenants.

In response to the pandemic's impact on the economy, we created financial and capital management strategies to consolidate the strengths of our property portfolio. In spite of the effects in varying degrees to the Group's operation in the pandemic situation, we also continued to acquire properties, invest in projects with high appreciation potential, and revitalise older districts for the benefit of new and existing owners. Furthermore, the mini-storage business of our subsidiary developed rapidly, whose branch network covers all of Hong Kong. For the future, we will continue to allocate resources to optimise this business and make greater use of digital technology, including upgrades to our hardware and software. All these initiatives are expected to increase operational efficiency, sales and revenue.

Recognizing the grave impact of the pandemic on the underprivileged, the Group was dedicated to helping the needy and fulfill its commitment to corporate social responsibility in order to build a resilient society. During the year, the Group worked with charitable non-profit organisations to provide COVID-19 related supplies and services for the needy to help them overcome the hardship. We also stepped up our efforts to reduce the Group's carbon footprint by forming an energy-saving team. Being committed to contribute ourselves to a sustainable society, we succeeded in meeting our properties' annual energy saving targets.

As pledged by our senior management, environmental, social and governance (ESG) considerations will continue to play an important role in our operations. Accordingly, we will enhance our sustainability strategies, monitor the ESG performance of our departments and enhance our internal audit process, while increasing our risk management capabilities to create greater value for the society.

PROPERTY PORTFOLIO

Despite the adverse impact of COVID-19 on the major properties of the Group over the past two years, we expect that revenue from our properties will grow in the post-pandemic era as they are all located in prime locations in Hong Kong. During the year, we began construction of iCITY, an industrial project in Kwai Chung that we believe will become a new landmark in the area. We are also working to raise the quality of our buildings and ancillary facilities in order to provide a better experience for owners and tenants. Additionally, we will continue to look for sites with high appreciation potential in order to replenish our land reserves at a reasonable cost and thus increase potential earnings.

PROPERTY ASSEMBLY

Due to the pandemic and the unfavourable business climate, property investment sentiment remained bleak throughout the year as market transactions came under pressure. However, we remained committed to revitalising old districts and eliminating the structural risks of old buildings in Hong Kong through property mergers and acquisitions. We will also continue to replenish our land reserves at opportune times to capture business opportunities according to developments in the market. During the year, we gained whole ownership of the South China Cold Storage Building in Kwai Chung and strengthened our property investment portfolio in order to generate earnings for the Group and its stakeholders.

PROPERTY LEASING

For the year ended 31 December 2021, the Group's property leasing business segment recognised revenue of approximately HK\$418,915,000 (2020: HK\$478,484,000), representing approximately 74% (2020: 69%) of the Group's total revenue for the year.

The decline in sales among our retail tenants bottomed out at the year end, and some increases were recorded following the relaxation of social distancing measures. Nevertheless, the outlook for an economic recovery remained uncertain as a result of the prolonged pandemic and tight global border controls. The leasing business sector of the Group remained under stress as adjustments were made to new and renewed lettings as well as rental reviews. Besides, full recovery of the retail sector is dependent on curbing the pandemic and whether the restrictions on cross-border travel will be lifted.

Although social distancing and other restrictions declined in comparison with the year before, some industries were more affected than others by the anti-pandemic measures. To support our tenants, we launched a variety of initiatives to create business opportunities for them. Together with the proactive marketing campaigns we introduced, we succeeded in attracting local consumers to our high-quality property portfolio and creating a premium brand experience. However, the appearance of new COVID-19 variants could affect the livelihood and business operations of our tenants, which would create further short-term pressure on the property leasing business of the Group.

Soundwill Plaza

Soundwill Plaza is located on Russell Street in the heart of Causeway Bay, one of Hong Kong's core shopping districts and a centre for international flagship brands. As a premium Grade A commercial building, Soundwill Plaza enjoys high footfall and convenient transport links. Since retailers remained hesitant to expand their businesses out of the unfavourable factors during the year, overall rental income for Soundwill Plaza in 2021 declined.

Soundwill Plaza II — Midtown

Soundwill Plaza II — Midtown is located in Causeway Bay at 1 Tang Lung Street in a local hotspot for food and beverage and leisure activities. During the year, the retail and tourism industries have not yet recovered in response to the pandemic, the overall rental income for Soundwill Plaza II — Midtown dropped in the year.

10 Knutsford Terrace

10 Knutsford Terrace is located at 10–11 Knutsford Terrace, Tsim Sha Tsui, one of the most prominent tourist and leisure districts in Hong Kong. As the business of beauty parlours, pubs and bars was seriously disrupted by social distancing measures during the year, overall rental income for 10 Knutsford Terrace dropped slightly.

Kai Kwong Commercial Building

Kai Kwong Commercial Building is an integrated commercial project located at 332–334 Lockhart Road, Wan Chai. Affected by the economic downturn and a lack of investor confidence, the overall rental income for Kai Kwong Commercial Building declined.

THE SHARP

Located at 11–13 Sharp Street East and 1–1A Yiu Wa Street in Causeway Bay, THE SHARP is an integrated commercial property project with space for retail, beauty, food & beverage and commercial businesses. The ground floor to the second floor are the Group's rental properties, which recorded a drop in rental income for the year.

One Storage Management Company Limited

One Storage, a wholly-owned subsidiary of the Group, offers secure and comfortable storage space to customers as well as professional management services. The storage facility is equipped with fire safety devices that comply with the latest regulatory guidelines. The existing branches of One Storage are strategically located in Kennedy Town, Wong Chuk Hang, Chai Wan, San Po Kong, Yau Tong, Fo Tan, Tuen Mun, Tsing Yi, Tai Po, Kwai Chung and Tsuen Wan. By the end of 2021, the number of branches had grown to 32, to increase the leasable area and earnings. In 2022, the business will be expanded progressively as additional branches are opened in suitable locations. High-quality, professional storage services will thus be provided to more customers for this service.

After integrating its digital marketing and back-end management, One Storage launched online promotions to improve the Company's operating and sales efficiency and revenue. The team rolled out online and offline creative promotion programmes to target audiences with different needs. Enhancements included an optimised website and interactive games to meet the needs of different target audiences. Together with the addition of high-quality branches in residential and industrial areas, One Storage was able to attract more potential customers during the review period.

PROPERTY DEVELOPMENT

For the year ended 31 December 2021, the Group's property development business segment recognised revenue of approximately HK\$127,048,000 (2020: HK\$189,678,000), representing approximately 22% (2020: 27%) of the Group's total revenue for the year.

INDUSTRIAL PROJECTS

iCITY

iCITY is a new round-the-clock digital industrial landmark located at 105–113 Ta Chuen Ping Street, Kwai Chung. This 20-storey building provides 601 workshops in total. Each workshop on a typical floor has a gross floor area of about 335 square feet to 510 square feet. The estimated material date for this project is the fourth quarter of 2023.

Equipped with digital technology and featuring a full curtain wall facade, iCITY is destined to become a leading industrial project in the district.

REAL ESTATE IN THE MAINLAND CHINA

During the year, the central government in Mainland China maintained strict control over the property market. Following the principle of “houses are built to be inhabited, not for speculation” and a policy of stabilising land premiums, property prices and expectations, local governments across the country imposed price limits to ensure a stable property market. Regulations governing financial institutions were also strengthened to prevent unauthorised funds entering the property market. Such policies played a crucial role in stabilising the property market in Mainland China.

Followed the domestic market trend, projects of the Group in Mainland China included Grand Capital (Shan Shui Xiang Ri Hao Ting) in Doumen District, Zhuhai City. In the year 2020, the confirmation of rights for this property was completed for the finished units, which were ready for immediate delivery and ownership confirmation at purchase, to give more confidence to home purchasers. This project is currently in the stock clearance stage. Located in Gaoyao District, Zhaoqing, the Lakeview Bay • VOGUE is an integrated project comprising villas and high-rise residences. The villas of Phase I were sold out, while more than half of the residential units of Phase II were sold and ready for immediate delivery and ownership confirmation at purchase. The commercial units and car parking spaces were available for sale concurrently. The sales performance of this project is relatively stable.

BUILDING MANAGEMENT AND OTHER SERVICES

For the year ended 31 December 2021, the Group's building management business segment recognised revenue of approximately HK\$22,928,000 (2020: HK\$22,128,000), representing approximately 4% (2020: 4%) of the Group's total revenue for the year.

Goldwell Property Management Limited

Goldwell Property Management Limited, a subsidiary of the Group, specialises in high-quality property management and maintenance as well as facilities management services for A-Grade large-scale commercial buildings, industrial buildings and small- and medium-sized estates. This subsidiary's highly experienced building management team has achieved ISO9001, ISO14001 and ISO45001 certifications and complies fully with all relevant international standards. In accordance with the need of its customers and society, the building management team conducts regular internal assessments to improve its quality of service and innovate, in order to provide the owners and tenants a higher quality of comprehensive service of property management, customer and maintenance services. The team also makes use of the latest high-end technology in the market to improve its overall service quality.

In order to reduce carbon emissions and comply with government environmental policies, we have set up an environmental managing and energy saving team. This team is responsible for implementing energy-saving measures and setting appropriate strategies and annual targets for improving energy efficiency, which aims at developing a sustainable society. To provide a safe and secure environment for customers, merchants and employees during the pandemic, the team has continued to adopt stringent preventative measures, apply photocatalyst coating technology in our buildings and provide contact-free equipment, infrared temperature detectors and enhanced air purifiers, as well as to introduce robots for delivering meals and packages since 2020. As of the end of 2021, all frontline staff had been vaccinated against COVID-19.

Soundwill Club

During the year, the Group continued to expand the marketing channels and scale of the Soundwill Club mobile app to facilitate interactions with customers and implemented various online marketing activities to provide a more attractive shopping experience. As an integrated one-stop digital platform, the Soundwill Club integrated our e-commerce and back-end management functions to analyse our target audiences and tenants to bring them new, targeted online and offline promotional activities, incentives and services in response to market needs. These initiatives were part of our efforts to offer customers a safe, caring and high-quality shopping experience during the pandemic as well as in times when social distancing measures are enforced, in order to boost customer loyalty and our competitiveness.

CORPORATE CITIZENSHIP

We actively incorporate the principles of sustainable development in order to create a positive impact on the community and environment. Through our professional talents and business portfolio, we also devote considerable resources to charitable causes and environmental protection in response to the needs and calls of the society. During the year, we focused on assisting the disadvantaged and those affected by the pandemic. Activities included providing support for non-profit organisations, underserved children and teenagers, and donations of materials. To reduce waste and help families in need, we recycled festive foods, stationery and books. We also supported the work of the Soundwill Volunteer Team and encouraged our employees to participate in volunteer work. Additionally, we publish an annual Environmental, Social and Governance report together with key performance indicators to show our commitment to meeting our sustainability targets and increase corporate transparency.

During the year, the Group received the Caring Company award from the Hong Kong Council of Social Service for the tenth consecutive year. Awards were also received in the Industry Cares Recognition Scheme, Green Office Awards Labelling Scheme and BOCHK Corporate Environmental Leadership Awards, as well as a Mediate First Pledge Star Logo Award Certificate from the Department of Justice. In addition to these awards, we received a number of environmental certifications for our property projects. The Group will keep serving the community, caring for climate changes and contributing to the society.

PROSPECTS

For the remainder of 2022, the external environment will be characterised by complexity and uncertainty owing to the ongoing pandemic, a unstable geopolitical situation, changes in monetary policies by the main central banks, and surging inflation in the United States, all of which will add to the destabilisation of global financial markets. On the other hand, the COVID-19 pandemic remained volatile and variant strains spread rapidly all over the world last year, creating uncertain factors for global economic recovery. The fifth wave of the COVID-19 in Hong Kong is deteriorating drastically and Hong Kong anti-epidemic effort has come under severe challenge. In the face of the severity of the current wave of the pandemic, consumer sentiments have weakened and some sectors are under intense pressure.

We expect that the macroeconomy and investor confidence in Hong Kong will take some time to recover. While the Hong Kong economy, including the labour market, did show signs of improvement during the year, this recovery is not yet comprehensive. In particular, the recovery of the tourism and hospitality sectors has lagged behind the overall economy, due primarily to frozen inbound tourism. Nevertheless, Hong Kong has a solid foundation in finance, trading and air transportation, which together with the government's efforts to stabilise the pandemic will help life return to normal and restore a stable business environment, which is critical to stabilise the society and support the economy.

In terms of property investment, we believe the high demand for residential housing along with government urban planning and reforms on the acquisition of old premises will help to expedite property development in Hong Kong. We will closely monitor the local property market as well as global market conditions, and take measures appropriate for our long-term development.

Despite the short-term pressure of market fluctuations, we are confident in our ability to drive business growth and maintain our competitiveness thanks to our carefully-planned commercial tenant portfolio, rapid development of the mini-storage business and the recently commenced pre-sales of units in iCITY, our latest industrial project in Kwai Chung.

At the same time, the path to economic recovery will depend on the course of the pandemic. In face of the challenges brought by the local pandemic situation and the external fluctuation and uncertainties, we believe it is crucial for us to adopt prudent financial and capital management policies.

In the year ahead and beyond, we will strategize carefully before we act and turn challenges into opportunities in a prudent and pragmatic manner. The Group will act in the best interests of our investors, stakeholders and society as a whole.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Results of Operations

During the year, the Group recorded a revenue of approximately HK\$568,891,000 (2020: HK\$690,290,000), representing a decrease of approximately HK\$121,399,000 as compared with last year. The decrease in revenue was mainly due to the decrease in rental income due to the rental waivers to its tenants in response to the adverse impact to their business brought by COVID-19 outbreak and the sales of properties sold.

Loss Attributable to Owners of the Company

During the year, the Group has recorded a loss attributable to owners of the Company of approximately HK\$807,930,000 (2020: HK\$185,807,000), an increase of 334.8% as compared with last year. The increase in loss was mainly due to valuation loss of HK\$1,077,458,000 (2020: HK\$452,999,000) and no impairment loss on loan receivable (2020: HK\$142,423,000) was recorded as of 31 December 2021.

Net Assets

The net assets of the Group as at 31 December 2021 amounted to HK\$19,541,700,000 (2020: HK\$20,386,981,000). Net asset value per share as at 31 December 2021 is HK\$69.0 (2020: HK\$72.0).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2021, the Group's cash and bank balances (including short-term bank deposits and cash and cash equivalents) amounted to HK\$1,136,539,000 (2020: HK\$1,027,474,000). Total borrowings of the Group amounted to HK\$1,871,501,000 (2020: HK\$1,851,998,000) as at 31 December 2021.

As at 31 December 2021, the Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 10% (2020: 9%).

The Group mainly operates and invests in Hong Kong and the Mainland China with most of the transactions denominated and settled in Hong Kong Dollars and Renminbi respectively. Therefore, any Mainland China operations are translated from RMB into Hong Kong dollars at the year end date and the exchange differences will be reflected in the consolidated income statement at average rate and exchange reserve in other comprehensive income at closing rate. During the year, the Group did not engage in any derivative activities or use any financial instruments to hedge its balance sheet exposures.

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

SIGNIFICANT INVESTMENTS HELD

Save as those disclosed under the sections headed “Operations Review and Prospects” and “Management Discussion and Analysis”, the Group did not have any significant investment during the financial year ended 31 December 2021.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 28 April 2021, Able Best International Investment Limited (“Able Best”) (a wholly-owned subsidiary of the Company) entered into a share exchange agreement (the “Share Exchange Agreement”) with inter alia Mr. Tang Shing Bor (“the Deceased”), pursuant to which (i) Able Best conditionally agreed to acquire the entire issued share capital of and the shareholder’s loan owing by Mainway Holdings Limited (“Mainway Holdings”) at the consideration of HK\$135 million, subject to adjustments and (ii) Able Best conditionally agreed to sell and transfer the entire issued share capital of and the shareholder’s loan owing by Year Glory Limited (“Year Glory”) to a company beneficially owned by the Deceased at the consideration of HK\$70 million, subject to adjustments. Mainway Holdings was the owner of a number of industrial property units located in Kwai Chung, New Territories, Hong Kong (the “Properties”) while Year Glory was the owner of a number of residential property units in Kowloon City, Kowloon, Hong Kong. The Deceased passed away before the agreed completion date of the Share Exchange Agreement.

On 24 August 2021, Able Best, the joint administrators of the estate of the Deceased (the “Joint Administrators”) and others entered into a termination deed to terminate the Share Exchange Agreement. On the same date and in lieu of the Share Exchange Agreement, Master Green Limited (a wholly-owned subsidiary of the Company) entered into a property sale and purchase agreement with Mainway Holdings to acquire the Properties from it at the consideration of HK\$130 million while Able Best and other parties entered into a share sale and purchase agreement to sell and transfer the entire issued share capital of and the shareholder’s loan owing by Year Glory at the consideration of HK\$70 million (the “Disposal”), subject to adjustments, to entity nominated by the Joint Administrators.

Completion of the purchase of the Properties and the Disposal took place on 28 September 2021 in accordance with the terms agreed among the parties.

Details of above transactions are disclosed in the Company’s announcements dated 28 April 2021, 20 May 2021, 5 July 2021, 9 August 2021, 20 August 2021, 24 August 2021 and 28 September 2021.

In 2021, the Group entered into certain sales and purchases agreements to dispose the entire equity interests in certain wholly-owned subsidiaries of the Group (collectively the “Disposed Subsidiaries”) to different independent third parties at an aggregate total consideration of HK\$110,905,000. The disposal of Disposed Subsidiaries were completed during the year ended 31 December 2021.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group for the year ended 31 December 2021.

PLEDGE OF ASSETS

As at 31 December 2021, certain investment properties and property, plant and equipment of the Group with a total carrying value of approximately HK\$12,796,497,000 (31 December 2020: approximately HK\$13,843,373,000) were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group provided guarantees amounted to approximately HK\$90,564,000 (2020: HK\$260,417,000) to banks with respect to mortgage loans procured by the purchasers of the Group’s properties. Such guarantees will be released by banks upon delivery of the properties to the purchasers and completion of the registration of the mortgage with the relevant mortgage registration authorities or settlement of the outstanding mortgage loan. In the opinion of the Directors, the fair value of the financial guarantee is not significant.

EMPLOYEES REMUNERATION

The Group employed an annual average of 263 people and 40 people in Hong Kong and Mainland China respectively for the year (2020: 269 and 47 employees). Employees were remunerated on the basis of their performance, experience and market practice. Remuneration packages comprise salary, medical insurance, mandatory provident fund and year end discretionary bonus. Total salaries and wages incurred in 2021 were approximately HK\$128,540,000 (2020: HK\$124,858,000) and no share option expenses (2020: Nil) during the year.

DIVIDEND

The Board recommends a payment of a final dividend of HK\$0.20 (2020: HK\$0.20) per share and no payment of special dividend (2020: Nil) for the year ended 31 December 2021, subject to the approval of the shareholders at the forthcoming annual general meeting to be held on Thursday, 26 May 2022. The final dividend will be payable on or about Thursday, 16 June 2022 to shareholders whose names appear on the register of members on Thursday, 2 June 2022.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the “AGM”) will be held on Thursday, 26 May 2022 and the notice of AGM will be published and dispatched in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

- (a) For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 23 May 2022 to Thursday, 26 May 2022 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 20 May 2022.
- (b) For determining the entitlement to the proposed final dividend for the year ended 31 December 2021, the register of members of the Company will be closed from Wednesday, 1 June 2022 to Thursday, 2 June 2022 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 31 May 2022.

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

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is public available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of the Company’s shares in the market as at the date of this announcement.

REVIEWED BY AUDIT COMMITTEE

The audited consolidated results of the Group for the year ended 31 December 2021 and the financial and accounting policies adopted by the Group have been reviewed by the audit committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules on the Stock Exchange during the year ended 31 December 2021 except for the following deviations:

(1) CODE PROVISION C.2.1

Code provision C.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 neither separated nor performed by two different individuals. Madam Foo Kam Chu Grace is the founder and the 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 and various department heads with clearly defined authority policy. The Board is of the view that the current management structure can effectively facilitate the Group's operation and business development.

(2) CODE PROVISION A.4.1*

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

The independent non-executive directors are not appointed for a specific term as they are subject to retirement by rotation at least once every three years and re-election at annual general meetings in accordance with the bye-laws of the Company.

* With effect from 1 January 2022, code provision A.4.1 has been deleted, and under the revised code provision B.2.2, every director (including those appointed for a specific term) should be subject to retirement by rotation at least once every three years.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Having made specific enquiries with all Directors, the Company confirms that all of them have complied with the Model Code throughout the year.

The Company has also adopted the written guidelines on no less exacting terms than the Model Code for those relevant employees (as defined in the CG Code) in respect of their dealings in the securities of the Company in compliance with the Code Provision C.1.3 of the CG Code.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the Company’s website at www.soundwill.com.hk and the Stock Exchange’s website at www.hkexnews.hk. The 2021 annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Stock Exchange in due course in accordance with 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 in the past financial year.

By Order of the Board
SOUNDWILL HOLDINGS LIMITED
Foo Kam Chu Grace
Chairman

Hong Kong, 24 March 2022

As at the date of this announcement, the Board of Directors of the Company comprises (i) Executive Directors: Foo Kam Chu Grace, Chan Wai Ling, Chan Hing Tat and Tse Wai Hang; and (ii) Independent Non-Executive Directors: Chan Kai Nang, Pao Ping Wing and Ng Chi Keung.