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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$ million	HK\$ million
Revenue	212.3	270.3
Net fair value loss on investment properties	(482.9)	(54.1)
(Loss)/profit attributable to owners of the Company	(347.7)	62.8
Basic (loss)/earnings per share (dollars)	HK\$(1.23)	HK\$0.22
	At	At
	30 June	31 December
	2023	2022
	(Unaudited)	(Audited)
	HK\$ million	HK\$ million
Total assets	22,044	22,223
Net assets	18,751	19,176
Total borrowings	1,975	1,775
Gearing ratio	11%	9%
Net asset value per share (dollars)	HK\$66.2	HK\$67.7

* *For identification purpose only*

RESULTS

The board of directors (the “Board”) of Soundwill Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 which have been reviewed by the Audit Committee of the Company, with comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	(Unaudited) HK\$'000	Restated (Unaudited) HK\$'000
Revenue			
Revenue from goods and services		29,637	74,375
Rental income		182,666	195,876
		<hr/>	<hr/>
Total revenue		212,303	270,251
Cost of sales		(26,926)	(68,350)
		<hr/>	<hr/>
Gross profit		185,377	201,901
Other income	4	38,886	16,923
Selling expenses		(1,836)	(2,866)
Administrative expenses		(44,194)	(48,514)
Net fair value loss on investment properties		(482,903)	(54,068)
Gain on disposal of subsidiaries		11,440	217
Finance costs	5	(36,034)	(12,879)
		<hr/>	<hr/>
(Loss)/profit before income tax expense	6	(329,264)	100,714
Income tax expense	7	(18,477)	(38,316)
		<hr/>	<hr/>
(Loss)/profit for the period		(347,741)	62,398
		<hr/> <hr/>	<hr/> <hr/>
Other comprehensive expense, net of tax			
<i>Item that will not be reclassified to profit or loss:</i>			
Change in fair value of financial assets at fair value through other comprehensive income (“FVTOCI”)		3,481	203
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange loss on translation of foreign operations		(23,562)	(20,991)
		<hr/>	<hr/>
Other comprehensive expense for the period, net of tax		(20,081)	(20,788)
		<hr/>	<hr/>
Total comprehensive (expense)/income for the period		(367,822)	41,610
		<hr/> <hr/>	<hr/> <hr/>

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

		Six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
(Loss)/profit for the period attributable to:			
— Owners of the Company		(347,746)	62,801
— Non-controlling interests		<u>5</u>	<u>(403)</u>
		<u>(347,741)</u>	<u>62,398</u>
Total comprehensive (expense)/income for the period attributable to:			
— Owners of the Company		(367,819)	43,652
— Non-controlling interests		<u>(3)</u>	<u>(2,042)</u>
		<u>(367,822)</u>	<u>41,610</u>
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company during the period			
Basic	8	<u>HK\$(1.23)</u>	<u>HK\$0.22</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June	31 December
	2023	2022
	(Unaudited)	(Audited)
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS AND LIABILITIES		
Non-current assets		
Investment properties	18,919,470	19,374,605
Property, plant and equipment	117,272	122,528
Financial assets at FVTOCI	43,451	39,656
Deposits paid for acquisition of properties	2,950	9,251
Loan receivables	4,439	5,906
	<u> </u>	<u> </u>
Total non-current assets	<u>19,087,582</u>	<u>19,551,946</u>
Current assets		
Properties for sale	1,238,368	1,063,112
Trade and other receivables	190,776	174,070
Financial assets at fair value through profit or loss ("FVTPL")	75,670	38,884
Short-term bank deposits	1,065,200	272,400
Cash and cash equivalents	386,231	1,122,544
	<u> </u>	<u> </u>
Total current assets	<u>2,956,245</u>	<u>2,671,010</u>
Current liabilities		
Trade and other payables	854,994	855,326
Contract liabilities	160,386	120,568
Lease liabilities	19,308	20,912
Borrowings	663,618	87,728
Provision for income tax	133,858	121,631
	<u> </u>	<u> </u>
Total current liabilities	<u>1,832,164</u>	<u>1,206,165</u>
Net current assets	<u>1,124,081</u>	<u>1,464,845</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	30 June	31 December
	2023	2022
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Total assets less current liabilities	<u>20,211,663</u>	<u>21,016,791</u>
Non-current liabilities		
Borrowings	1,311,045	1,686,799
Lease liabilities	22,013	29,703
Deferred tax liabilities	<u>127,455</u>	<u>124,655</u>
Total non-current liabilities	<u>1,460,513</u>	<u>1,841,157</u>
Net assets	<u>18,751,150</u>	<u>19,175,634</u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	28,331	28,331
Reserves	<u>18,721,397</u>	<u>19,145,878</u>
	18,749,728	19,174,209
Non-controlling interests	<u>1,422</u>	<u>1,425</u>
Total equity	<u>18,751,150</u>	<u>19,175,634</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of Soundwill Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the six months ended 30 June 2023 (the “Unaudited Condensed Consolidated Interim Financial Statements”) 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 Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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

2. PRINCIPAL ACCOUNTING POLICIES

The Unaudited Condensed Consolidated Interim Financial Statements have been prepared on the historical cost basis, except for investment properties, leasehold building and financial assets at fair value through other comprehensive income, which are stated at fair values or revalued amounts.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the Unaudited Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance contracts
Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies

Except for the amendments to HKFRSs mentioned below, the directors of the Company 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Company 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 of the Company are determined following the Group's major business lines.

The Group has identified the following operating and reportable segments:

- Property development : Development of residential, industrial and commercial properties
 Property leasing : Property rental including signage rental and rental under mini-storage operation
 Building management : Provision of building management, property repairs and maintenance and other services 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 periods. Thus, this does not constitute a reportable segment during both periods.

Segment revenue and results

	Six months ended 30 June							
	Property development		Property leasing		Building management and other services		Segment total	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Unaudited)	Restated (Unaudited)	(Unaudited)	Restated (Unaudited)	(Unaudited)	Restated (Unaudited)	(Unaudited)	Restated (Unaudited)
HK\$'000		HK\$'000		HK\$'000		HK\$'000		
Revenue								
External customers	19,023	62,965	182,666	195,876	10,614	11,410	212,303	270,251
Inter-segments (note)	—	—	24	24	1,336	1,494	1,360	1,518
Segment revenue	19,023	62,965	182,690	195,900	11,950	12,904	213,663	271,769
Segment profits	457	9,906	159,372	163,311	11,611	7,407	171,440	180,624
Certain other income, other gains and losses							23,274	3,871
Gain on disposal of subsidiaries							11,440	217
Certain administrative expenses							(16,481)	(17,051)
Net fair value loss on investment properties							(482,903)	(54,068)
Finance costs							(36,034)	(12,879)
(Loss)/profit before income tax expense							(329,264)	100,714

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, gain on disposal of subsidiaries, certain other income, other gain and losses, certain administrative expenses and income tax expense.

3. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	Property development		Property leasing		Building management and other services		Segment total	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2023	2022	2023	2022	2023	2022	2023	2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	1,560,337	1,319,550	19,239,681	19,853,742	33,381	27,621	20,833,399	21,200,913
Certain property, plant and equipment							13,070	6,862
Financial assets at FVTOCI							43,451	39,656
Short-term bank deposits							1,065,200	272,400
Certain cash and cash equivalents							88,707	703,125
Total assets							22,043,827	22,222,956
Segment liabilities	430,267	399,140	227,762	223,532	9,967	9,297	667,996	631,969
Certain other payables							56,623	73,658
Borrowings							1,974,663	1,774,527
Deposit received for disposal of subsidiaries							332,082	320,882
Provision for income tax							133,858	121,631
Deferred tax liabilities							127,455	124,655
Total liabilities							3,292,677	3,047,322

Segment assets include all assets other than certain property, plant and equipment, financial asset at FVTOCI, short-term bank deposits and certain cash and cash equivalents.

Segment liabilities comprise all liabilities other than certain other payables, provision for income tax, deferred tax liabilities, deposit received for disposal of subsidiaries and borrowings.

4. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income from financial assets at FVTPL and other bank interest income	31,240	7,616
Interest income from loan receivables	159	303
Forfeiture of deposits	209	5,093
Miscellaneous income	7,278	3,911
	<u>38,886</u>	<u>16,923</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expenses on:		
Borrowings	35,133	11,731
Lease liabilities	901	1,148
	<u>36,034</u>	<u>12,879</u>

6. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of completed properties for sale recognised as expense	11,295	37,369
Depreciation of right-of-use assets and other property, plant and equipment	4,257	5,872
Employee compensation expense (including Directors' remuneration and defined contribution cost)	67,051	64,507
Rentals in respect of short-term leases and low-valued leases	147	149
	<u>82,750</u>	<u>107,897</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	13,612	18,087
Mainland China Enterprise Income Tax (“EIT”)	382	6,424
Mainland China Land Appreciation Tax	1,231	4,292
Mainland China Corporate withholding income tax	—	5,001
Deferred tax charge	3,252	4,512
	<u>18,477</u>	<u>38,316</u>

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit arising in or derived from Hong Kong for both periods.

All of the Group’s Mainland China subsidiaries are subject to Mainland China EIT rate of 25% for both periods.

8. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share for (loss)/profit attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/profit attributable to owners of the Company (HK\$'000)	<u>(347,746)</u>	<u>62,801</u>
Number of shares		
Number of ordinary shares for the purpose of basic (loss)/earnings per share (note)	<u>283,308,635</u>	<u>283,308,635</u>

Note:

During the six months ended 30 June 2023 and 2022, neither the Company nor any of its subsidiaries had repurchased any of the Company’s shares respectively.

No diluted (loss)/earnings per share for six months ended 30 June 2023 and 2022 was presented as there were no potential ordinary shares in issue during six months ended 30 June 2023 and 2022.

9. TRADE AND OTHER RECEIVABLES/LOAN RECEIVABLES

As at 30 June 2023, trade receivables included in trade and other receivables were approximately HK\$36,225,000 (31 December 2022: HK\$46,565,000). The credit terms of the Group ranging from 30 to 90 days. The ageing analysis of trade receivables, presented based on the invoice date, was set out below:

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
<i>Current assets:</i>		
Trade receivables		
0–30 days	13,496	16,854
31–90 days	10,662	13,669
91–180 days	6,457	8,075
Over 180 days	<u>5,610</u>	<u>7,967</u>
Total trade receivables, net	<u>36,225</u>	<u>46,565</u>
Loan receivables	145,581	145,680
Less: allowance for credit losses	<u>(141,776)</u>	<u>(141,776)</u>
Total loan receivables, net	<u>3,805</u>	<u>3,904</u>
Other receivables, utility deposits and prepayment	<u>150,746</u>	<u>123,601</u>
Total trade and other receivables categorised as current assets	<u>190,776</u>	<u>174,070</u>
<i>Non-current assets:</i>		
Loan receivables	<u>4,439</u>	<u>5,906</u>
	<u><u>195,215</u></u>	<u><u>179,976</u></u>

The Directors consider that the fair values of trade and other receivables which are expected to be recovered within one year are not materially different from their carrying amounts due to short maturity periods on their inception.

10. TRADE AND OTHER PAYABLES

As at 30 June 2023, trade payables included in trade and other payables were approximately HK\$21,036,000 (31 December 2022: HK\$18,466,000). The Group was granted credit periods by its suppliers ranging from 30 to 60 days. The ageing analysis of trade payables, presented based on the invoice date, was set out below:

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
0–30 days	7,875	4,787
31–90 days	617	963
Over 90 days	<u>12,544</u>	<u>12,716</u>
Total trade payables	<u>21,036</u>	18,466
Other payables	<u>833,958</u>	836,860
	<u>854,994</u>	<u>855,326</u>

11. COMPARATIVE FIGURES

The following comparative figures in the consolidated statement of profit or loss and other comprehensive income have been reclassified to conform with the current period's presentation of the Group:

Reclassification of administrative expenses regarding the staff costs and other administrative cost in an amount of approximately HK\$26,429,000 to cost of sales to fairly present the nature of costs incurred.

In the opinion of the Board, the reclassification made to the comparative figures has insignificant impact on the Group's consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

During the early months of 2023, the Covid-19 pandemic finally subsided across the globe and life began returning to normal. Yet the measures brought about to combat the pandemic forced central banks to maintain a contractionary monetary policy, sparking fears of a recession. Interest rate hikes, rising energy prices and inflation, coupled with continuing geopolitical conflicts, cast uncertainty over the international economic outlook.

At the beginning of the year, as the epidemic situation came under control in Hong Kong, the government relaxed its anti-pandemic measures and pushed for a full resumption of normal travel arrangements. As one of the world's leading financial centres and tourist hotspots, Hong Kong once again saw signs of renewed investment in the business community. The local economy was also reinvigorated by the progressively recovering tourism and retail sectors, with retail sales and overall economic performance expected to gradually pick up in the second half of the year.

Due to the negative impact of the pandemic in the past years and resulting rental support measures to tenants, our major investment properties, including Soundwill Plaza, Soundwill Plaza II — Midtown and 10 Knutsford Terrace, all recorded a drop in rental income during the review period. However, as the pandemic situation stabilised, Hong Kong's unemployment rate also improved, giving a boost to local consumption and consumer confidence. This was further supported by the government's introduction of another round of electronic consumption vouchers. With the increase in consumer traffic, the Group's leasing activities were much more active during the period, the occupancy rate remained at a satisfactory level, and the rental income will steadily improve.

Taking advantage of the development in market, the Group allocated substantial resources to optimize its tenant portfolio, improve the quality of the properties and accelerate the development of our digital operation. In particular, we have been enhancing our customer relationship database, one-stop group member management system and e-commerce payment management system. This has enabled us to manage our Soundwill Club membership programme, property management system and mini-storage sales business more efficiently, while increasing our marketing strengths and control of operating costs.

Although the Hong Kong property market faces the likelihood of continuing rate hikes and subdued macroeconomic conditions and reached its peak, the introduction of favourable government policies should help to stabilise the property market after the epidemic. iCITY, our latest industrial project in Kwai Chung, has been extremely well received among both local and foreign investors since its presale, with more than 200 units sold as of the end of the review period. The Group will also continue to replenish our land reserve in a timely manner, diversify our business according to market conditions, build up the synergy among our different operations and strengthen our competitiveness.

In line with prudent financial management principles in an uncertain economic environment, we consolidated our strengths and maintained a robust risk management system. We also continued to enhance the profitability of our core operations and explore new investment avenues. What's more, we carefully analysed and seized development opportunities in order to establish a more robust business portfolio for the Group and deliver better returns to our investors.

Property Leasing

For the six months ended 30 June 2023, the Group's property leasing business segment recognised revenue of approximately HK\$182,666,000, representing approximately 86% of the Group's total revenue for the period.

Due to the rental support measures provided to support business operations of our tenants during the epidemic, the Group's overall rental income recorded a decline during the period. Nevertheless, we are positive that we can offset this decline as the Group has major investment properties with high quality tenant portfolios situated in prime locations in Hong Kong. These include Soundwill Plaza, Soundwill Plaza II — Midtown, 10 Knutsford Terrace and Kai Kwong Commercial Building. With the relaxation of the anti-pandemic measures, customer traffic and consumer spending have gradually rebounded, our tenants have resumed full operation, and rental income has improved. In addition, we optimised the tenant portfolio of our shopping malls by introducing new brand flagship stores and popular restaurants that have become major new landmarks appealing to a wide variety of customers.

One Storage Management Company Limited

One Storage, a wholly-owned subsidiary of the Group, offers secure, convenient and comfortable storage space to customers and professional management services. Each facility is equipped with fire safety devices that comply with the latest regulatory guidelines. The existing branches of One Storage are strategically located in key residential and industrial areas all over Hong Kong. As at 30 June 2023, the number of branches had grown to 40 to serve customers in different districts of Hong Kong. With more branches and even larger leasable areas, this business has the potential to generate greater earnings for the Group. In 2024, our branch coverage will increase progressively as we open additional shops in suitable locations, giving us the ability to attract more customers looking for the high-quality, professional storage services we offer.

To attract more users, One Storage launched promotional offers tailored to different customers during the review period and cooperated with strategic business partners to further enhance awareness of the brand. By leveraging on our well-established customer management system and precisely-targeted marketing strategies, the One Storage team's revenue increased.

Property Development

For the six months ended 30 June 2023, the Group's property development business segment recognised revenue of approximately HK\$19,023,000, representing approximately 9% of the Group's total revenue for the period.

The Group's iCITY project is a new round-the-clock digital industrial landmark located at 111 Ta Chuen Ping Street, Kwai Chung. This 20-storey building provides 601 workshops in total, each with a gross floor area of about 422 square feet to 510 square feet on a typical floor. The estimated material date for this project is the fourth quarter of this year. Featuring the glass curtain wall, iCITY is designed to easily accommodate new digital technology along with existing value-added digital facilities such as intelligent food and parcel delivery by robot, all-weather intelligent butler, touch-free access and egress control, and automatic temperature and lighting control for workshop, as well as electronic visitor passes. With all that it has to offer, iCITY is destined to become one of leading industrial projects in the district.

The Group has real estate projects in the Greater Bay Area in Mainland China. These projects include Grand Capital (Shan Shui Xiang Ri Hao Ting) in Doumen District, Zhuhai and Lakeview Bay • VOGUE (an integrated project comprising villas and high-rise residences) in Gaoyao District, Zhaoqing. Both have been completed and delivered for occupation, with only a few units left for sale. During the first half of the year, Lakeview Bay • VOGUE adjusted its sales strategy in response to market conditions, enabling it to record more sales than the previous year. Overall sales performance was generally stable.

Building Management and Other Services

For the six months ended 30 June 2023, the Group's building management and other services segment recognised revenue of approximately HK\$10,614,000, representing approximately 5% of the Group's total revenue for the period.

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. Its highly experienced building management team has achieved ISO9001, ISO14001 and ISO45001 certifications for the Group's properties. To improve the quality of its property management, customer and maintenance services, the building management team conducts regular internal assessments. The team also makes use of the latest technology to provide helpful services for owners and tenants. In addition to serving the Group's existing properties, the team has been bidding on new property and facility management projects with the aim of expanding its business portfolio.

To reduce carbon emissions and ensure compliance with government environmental policies, the Group has a team dedicated to identifying and implementing energy-saving measures. Each year, the team has effectively lowered the environmental impact of the Group's operations to help the Group achieve its vision of building a sustainable society. Goldwell Property Management has also pledged to cooperate with the government in implementing a municipal solid waste charging scheme and assist all stakeholders in reducing their waste at source as well as sorting and recycling waste.

Communication with Shareholders and Investors/Investor Relations

The Group recognises that effective communication with shareholders is the key to improving investor relations and will assist the investment community in understanding the Group's business performance and strategies.

During the pandemic, the Group made extensive use of electronic communication channels to maintain close communication with investors and shareholders and establish trusting and productive partnerships. The annual general meeting of the Group this year was held in May. In addition to briefings on the results announcements, we maintained regular contact with the media through press releases, announcements and other promotional materials.

On an ongoing basis, the Group remained committed to transparency through the timely disclosure of information on the Group's business development so that shareholders and investors are able to make informed investment decisions. In order to achieve a balance between compliance with corporate governance requirements and business growth, the Group makes a continuous effort to improve its management practices. The Board further believes that sound corporate governance is essential to the success and sustainable development of the Group and brings long-term value for shareholders.

Corporate Citizenship

We regard sustainability as a vital element in our corporate development plan, which maps out our strategy for dealing with social change in local and international markets and responding to the challenges of climate change. Other than our commitment to reduce carbon emissions and save energy, the Group also provides support to people in need. During the review period, the Soundwill Volunteer Team and volunteers from our subsidiaries took part in a number of community service initiatives, including distributing supplies to people in need, and participating in community activities. This is part of our effort to improving the quality of life of the community, which involves making and soliciting monetary donations, and recycling or reusing materials. The Group has also been providing mini-storage space free of charge to non-profit-making organisations for many years in support of their logistics needs.

The Group has received multiple recognitions throughout the years, including the Caring Company award in 2023 from The Hong Kong Council of Social Service for the twelfth year as well as the Happy Company award by the Hong Kong Productivity Council. These awards recognise the Group, our subsidiaries and property projects for our service to the community and the way we enhance the well-being of our employees. In the years ahead, we will continue to explore how we can fulfil society's needs and create value for the community.

Prospects

In the second half of the year, we expect the global economy will continue to be fraught with uncertainty. The slowdown in the economy, rising inflation and interest rates will almost certainly affect economic and trade cooperation between countries, as well as global market performance and development.

The shift in international dynamics and continuing global economic instability have undoubtedly affected Hong Kong. The severe disruptions caused by the pandemic have also dealt a heavy blow to different sectors of the local economy. However, Hong Kong enjoys unique advantages as an international financial, innovation and technology centre. What's more, the recovery of the tourism industry now underway along with government support of local economic activities will help to stimulate local consumption sentiment and promote economic development in the second half of the year. Therefore, we believe Hong Kong will continue to make steady progress on the road to recovery in the months ahead.

In this environment, the Group will capitalise on the opportunities that arise by optimising our business portfolio. In doing so, we will carefully analyse these opportunities and formulate appropriate strategies that help to drive development. At the same time, we will continue to adopt commercial technology and integrate it with our current business operations. This, together with our recognized business acumen and innovative business solutions, will allow us to consolidate our strengths, establish a more profitable operational model and improve our business performance. As a result, we will be able to maintain our market competitiveness and create improved returns for our investors.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (30 June 2022: Nil).

FINANCIAL REVIEW

For the six months ended 30 June 2023, the Group has recorded a revenue of approximately HK\$212,303,000 (30 June 2022: HK\$270,251,000), representing a decrease of approximately HK\$57,948,000 as compared with the same period last year. The decrease in revenue from property sales is the main attribute to the decrease in revenue and notwithstanding rental income from investment properties dropped.

Loss attributable to owners of the Company for the six months ended 30 June 2023 was approximately HK\$347,746,000 (30 June 2022: profit of HK\$62,801,000), representing an decrease of 654% as compared with the corresponding period in 2022. Such decrease is attributed to valuation loss of investment properties of HK\$482,903,000 was recorded as 30 of June 2023, when compared with a loss of HK\$54,068,000 during the corresponding period in 2022.

The total interest expenses for the six months ended 30 June 2023 amounted to approximately HK\$36,034,000 (30 June 2022: HK\$12,879,000).

The Company's basic loss per share was HK\$1.23 as compared with the earnings per share in the same period of last year of HK\$0.22.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2023, the Group's cash and bank balances (including short-term bank deposits and cash and cash equivalents) amounted to approximately HK\$1,451,431,000 (31 December 2022: HK\$1,394,944,000). The Group's total borrowings as at 30 June 2023 were HK\$1,974,663,000 (31 December 2022: HK\$1,774,527,000). The Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 11% as at 30 June 2023 (31 December 2022: 9%).

As at 30 June 2023, the Group's net assets amounted to approximately HK\$18,751,150,000 (31 December 2022: HK\$19,175,634,000).

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 Mainland China operations. Given there would have immaterial impact on the Group's assets in the Mainland China which generated income from as well as incurred expense in Mainland China. The Group had not implemented any hedging measures during the period under review.

During the period under review, the Group 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 denominated in Hong Kong Dollars and bear interest at floating rates.

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 2023, the Group had no significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 16 March 2023, the Group entered into a sale and purchase agreement with an independent third party for the disposal of the entire equity interest in a wholly-owned subsidiary of the Group, namely Data Chief Limited ("Data Chief") at a consideration of HK\$36,080,000. Data Chief is the sole shareholder of an investment holding company which holds investment properties located in Hong Kong. The disposal was completed on 31 March 2023.

Save for the disposal as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group for the six months ended 30 June 2023.

EVENT AFTER REPORTING PERIOD

On 9 August 2022, the Group entered into a sale and purchase agreement, which is subsequently varied by a supplemental agreement dated 19 January 2023 (collectively the “Agreement”), with independent third parties (the “Purchaser” and the “Purchaser Guarantor”) and has conditionally agreed to sell and assign the entire issued share capital of an indirect subsidiary of the Company (the “Target Company”) at a consideration of HK\$3,208,815,000. Details of the transaction, the Agreement and the Purchaser and the Purchaser Guarantor are set out in the announcement of the Company dated 11 August 2022, the circular of the Company dated 23 September 2022, and another announcement of the Company dated 19 January 2023.

On 9 August 2023, further deposit in the sum of HK\$320,881,500 (the “Further Deposit”) was due and payable to the Group. The Purchaser, nonetheless, failed to pay the Further Deposit. In response, the Company has since sought legal advice and reviewed the options and recourse available, and made an announcement on 10 August 2023 to give progress update.

EMPLOYEES AND REMUNERATION POLICY

The Group employed an average of 299 people and 33 people in Hong Kong and Mainland China respectively as at 30 June 2023 (30 June 2022: 307 and 39 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. During the six months ended 30 June 2023, total salaries and wages were approximately HK\$67,051,000 (30 June 2022: HK\$64,507,000).

PLEDGE OF ASSETS

As at 30 June 2023, certain investment properties, properties for sales and property, plant and equipment of the Group with a total carrying value of approximately HK\$12,570,511,000 (31 December 2022: approximately HK\$12,661,647,000) were pledged to secure banking facilities for the Group.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group provided guarantees amounted to approximately HK\$16,874,000 (31 December 2022: HK\$51,166,000) to banks with respect to mortgage loans procured by the purchasers of the Group's properties in the Mainland China. 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.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee, comprising three independent non-executive Directors, has reviewed with the management, the accounting principles and practices adopted by the Group and discussed internal control systems and risk management, internal audit and financial reporting matters. The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2023 has been reviewed with no disagreement by the Audit Committee.

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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 June 2023 except for the following deviation:

Code Provision C.2.1

Code Provision C.2.1 of the CG Code 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, founder of the Group, was the Chairman of the Group until 30 January 2023 when Mr. Chan Hing Tat was appointed the Chairman of the Group. The Chairman is responsible for the overall development direction and strategies of the Group and 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 to act and function in accordance with authority policy. The Board is of the view that the current management structure can effectively facilitate the Group's operation and business development.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiries with all Directors, the Company confirms that all of them have complied with the Model Code during the six months ended 30 June 2023.

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.

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
Chan Hing Tat
Chairman

Hong Kong, 24 August 2023

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 Young Chun Man Kenneth.