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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 2024**

#### **FINANCIAL HIGHLIGHTS**

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>
Revenue	1,030.1	212.3
Net fair value loss on investment properties	(1,324)	(482.9)
Loss attributable to owners of the Company	(974.8)	(347.7)
Basic loss per share (dollars)	HK\$(3.44)	HK\$(1.23)
	<b>At</b>	<b>At</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>
Total assets	19,488	21,000
Net assets	17,213	18,460
Total borrowings	1,394	1,517
Gearing ratio	8%	8%
Net asset value per share (dollars)	HK\$60.8	HK\$65.2

\* *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 2024 which have been reviewed by the Audit Committee of the Company, with comparative figures for the corresponding period in 2023 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b>(Unaudited)</b> <b>HK\$'000</b>	<b>(Unaudited)</b> <b>HK\$'000</b>
Revenue			
Revenue from goods and services		<b>856,374</b>	29,637
Rental income		<b>173,741</b>	182,666
		<hr/>	<hr/>
Total revenue		<b>1,030,115</b>	212,303
Cost of sales		<b>(575,483)</b>	(26,926)
		<hr/>	<hr/>
Gross profit		<b>454,632</b>	185,377
Other income	4	<b>34,553</b>	38,886
Selling expenses		<b>(560)</b>	(1,836)
Administrative expenses		<b>(44,680)</b>	(44,194)
Net fair value loss on investment properties		<b>(1,324,070)</b>	(482,903)
Gain on disposal of subsidiaries		<b>1,964</b>	11,440
Finance costs	5	<b>(38,576)</b>	(36,034)
		<hr/>	<hr/>
Loss before income tax expense	6	<b>(916,737)</b>	(329,264)
Income tax expense	7	<b>(57,812)</b>	(18,477)
		<hr/>	<hr/>
<b>Loss for the period</b>		<b>(974,549)</b>	(347,741)
		<hr/> <hr/>	<hr/> <hr/>
<b>Other comprehensive income/(expense), net of tax</b>			
<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”)		<b>1,495</b>	3,481
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange gain/(loss) on translation of foreign operations		<b>9,463</b>	(23,562)
		<hr/>	<hr/>
Other comprehensive income/(expense) for the period, net of tax		<b>10,958</b>	(20,081)
		<hr/>	<hr/>
<b>Total comprehensive expense for the period</b>		<b>(963,591)</b>	(367,822)
		<hr/> <hr/>	<hr/> <hr/>

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

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss for the period attributable to:</b>			
— Owners of the Company		<b>(974,829)</b>	(347,746)
— Non-controlling interests		<b>280</b>	5
		<u><b>(974,549)</b></u>	<u>(347,741)</u>
<b>Total comprehensive expense for the period attributable to:</b>			
— Owners of the Company		<b>(961,968)</b>	(367,819)
— Non-controlling interests		<b>(1,623)</b>	(3)
		<u><b>(963,591)</b></u>	<u>(367,822)</u>
<b>Loss per share for loss attributable to owners of the Company during the period</b>			
Basic	8	<u><b>HK\$(3.44)</b></u>	<u>HK\$(1.23)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Audited)
<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Investment properties	16,819,125	18,171,015
Property, plant and equipment	113,652	114,714
Financial assets at FVTOCI	43,320	43,006
Deposits paid for acquisition of properties	2,846	—
Loan receivables	9      229,918	4,349
	<b>17,208,861</b>	<b>18,333,084</b>
<b>Current assets</b>		
Properties for sale	969,659	1,381,903
Trade and other receivables	9      144,044	146,940
Financial assets at fair value through profit or loss ("FVTPL")	64,443	—
Short-term bank deposits	193,731	635,200
Cash and cash equivalents	880,144	503,106
	<b>2,252,021</b>	<b>2,667,149</b>
Assets classified as held for sales	26,728	—
	<b>2,278,749</b>	<b>2,667,149</b>
<b>Current liabilities</b>		
Trade and other payables	10      494,784	544,983
Contract liabilities	39,503	189,382
Lease liabilities	14,572	16,921
Borrowings	1,394,138	585,072
Provision for income tax	175,004	121,123
	<b>2,118,001</b>	<b>1,457,481</b>
<b>Net current assets</b>	<b>160,748</b>	<b>1,209,668</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

	<b>30 June</b> <b>2024</b> <b>(Unaudited)</b> <b>HK\$'000</b>	31 December 2023 (Audited) HK\$'000
<b>Total assets less current liabilities</b>	<u><b>17,369,609</b></u>	<u>19,542,752</u>
<b>Non-current liabilities</b>		
Borrowings	—	931,727
Lease liabilities	<b>23,135</b>	21,003
Deferred tax liabilities	<u><b>133,512</b></u>	<u>130,160</u>
<b>Total non-current liabilities</b>	<u><b>156,647</b></u>	<u>1,082,890</u>
<b>Net assets</b>	<u><b>17,212,962</b></u>	<u>18,459,862</u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	<b>28,331</b>	28,331
Reserves	<u><b>17,184,631</b></u>	<u>18,429,908</u>
	<b>17,212,962</b>	18,458,239
<b>Non-controlling interests</b>	<u>—</u>	<u>1,623</u>
<b>Total equity</b>	<u><b>17,212,962</b></u>	<u>18,459,862</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 2024 (the “Unaudited Condensed Consolidated Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of 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, financial assets at fair value through profit or loss 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 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

### 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 mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s consolidated financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed 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	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<b>Revenue</b>								
External customers	846,029	19,023	173,741	182,666	10,345	10,614	1,030,115	212,303
Inter-segments ( <i>note</i> )	—	—	84	24	548	1,336	632	1,360
<b>Segment revenue</b>	<b>846,029</b>	<b>19,023</b>	<b>173,825</b>	<b>182,690</b>	<b>10,893</b>	<b>11,950</b>	<b>1,030,747</b>	<b>213,663</b>
<b>Segment profits</b>	<b>282,977</b>	<b>457</b>	<b>147,594</b>	<b>159,372</b>	<b>8,152</b>	<b>11,611</b>	<b>438,723</b>	<b>171,440</b>
Certain other income, other gains and losses							22,779	23,274
Gain on disposal of subsidiaries							1,964	11,440
Certain administrative expenses							(17,557)	(16,481)
Net fair value loss on investment properties							(1,324,070)	(482,903)
Finance costs							(38,576)	(36,034)
Loss before income tax expense							(916,737)	(329,264)

*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
	2024	2023	2024	2023	2024	2023	2024	2023
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment assets</b>	<b>1,465,747</b>	<b>1,702,323</b>	<b>17,053,096</b>	<b>18,372,825</b>	<b>33,329</b>	<b>32,676</b>	<b>18,552,172</b>	<b>20,107,824</b>
Certain property, plant and equipment							5,394	4,722
Financial assets at FVTOCI							43,320	43,006
Short-term bank deposits							193,731	635,200
Certain cash and cash equivalents							692,993	209,481
Total assets							<b>19,487,610</b>	<b>21,000,233</b>
<b>Segment liabilities</b>	<b>305,721</b>	<b>474,612</b>	<b>196,021</b>	<b>208,540</b>	<b>6,634</b>	<b>7,298</b>	<b>508,376</b>	<b>690,450</b>
Certain other payables							60,858	81,839
Borrowings							1,394,138	1,516,799
Deposit received for disposal of investment properties							2,760	—
Provision for income tax							175,004	121,123
Deferred tax liabilities							133,512	130,160
Total liabilities							<b>2,274,648</b>	<b>2,540,371</b>

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

#### 4. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income from financial assets at FVTPL and other bank interest income	26,811	31,240
Interest income from loan receivables	3,600	159
Forfeiture of deposits	—	209
Miscellaneous income	4,142	7,278
	<u>34,553</u>	<u>38,886</u>

#### 5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expenses on:		
Borrowings	37,839	35,133
Lease liabilities	737	901
	<u>38,576</u>	<u>36,034</u>

#### 6. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of completed properties for sale recognised as expense	553,874	11,295
Depreciation of right-of-use assets and other property, plant and equipment	1,342	4,257
Employee compensation expense (including Directors' remuneration and defined contribution cost)	73,911	67,051
Rentals in respect of short-term leases and low-valued leases	103	147
	<u>629,230</u>	<u>82,750</u>

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
The charge comprises:		
Hong Kong Profits Tax	53,861	13,612
Mainland China Enterprise Income Tax ("EIT")	205	382
Mainland China Land Appreciation Tax	394	1,231
Deferred tax charge	3,352	3,252
	<u>57,812</u>	<u>18,477</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 PER SHARE

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

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
<b>Loss</b>		
Loss attributable to owners of the Company (HK\$'000)	<u>(974,829)</u>	<u>(347,746)</u>
<b>Number of shares</b>		
Number of ordinary shares for the purpose of basic loss per share (note)	<u>283,308,635</u>	<u>283,308,635</u>

*Note:*

During the six months ended 30 June 2024 and 2023, neither the Company nor any of its subsidiaries had repurchased any of the Company's shares respectively.

No diluted loss per share for six months ended 30 June 2024 and 2023 was presented as there were no potential ordinary shares in issue during six months ended 30 June 2024 and 2023.

## 9. TRADE AND OTHER RECEIVABLES/LOAN RECEIVABLES

As at 30 June 2024, trade receivables included in trade and other receivables were approximately HK\$43,749,000 (31 December 2023: HK\$32,392,000). 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:

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
<i>Current assets:</i>		
Trade receivables		
0–30 days	15,223	12,040
31–90 days	14,025	9,114
91–180 days	5,252	4,338
Over 180 days	<u>9,249</u>	<u>6,900</u>
Total trade receivables, net	<u>43,749</u>	<u>32,392</u>
Loan receivables	154,341	145,385
Less: allowance for credit losses	<u>(141,776)</u>	<u>(141,776)</u>
Total loan receivables, net	<u>12,565</u>	<u>3,609</u>
Other receivables, utility deposits and prepayment	<u>87,730</u>	<u>110,939</u>
Total trade and other receivables categorised as current assets	<u>144,044</u>	<u>146,940</u>
<i>Non-current assets:</i>		
Loan receivables	<u>229,918</u>	<u>4,349</u>
	<u><b>373,962</b></u>	<u><b>151,289</b></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 2024, trade payables included in trade and other payables were approximately HK\$24,407,000 (31 December 2023: HK\$24,757,000). 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:

	<b>30 June 2024 (Unaudited) HK\$'000</b>	31 December 2023 (Audited) HK\$'000
0–30 days	7,564	10,801
31–90 days	1,639	1,188
Over 90 days	<u>15,204</u>	<u>12,768</u>
Total trade payables	<u>24,407</u>	<u>24,757</u>
Other payables	<u>470,377</u>	<u>520,226</u>
	<u><b>494,784</b></u>	<u><b>544,983</b></u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

During the first half of 2024, the global economy continued to be fraught with uncertainty due to unabated geopolitical tensions, declining global trade, and contractionary monetary and fiscal policies. Market concerns persisted over unresolved issues such as the stability of the international banking system, high core inflation, and geoeconomic fragmentation. In addition, geopolitical pressures are driving a quiet shift in economic sectors, affecting industrial supply chains, markets and labour supply and impacting the global macro-economy.

Despite high global interest rates and the challenging external environment, we saw a rise in inbound tourist numbers and related spending during the review period. This contributed to the recovery of Hong Kong's tourism industry and led to a gradual pickup in the local economy and labour market. Furthermore, the increase in employment income and various government measures designed to stimulate consumer sentiment spurred local private consumption. On the other hand, changing spending patterns among tourists and local residents together with the persistently high Hong Kong dollar exchange rate dragged down consumer confidence. As a result, the local economy and consumer market continued to be suppressed in the short term.

Due to changes in the market environment and downward rental adjustments, our major investment properties including Soundwill Plaza, Soundwill Plaza II — Midtown and 10 Knutsford Terrace, recorded a drop in rental income during the review period. However, the Group's total revenue improved compared with the same period last year, following recognition of sales of iCITY. The Group continued to meet consumer expectations and capture demand by optimising the tenant mix and carrying out property enhancements. Soundwill Club member count and spending power also grew during the review period. Through a series of reward programmes, our team was able to gain a deeper understanding of members' needs and preferences, while investing more to enhance the effectiveness of online and offline marketing, control costs and improve operational efficiency.

The Group's major industrial project, iCITY, attracted further investor interest, and most buyers of the project's first phase had already taken possession of their flats during the first half of the year. The Group will replenish its land bank in a timely manner in response to demand and market conditions, while capitalising on the Group's professional strengths and the synergies of its diversified businesses.

With imminent changes in the market, the Group will strengthen its core competencies and competitiveness, while exploring new development opportunities using innovative technology. The Group will also maintain its financial principles to capitalise on market opportunities and preserve its core business strengths by adhering to its comprehensive risk management system. In the years ahead, it will diversify its business lines in response to changes in the market in order to continue generating returns for stakeholders.

### **Property Leasing**

For the six months ended 30 June 2024, the Group's property leasing business segment recognised revenue of approximately HK\$173,741,000, representing approximately 17% of the Group's total revenue for the period.

The inbound tourism industry's return to normal generated direct benefits for the traffic in the Group's properties and tenant sales, which maintained a healthy average occupancy rate during the first half of the year. However, improvements in rental income took longer than anticipated as inbound tourist consumption patterns changed and competition from neighbouring regions intensified. As a result, the Group's overall rental income during the period declined. Nevertheless, as one of the most competitive economies in the world, Hong Kong has a convergence of strengths. The Group's major investment properties, including Soundwill Plaza, Soundwill Plaza II — Midtown, 10 Knutsford Terrace and Kai Kwong Commercial Building, are all situated in prime locations in Hong Kong. Accordingly, they enjoy higher customer traffic and greater profitability potential than other locations in the city. The Group's high quality tenant mix is another advantage. Tenants include internationally renowned local and international brands as well as upscale theme restaurants, such as Japanese buffet restaurants, which attract consumers of all ages. In addition to the diverse retail choices we offer in our commercial properties, we provide a dedicated customer experience with the Soundwill Club membership programme. This highly popular programme generates higher customer traffic and revenue and will ultimately enhance the Group's leasing profits.

### ***One Storage Management Company Limited***

One Storage, a wholly-owned subsidiary of the Group, offers customers secure and comfortable storage space and professional management services. All of our storage facilities, which are strategically located in key areas of Hong Kong, are well equipped and comply with the latest fire safety guidelines. As at 30 June 2024, the overall occupancy rate of One Storage reaches 80%, and up to 30% of our branches reached a nearly 90% occupancy rate. More branches are planned for the remainder of this year.

We also have a new onsite mini-box service, which allows customers to enjoy a one-stop door-to-door storage service with fast delivery through our convenient booking system, all without leaving home. We will also be setting up a security control centre equipped with advanced security systems to enhance One Storage and the Group's security equipment, along with centralised monitoring services to provide customers with the most secure and caring storage service in the market.

### **Property Development**

For the six months ended 30 June 2024, the Group's property development business segment recognised revenue of approximately HK\$846,029,000, representing approximately 82% of the Group's total revenue for the period.

The Group's iCITY project is a new 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 from about 335 square feet to 510 square feet on a typical floor. The project was completed in November last year. During the review period, the Group arranged with purchasers to complete the transaction and delivery of project flats in the first phase. The second phase of the project is currently in the preparation stage.

The real estate projects of the Group in the Greater Bay Area of Mainland China 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 were completed and delivered for occupation during the review period, with only a small number of remaining units available for sale. The Lakeview Bay • VOGUE project was sold in response to market conditions, and sales were steady. With "guaranteed delivery" being the dominant theme of the overall market, the sale of these existing properties was an important favourable indicator for the Group. As we believe the real estate market will grow steadily and healthily in the second half of the year, we are currently pursuing several directions in our business development on the Mainland.

### **Building Management and Other Services**

For the six months ended 30 June 2024, the Group's building management and other services segment recognised revenue of approximately HK\$10,345,000, representing approximately 1% 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 services as well as facilities management for A-Grade, large-scale commercial buildings, industrial buildings and small-and medium-sized estates. Members of the subsidiary's building management team are all highly experienced and have achieved ISO9001, ISO14001 and ISO45001 certifications for the Group's properties. To improve the quality of its 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. As well as 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. This team carries out optimisation works and implements energy-saving measures to fulfil the Group's vision of building a sustainable society. A waste management model has also been adopted that encourages stakeholders to reduce, sort and recycle their waste at source.

The building management team attaches great importance to risk management and has set up a centralised management centre equipped with an Internet of Things (IoT) system. Through this centre, the team is better able to protect operational equipment against theft and carry out inspections to ensure operational stability and safety. Additionally, the building management team participates in various community service projects and charitable activities to create positive impact for the community.

## **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 its business performance and strategies. During the review period, the Group remained committed to transparency through the timely disclosure of information on its business development and made extensive use of electronic communication channels with investors and shareholders with the aim of establishing trusting and productive partnerships. The Group held its annual general meeting this year in May. Along with briefings on the Company's results announcements, regular contact with the media was maintained through press releases, announcements and other promotional materials.

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 creates long-term value for shareholders.

## **Corporate Citizenship**

The Group has a sustainability team for analysing and improving its environmental, social and governance performance, as well as proactively responding to crises and opportunities related to climate change. What's more, it has set carbon reduction and energy saving targets, participates in community affairs and provides support to people in need. During the review period, the Soundwill Volunteer Team and volunteers from our subsidiaries took part in community service initiatives, which included distributing supplies to people in need, providing financial assistance and participating in community activities. The Group has also capitalised on the geographical advantages of its properties to promote environmental recycling. In addition, it has been providing mini-storage space free of charge to non-profit-making organisations for many years in support of their logistics needs.

Throughout the years, the Group has received multiple awards, including the Caring Company award in 2024 from The Hong Kong Council of Social Service for the thirteenth 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 their 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, on our own or in cooperation with outside organisations, and leverage our resources and strengths to add value to the community.

## **Prospects**

Looking ahead to the second half of the year, the tense geopolitical situation is likely to continue affecting international capital flows and disrupting normal trade patterns. It is also believed that the US Federal Reserve will remain cautious in its stance on interest rate cuts and that global markets will continue to be riddled with uncertainties regarding inflation and the risk of recession. The market is expected to maintain a wait-and-see attitude, and, owing to the unclear economic outlook, remain weak as investors tend to be conservative.

Factors such as changes in the international situation and instability in the investment market will continue to pose challenges to Hong Kong's economy and local enterprises. However, as one of the most competitive economies in the world, Hong Kong is closely tied with major business and trading centres. Moreover, recently announced measures by our national government, including the further enhancement of the Individual Visit Scheme and an increase in the duty-free allowance for baggage items for Mainland resident visitors, will help to support Hong Kong's retail business sector. These measures and the local government's vigorous promotion of the mega event economy give us confidence that the number of inbound tourists will continue to rise. Together with the boost in consumer sentiment, Hong Kong's economy is expected to grow steadily and robustly during the remainder of the year.

At the same time, the Group will maintain its prudent yet innovative and flexible management strategy, introduce new measures in response to market demands and enhance the operational efficiency and performance of its business portfolio. With a prudent and flexible approach to financial management, coupled with an advantageous position in respect to financing in the debt capital market based on our strong net borrowing ratio, the Group has the ability to capitalise on investment opportunities, no matter how fleeting. The Group will also consolidate and capitalise on the strengths of its property portfolio and businesses to enhance its market share and competitiveness, increase its enterprise value and generate better returns for investors.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

## **FINANCIAL REVIEW**

For the six months ended 30 June 2024, the Group has recorded a revenue of approximately HK\$1,030,115,000 (30 June 2023: HK\$212,303,000), representing an increase of approximately HK\$817,812,000 as compared with the same period last year. The increase in revenue was mainly due to the increase in income recorded from the property development project.

Loss attributable to owners of the Company for the six months ended 30 June 2024 was approximately HK\$974,829,000 (30 June 2023: Loss of HK\$347,746,000), representing an increase in loss of 180% as compared with the corresponding period in 2023. The increase in loss was mainly due to valuation loss of investment properties of HK\$1,324,070,000 was recorded as at 30 June 2024, when compared with a loss of HK\$482,903,000 during the corresponding period in 2023.

The total interest expenses for the six months ended 30 June 2024 amounted to approximately HK\$38,576,000 (30 June 2023: HK\$36,034,000).

The Company's basic loss per share was HK\$3.44 as compared with the loss per share in the same period of last year of HK\$1.23.

## **FINANCIAL RESOURCES AND LIQUIDITY**

As at 30 June 2024, the Group's cash and bank balances (including short-term bank deposits and cash and cash equivalents) amounted to approximately HK\$1,073,875,000 (31 December 2023: HK\$1,138,306,000). The Group's total borrowings as at 30 June 2024 were HK\$1,394,138,000 (31 December 2023: HK\$1,516,799,000). The Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 8% as at 30 June 2024 (31 December 2023: 8%).

As at 30 June 2024, the Group's net assets amounted to approximately HK\$17,212,962,000 (31 December 2023: HK\$18,459,862,000).

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**

Save as those disclosed under the sections headed "Management Decision and Analysis", the Group did not have any significant investments during the financial period ended 30 June 2024.

#### **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

In July 2019, the Group filed an application to the Lands Tribunal for an order for sale in relation to all the undivided shares of Haven Court properties (the "Lot"). On 29 February 2024, the Lands Tribunal ordered the sale of the Lot through the auction (the "Auction") at the reserve price of HK\$2,425,000,000 (the "Reserve Price").

On 17 April 2024. No bid was placed at the Auction. The Company then made an application for an extension of time to conduct another auction (the "Further Auction") together with an application to adjust the Reserve Price on 29 April 2024.

On 31 May 2024, the Lands Tribunal ordered an extension of time for three additional months from 29 May 2024 to 29 August 2024 to conduct the Further Auction with no adjustment on the Reserve Price (the "Rulings").

In the special general meeting of the Company held on 14 June 2024, ordinary resolution was duly passed by the shareholders of the Company by way of poll to approve the mandate for possible very substantial disposal.

On 14 June 2024, the Company made an application to the Lands Tribunal for leave to appeal against the Rulings. On 26 June 2024, leave to appeal against the Rulings was granted by the Lands Tribunal.

Details of the aforesaid possible transactions are set out in the announcements of the Company dated 2 April 2024, 17 April 2024, 24 April 2024, 29 April 2024, 14 May 2024, 22 May 2024, 30 May 2024, 31 May 2024, 14 June 2024 and 26 June 2024 and the circular of the Company dated 24 May 2024.

Save 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 2024.

#### **EVENT AFTER REPORTING PERIOD**

The Lands Tribunal has directed another auction sale of the Lot (as defined above) be conducted at the Reserve Price (the “Second Auction”) with the details of the Second Auction are yet to be fixed. The Company has no intention to bid at the forthcoming Second Auction.

On 13 August 2024, the Court of Appeal ruled the appeal against the Rulings be dismissed and the judgement will be handed down in about 3 weeks of time.

Details of the above possible transactions are set out in the announcement of the Company dated 13 August 2024.

#### **EMPLOYEES AND REMUNERATION POLICY**

The Group employed an average of 301 people and 42 people in Hong Kong and Mainland China respectively as at 30 June 2024 (30 June 2023: 299 and 33 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 2024, total salaries and wages were approximately HK\$73,911,000 (30 June 2023: HK\$67,051,000).

#### **PLEDGE OF ASSETS**

As at 30 June 2024, certain investment properties, properties for sales and property, plant and equipment of the Group with a total carrying value of approximately HK\$10,234,707,000 (31 December 2023: approximately HK\$11,058,645,000) were pledged to secure banking facilities for the Group.

## **CONTINGENT LIABILITIES**

As at 30 June 2024, the Group provided guarantees amounted to approximately HK\$13,307,000 (31 December 2023: HK\$40,220,000) 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 2024, 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 2024 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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 June 2024 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. Mr. Chan Hing Tat is 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 C3 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 2024.

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, 21 August 2024

*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.*