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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Soundwill Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE DISPOSAL OF THE SALE SHARE AND ASSIGNMENT OF THE SALE LOAN AND NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 7 to 20 of this circular.

A notice convening the SGM to be held at Units 01–02, 31/F, Soundwill Plaza, No. 38 Russell Street, Causeway Bay, Hong Kong on Thursday, 20 October 2022 at 2:30 p.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed herein. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.soundwill.com.hk).

Whether or not you are able to attend and vote in person at the SGM, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's principal place of business in Hong Kong at 21st Floor, Soundwill Plaza, No. 38 Russell Street, Causeway Bay, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

Please see page i of this document for measures being taken at the SGM to counter risk of the Novel Coronavirus (COVID-19), including, but not limited to:

- compulsory body temperature checks.
- mandatory wearing of a surgical face mask for each attendee at all time within the meeting venue and through the SGM.
- no distribution of refreshment.

Any person who is or appears to be with fever, or does not comply with the precautionary measures, or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the SGM venue.

In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly advises Shareholders to appoint the chairman of the SGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the SGM in person. Shareholders are advised to read page i of this document carefully for further detail and monitor the development of COVID-19. Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

* For identification purpose only

PRECAUTIONARY MEASURES FOR THE SGM

For the prevention of Novel Coronavirus (“**COVID-19**”) and in the interests of the health and safety of Shareholders, investors, directors, staff and other participants of the SGM (the “**Stakeholders**”), the Company is to implement precautionary measures at the SGM, which include but not limited to:

- (1) Every attendee will be required to wear a surgical face mask throughout the SGM and within the SGM venue. Attendees are advised to maintain appropriate social distance with each other at all times when attending the SGM.
- (2) There will be compulsory body temperature screening for all persons before entering the SGM venue. Any person with a body temperature of 37.5 degrees Celsius or above or any person who exhibits any flu-like symptoms may be denied entry to the SGM venue or be required to promptly leave the SGM venue.
- (3) No refreshment will be served.
- (4) Attendees may be asked (i) if he/she has travelled outside of Hong Kong within 14 days immediately before the SGM; and (ii) if he/she is subject to any Hong Kong Government prescribed quarantine requirement. Any person who responds positively to any of these questions will be denied entry into the SGM venue or be required to promptly leave the SGM venue.
- (5) Persons attending the SGM are to observe good personal hygiene at all times.
- (6) Appropriate seating arrangement at the SGM venue in line with the guidance from the Hong Kong Government will be made.

In light of the continuing risks posed by the COVID-19 pandemic, and in the interests of protecting the Stakeholders, the Company is supportive of the precautionary measures being adopted and reminds Shareholders that physical attendance in the SGM is not necessary for the purpose of exercising voting rights. The Company strongly advises Shareholders to appoint the chairman of the SGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the SGM in person.

Shareholders are advised to monitor the development of COVID-19. The Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate to cope with the development of COVID-19.

Health education materials and up-to-date development on COVID-19 can be found on the Center for Health Protection of the Department of Health website (www.chp.gov.hk) and the website of the Hong Kong Government on COVID-19 (www.coronavirus.gov.hk).

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

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| “Acquisition Adjustment” | has the meaning as defined in the section headed “SALE AND PURCHASE AGREEMENT — Adjustments” |
| “Acquisition Condition” | has the meaning as defined in the section headed “SALE AND PURCHASE AGREEMENT — Conditions Precedent” |
| “Adjusted Consideration” | has the meaning as defined in the section headed “SALE AND PURCHASE AGREEMENT — Adjustments” |
| “After Completion Adjustment” | has the meaning as defined in the section headed “SALE AND PURCHASE AGREEMENT — Adjustments” |
| “Announcement” | has the meaning as defined in the section headed “INTRODUCTION” |
| “Apportionment Statement” | an apportionment statement based on the Completion Accounts to be provided by the Seller to the Purchaser as soon as practicable and no later than the thirtieth (30th) business day after the Completion Date |
| “Billion Glory” | Billion Glory Properties Limited (億潤置業有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company |
| “Board” | the board of Directors |
| “Building” | Haven Court, Nos. 2–28 Haven Street, Nos. 128–138 Leighton Road, Hong Kong |
| “Company” | Soundwill Holdings Limited (金朝陽集團有限公司*), an exempted company incorporated in Bermuda with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 878) |
| “Completion” | completion of the sale and purchase of the Sale Share and the assignment of the Sale Loan under the Sale and Purchase Agreement |

* *For identification purpose only*

DEFINITIONS

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| “Completion Accounts” | the accounts to be provided by the Seller to the Purchaser as soon as practicable and no later than the thirtieth (30th) business day after the Completion Date, including (a) the unaudited management accounts of the Target Company as at the Completion Date; (b) an audited statement of financial position of each of Billion Glory, Harvest Fortune, Lead Properties and WS Holdings as at the Completion Date and an audited income statement of each of Billion Glory, Harvest Fortune and Lead Properties for the period from the day following 31 December 2021 to the Completion Date; and (c) a consolidated audited statement of financial position of the Target Group as at the Completion Date and a consolidated audited income statement of the Target Group for the period from the day following 31 December 2021 to the Completion Date |
| “Completion Adjustment” | has the meaning as defined in the section headed “SALE AND PURCHASE AGREEMENT — Adjustments” |
| “Completion Date” | has the meaning as defined in the section headed “SALE AND PURCHASE AGREEMENT — Completion” |
| “Completion Payment” | has the meaning as defined in the section headed “SALE AND PURCHASE AGREEMENT — Payment” |
| “connected persons”, “controlling shareholder” and “percentage ratio” | each has the meaning as ascribed to it under the Listing Rules |
| “Consideration” | the consideration payable by the Purchaser to the Seller for the Sale Share and the Sale Loan under the Sale and Purchase Agreement, subject to adjustments |
| “Directors” | the directors of the Company |
| “Disposal” | the disposal of the Sale Share and the assignment of the Sale Loan by the Seller to the Purchaser pursuant to the Sale and Purchase Agreement |
| “Draft Apportionment Statement” | draft form of the Apportionment Statement showing Other Assets and Other Liabilities prepared in accordance with the provisions applicable to the Apportionment Account as set out in the Sale and Purchase Agreement |

DEFINITIONS

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| “Draft Completion Accounts” | the consolidated unaudited statement of financial position of the Target Group as at the Completion Date and a consolidated unaudited income statement of the Target Group for the period from the day following 31 December 2021 to the Completion Date |
| “First Property” | has the meaning as defined in the section headed “INFORMATION ON THE TARGET COMPANIES AND THE PROPERTIES — the Properties” |
| “Fourth Property” | has the meaning as defined in the section headed “INFORMATION ON THE TARGET COMPANIES AND THE PROPERTIES — the Properties” |
| “Full Match” | Full Match Limited (富順朝陽有限公司), a company incorporated in the British Virgin Islands with limited liability and, together with Ko Bee, being a group of controlling shareholders of the Company |
| “Further Deposit” | has the meaning as defined in the section headed “SALE AND PURCHASE AGREEMENT — Payment” |
| “Group” | collectively, the Company and its subsidiaries |
| “Harvest Fortune” | Harvest Fortune Limited (沛益有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Initial Deposit” | has the meaning as defined in the section headed “SALE AND PURCHASE AGREEMENT — Payment” |
| “Ko Bee” | Ko Bee Limited, a company incorporated in the British Virgin Islands with limited liability and, together with Full Match, being a group of controlling shareholders of the Company |
| “Latest Practicable Date” | 13 September 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular |
| “Lead Properties” | Lead Properties Limited (領先置業有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company |

DEFINITIONS

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| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | means (a) the latter of the dates being (i) 9 August 2024 or (ii) (if the Acquisition Condition is not fulfilled or waived on or before 9 August 2024), six months thereafter; or (b) such other date as may be agreed by the Seller and the Purchaser in writing |
| “Lot” | all that piece or parcel of ground registered in the Land Registry of Hong Kong as Section C of Inland Lot No.2147 |
| “Occupied Units” | the Properties and the acquired Outstanding Units of which vacant possession cannot be obtained by the Seller upon Completion |
| “Other Assets” | the assets of the Target Group, other than, among others, the Properties and the acquired Outstanding Units |
| “Other Liabilities” | the liabilities of the Target Group, other than, among others, certain bank loans and the Sale Loan |
| “Outstanding Units” | the outstanding units (being Shop Nos. 11, 13, 24, 25, 28, 39, 41, 44 of the Ground Floor; Blocks C and M of the 2nd Floor; Block I of the 3rd Floor; Block E of the 5th Floor; Blocks C and I of the 7th Floor; Blocks C, D, H and K of the 8th Floor; Blocks D and I of the 9th Floor; one half of each of Shop Nos. 22 and 23 of the Ground Floor; and two third of each of Blocks C and D of the 1st Floor, of the Building) to be acquired by the Seller by way of private treaty, auction sale as a result of order for sale pursuant to the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong) or a combination of both on or before the Long Stop Date to the reasonable satisfaction of the Purchaser |
| “PRC” or “Mainland China” | the People’s Republic of China, which for the purpose of this circular excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan |
| “Properties” | collectively, the First Property, the Second Property, the Third Property and the Fourth Property |
| “Purchaser” | United Endeavors Limited, a company incorporated in the British Virgin Islands with limited liability |
| “Purchaser Guarantor” | Tsui Yee (徐意), the ultimate beneficial owner of the Purchaser |
| “Remaining Group” | the Group other than the Target Group as contemplated under the Sale and Purchase Agreement |

DEFINITIONS

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| “Retention Amount” | has the meaning as defined in the section headed “SALE AND PURCHASE AGREEMENT — Payment” |
| “RMB” or “Renminbi” | Renminbi, the lawful currency of the PRC |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 9 August 2022 and entered into among the Seller, the Purchaser, the Seller Guarantor and the Purchaser Guarantor in relation to the Disposal |
| “Sale Loan” | the entire shareholders loan owing by the Target Company to the Seller at Completion |
| “Sale Share” | the entire issued share in the capital of the Target Company |
| “Second Property” | has the meaning as defined in the section headed “INFORMATION ON THE TARGET COMPANIES AND THE PROPERTIES — the Properties” |
| “Seller” | Wonder Earning Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Seller Guarantor” | Tang Lung Investment Properties Limited (登龍投資地產有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Seller’s Group” | the Seller or all persons the Seller controls (except the Target Group), or any person that controls the Seller and all other persons controlled by any such person that controls the Seller |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “SGM” | the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, to approve, among other matters, the Sale and Purchase Agreement and the transactions contemplated thereunder |
| “Share(s)” | ordinary share(s) in the capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Site” | collectively, the Lot and the Fourth Property |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

DEFINITIONS

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| “Target Company” | Linking Smart Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Seller |
| “Target Group” | collectively, the Target Company and its subsidiaries |
| “Third Property” | has the meaning as defined in the section headed “INFORMATION ON THE TARGET COMPANIES AND THE PROPERTIES — the Properties” |
| “WS Holdings” | WS Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company |
| “%” | per cent. |



SOUNDWILL HOLDINGS LIMITED

金朝陽集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

Executive Directors:

FOO Kam Chu Grace (*Chairman*)
CHAN Wai Ling
CHAN Hing Tat
TSE Wai Hang

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

CHAN Kai Nang
PAO Ping Wing
NG Chi Keung

*Head Office and Principal Place of
Business in Hong Kong:*

21st Floor, Soundwill Plaza
No. 38 Russell Street
Causeway Bay
Hong Kong

23 September 2022

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO THE DISPOSAL OF
THE SALE SHARE AND ASSIGNMENT OF THE SALE LOAN
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 11 August 2022 (the “**Announcement**”), pursuant to which the Company announces that on 9 August 2022 (after trading hours), the Seller, the Purchaser, the Seller Guarantor and the Purchaser Guarantor entered into the Sale and Purchase Agreement, pursuant to which the Seller has conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to

* *For identification purpose only*

LETTER FROM THE BOARD

purchase and take assignment of, the Sale Share (representing the entire issued share capital of the Target Company) and the Sale Loan (representing the entire shareholders loan owed by the Target Company to the Seller).

The purpose of this circular is to provide you with, amongst other things, (i) further details of the Sale and Purchase Agreement; (ii) a property valuation report on the Properties; (iii) other information as required to be disclosed under the Listing Rules; and (iv) a notice of SGM at which the necessary resolution(s) will be proposed for the Shareholders for the purpose of considering, and, if thought fit, to approve, among other matters, the Disposal.

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

Date

9 August 2022 (after trading hours)

Parties

- (1) Wonder Earning Limited, being an indirect wholly-owned subsidiary of the Company (as the Seller)
- (2) United Endeavors Limited (as the Purchaser)
- (3) Tang Lung Investment Properties Limited, being an indirect wholly-owned subsidiary of the Company (as the Seller Guarantor)
- (4) Tsui Yee (徐意), the ultimate beneficial owner of the Purchaser (as the Purchaser Guarantor)

Subject Matter

The Seller has conditionally agreed to sell the Sale Share (representing the entire issued share capital of the Target Company) and assign the Sale Loan (representing the entire shareholders loan owed by the Target Company to the Seller) to the Purchaser free from all encumbrances and with all rights to be attached to the Sale Share as at Completion, including the right to receive all dividends and other distributions declared, made or paid on or after the Completion Date, and assign and transfer to the Purchaser the Sale Loan free from all encumbrances. Further details of the Target Company are set out in the section headed “INFORMATION ON THE TARGET COMPANY AND THE PROPERTIES” below.

Consideration

The Consideration for the Sale Share and the Sale Loan shall be an amount equal to HK\$3,208,815,000 (subject to adjustments). The Consideration was arrived at after arm’s length negotiations between the Seller and the Purchaser. The Seller has taken

LETTER FROM THE BOARD

into account (i) the value of the Site (assuming acquisition of all the Outstanding Units); (ii) the estimated value of gross floor area upon redevelopment of the Site at HK\$16,200 per square foot, assuming the site area of the Site of approximately 13,205 square feet and plot ratio of 15 under the Building (Planning) Regulations (Chapter 123F of the Laws of Hong Kong), by reference to (a) the appraised market value of the Site of HK\$2,560 million as at 8 August 2022 by Vigers Appraisal and Consulting Limited, an independent qualified valuer; and (b) the premium to be paid to the Seller to unify the ownership of the Lot and the Building by acquiring the Outstanding Units on or before the Long Stop Date.

Payment

The Consideration shall be satisfied and paid by the Purchaser as follows:

- (i) an initial deposit in the amount of HK\$320,881,500 (being 10% of the Consideration prior to the adjustments) (the “**Initial Deposit**”) has been paid to the Seller (by solicitors’ cheque drawn in favour of a company directed by the Seller, which is a wholly-owned subsidiary of the Company and not a member of the Target Group) upon execution of the Sale and Purchase Agreement, which shall represent part payment of the Consideration upon Completion;
- (ii) a further deposit in the amount of HK\$320,881,500 (being 10% of the Consideration prior to the adjustments) (the “**Further Deposit**”) to be paid to the Seller (or the person as directed by the Seller who shall be a member of the Seller’s Group in a payment direction) on or before expiry of six months from the date of the Sale and Purchase Agreement, which shall represent part payment of the Consideration upon Completion;
- (iii) a sum equivalent to the remaining balance of the Consideration (after the Acquisition Adjustment (if applicable) and Completion Adjustment) less the Retention Amount (if any) (such sum being the “**Completion Payment**”) shall be paid by the Purchaser to the Seller upon Completion and split up into an amount payable to the bank (for repayment of the bank loan) and an amount payable to the person as directed by the Seller who shall be a member of the Seller’s Group in the payment direction(s); and
- (iv) (if applicable) an agreed sum for each of the Occupied Units (such sum being the “**Retention Amount**”) shall be paid by the Purchaser to the Purchaser’s solicitors firm as stakeholders who shall deal with the Retention Amount in accordance the terms of the Sale and Purchase Agreement.

All payments made or to be made to the Seller or the Purchaser under the Sale and Purchase Agreement shall be made in HK dollars by way of cashier order(s) issued by a licensed bank in Hong Kong, or solicitor’s cheque(s).

LETTER FROM THE BOARD

Adjustments

The Consideration is subject to the following adjustments:

- (i) If applicable and before Completion — if the Acquisition Condition is waived by the Purchaser on or before the Long Stop Date, the Consideration shall be adjusted based on a formula agreed between the Purchaser and the Seller by taking into account, among others, the apportioned Consideration of each of the Lot and the Fourth Property and the aggregate of the percentage of the then Outstanding Units as at the Long Stop Date (the “**Acquisition Adjustment**”);
- (ii) Upon Completion — the remaining balance of the Consideration shall be adjusted by adding the Other Assets less the Other Liabilities, each as determined in accordance with the Draft Completion Accounts and the Draft Apportionment Statement provided by the Seller to the Purchaser. The Seller and the Purchaser shall attempt to reach agreement on such Draft Completion Accounts and the Draft Apportionment Statement. If the Seller and the Purchaser are able to reach agreement, the Other Assets and the Other Liabilities as set out in the Draft Completion Accounts and the Draft Apportionment Statement (with all the amendments (if any) as mutually agreed between the Seller and the Purchaser) shall be adopted for adjustment to remaining balance of the Consideration upon Completion. If the Seller and the Purchaser are unable to reach agreement on the Draft Completion Accounts and/or the Draft Apportionment Statement, the Other Assets and the Other Liabilities as set out in Draft Completion Accounts and the Draft Apportionment Statement originally provided by the Seller shall be adopted for adjustment to remaining balance of the Consideration upon Completion (the “**Completion Adjustment**”); and
- (iii) After Completion — the Consideration shall be adjusted following Completion by adding the Other Assets less the Other Liabilities, each as determined in accordance with the Completion Accounts and the Apportionment Statement prepared by the Seller after Completion in accordance with the terms of the Sale and Purchase Agreement. The Consideration as adjusted following Completion shall be referred to as the “Adjusted Consideration”. The Seller and the Purchaser shall attempt to reach agreement on the Completion Accounts and the Apportionment Statement. If the Seller and the Purchaser are able to reach agreement, then the Other Assets and the Other Liabilities as set out in the Completion Accounts and the Apportionment Statement (with all the amendments (if any) as mutually agreed between the Seller and the Purchaser) shall be adopted for adjustment to the Consideration after Completion. If the Seller and the Purchaser are unable to reach agreement on the Completion Accounts and/or the Apportionment Statement, an independent accountant will be appointed to review the Completion Accounts and the Apportionment Statement and shall determine adjustments (if any) on such accounts and

LETTER FROM THE BOARD

statement. The determination of such independent accountant shall be final and binding on the Seller and the Purchaser, and the Other Assets and the Other Liabilities as set out in Completion Accounts and the Apportionment Statement (reviewed and determined by the independent accountant) shall be adopted for adjustment to remaining balance of the Consideration after Completion (the “**After Completion Adjustment**”).

If the Consideration is less than the Adjusted Consideration, the Purchaser shall pay to the Seller the difference; and if the Consideration is more than the Adjusted Consideration, the Seller shall pay to the Purchaser the difference.

Conditions Precedent

Completion is conditional upon the following conditions being satisfied (and/or waived by the Purchaser):

- (a) the Company having obtained the requisite approval from the Shareholders in relation to the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder as a “very substantial disposal” as required under the Listing Rules;
- (b) the Seller, through the Target Company, Billion Glory, Harvest Fortune and/or Lead Properties, having completed acquisition of all the undivided shares of the Lot and the Building (the “**Acquisition Condition**”);
- (c) Billion Glory, Harvest Fortune and/or Lead Properties having title to the Outstanding Units acquired by way of private treaty^(Note) on or before the Long Stop Date to the reasonable satisfaction of the Purchaser in accordance with Section 13 and Section 13A of the Conveyancing and Property Ordinance (Chapter 219, Laws of Hong Kong); and
- (d) Billion Glory, Harvest Fortune and Lead Properties having obtained vesting order(s) for those of their respective properties as set out in the Sale and Purchase Agreement.

The Purchaser may at any time before the Long Stop Date waive in writing any of the conditions (b) to (d) set out above. Save as aforesaid, none of the other conditions precedent above is capable of being waived.

Note:

Pursuant to section 8(1) of Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong), all the rights of any prior owners in or over the Outstanding Units shall absolutely cease except to the extent, if any, specified in the order in the event that the relevant members of the Target Group has successfully acquired the Outstanding Units by way of auction sale. As such, the Purchaser has agreed to be deemed to have accepted the title of the Outstanding Units in the case of successful acquisition through auction sale.

LETTER FROM THE BOARD

If any of the conditions (which has not previously been waived by the Purchaser) has not been fulfilled on or before the Long Stop Date, the Sale and Purchase Agreement shall be automatically terminated on the Long Stop Date. Under such a circumstance, all rights and obligations of the parties under the Sale and Purchase Agreement shall lapse and be of no further effect, and the Initial Deposit and the Further Deposit (without any interest) will be returned to the Purchaser.

As at the Latest Practicable Date, none of the condition(s) precedent had been fulfilled.

As the Company (via the Target Group) intends to acquire the Outstanding Units by way of private treaty, auction sale as a result of order for sale pursuant to the Land (Compulsory Sale for Redevelopment) Ordinance or a combination of both for the purpose to fulfill certain of the conditions precedent, the following set out the consequences if the Company fails to acquire the Outstanding Units through auction sale while any third party bidder has successfully won the bid and completed the acquisition of all the undivided shares of the Lot:

- (i) the Company shall dispose of all the undivided shares of the Lot owned by the Company (via the Target Group) to such third party successful bidder; and
- (ii) the Company will not be able to satisfy some of the conditions precedent. The Purchaser may elect to waive the relevant condition(s) or to terminate the Sale and Purchase Agreement. In the latter case, the Seller shall return the Initial Deposit and the Further Deposit (without any interest) to the Purchaser, but the Seller will not be subject to any penalty or compensation payable to the Purchaser in such case.

Completion

Completion shall take place in the office of the Seller's solicitors firm on the business day falling on the 45th day after (and exclusive of) the latter of (a) the date on which all the conditions precedent are satisfied, provided that such date for satisfaction is on or before the Long Stop Date; or (b) if the Purchaser waived the Acquisition Condition, the date of the Seller's receipt of the written notice from the Purchaser of such waiver; or on such other date as the Seller and the Purchaser may agree in writing (the "**Completion Date**").

Following Completion, the Company will cease to have any interests in the Target Group and the financial results and assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group. Upon Completion, the Properties will be delivered on an as-is basis to the Purchaser subject to the then existing tenancies.

LETTER FROM THE BOARD

Guarantees and indemnity

The Seller Guarantor (i) guarantees to the Purchaser, among others, the punctual and complete performance of the Seller's obligations (including any payment obligation) under the Sale and Purchase Agreement; and (ii) indemnify and to keep indemnified the Purchaser from and against any loss suffered or incurred by the Purchaser arising from the failure of the Seller to comply with any of its obligations under the Sale and Purchase Agreement.

The Purchaser Guarantor (i) guarantees to the Seller, among others, the punctual and complete performance of the Purchaser's obligations (including any payment obligation) under the Sale and Purchase Agreement; and (ii) indemnify and to keep indemnified the Seller from and against any loss suffered or incurred by the Seller arising from the failure of the Purchaser to comply with any of its obligations under the Sale and Purchase Agreement.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTIES

The Target Company is incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Seller prior to Completion. It is, through Billion Glory, Harvest Fortune, Lead Properties and WS Holdings, the indirect beneficial owner of the Properties. The Target Group is principally engaged in property investment and the principal asset is the Properties.

The Properties

The Properties have an aggregate saleable area of approximately 85,928 square feet and comprise the following:

- (a) Shop Nos. 18, 32, 33, 35, 37, 40, 42, 43 and 45, Ground Floor; Blocks E, G, I, J, K, L, and M of the 1st Floor; Blocks A, B, D, E, F, G, H, I, J, K, and L of the 2nd Floor; Blocks A, B, C, D, E, F, G, H, J, K, L and M of the 3rd Floor; Blocks A, B, C, D, E, F, H, I, J, K, L and M of the 4th Floor; Blocks A, B, C, D, F, G, H, I, J, L and M of the 5th Floor; Blocks A, B, C, D, E, F, G, H, I, J, K, L and M of the 6th Floor; Blocks A, B, D, E, F, G, H, K, L and M of the 7th Floor; Blocks A, B, E, F, I, J, L and M of the 8th Floor; Blocks A, B, C, E, G, H, J, K, L and M of the 9th Floor; Blocks A, B, I, J, K, and M of the 10th Floor; one half of each of Shop Nos. 22 and 23 of the Ground Floor; and one third of each of Blocks C and D of the 1st Floor, of the Building which are owned by Billion Glory (the "**First Property**");
- (b) Shop Nos. 14, 15, 17, 19, 20, 21, 27, 29, 30, 36 and 38 of the Ground Floor; Block J of the 7th Floor; Block H of the 10th Floor & Adjacent Roof thereof & Roof; and Block L of the 10th Floor, of the Building which are owned by Harvest Fortune (the "**Second Property**");

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- (c) Shop Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 & 12, 16, 26 and 34 of the Ground Floor; Blocks A, B, F and H of the 1st Floor; Block G of the 4th Floor; Block K of the 5th Floor; Block G of the 8th Floor; and Block F of the 9th Floor, of the Building which are owned by Lead Properties (the “**Third Property**”); and
- (d) all that piece or parcel of ground registered in the Land Registry as Section P of Inland Lot No. 2147, which are owned by WS Holdings (the “**Fourth Property**”).

The Target Group has kicked off the acquisition of the individual units located on the Properties on a piecemeal basis through private treaties with separate sellers since 2007. With years of effort, the Target Group has finally acquired up to about 87.8% ownership of the Lot and the Building and the entire ownership of the Fourth Property as at the Latest Practicable Date. The total acquisition cost incurred by the Target Group (excluding the stamp duty refundable of about HK\$357.7 million) is about HK\$2,101.7 million. It is expected that the Target Group will have acquired full ownership of the Properties before the Long Stop Date.

Financial information of the Target Group

Set out below is a summary of the audited financial information of the Target Group for the two financial years ended 31 December 2020 and 2021:

| | For the financial years ended 31 December | |
|-------------------------------|--|----------|
| | 2020 | 2021 |
| | HK\$'000 | HK\$'000 |
| (Loss)/Profit before taxation | (6,814) | 16,745 |
| (Loss)/Profit after taxation | (9,228) | 14,526 |

The consolidated net liabilities of the Target Group as at 31 December 2021 was approximately HK\$50.8 million^(Note 1). The aggregate book value of bank borrowings of the Target Group was approximately HK\$450.0 million as at 31 December 2021.

Note 1: Reference is made to the Announcement, the Company would like to clarify that there were two inadvertent clerical errors under the sub-section headed “Financial information of the Target Group”. This statement should be read as it is disclosed in this circular, instead of “the consolidated net asset value of the Target Group as at 31 December 2021 was approximately HK50.8 million”.

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USE OF PROCEEDS

The net proceeds arising from the Disposal are approximately HK\$2,298.6 million^(Note 2) (after deducting (i) bank loans which amount to approximately HK\$500.0 million, (ii) transaction costs, estimate costs and expenses for acquiring the Outstanding Units which amount to approximately HK\$391.5 million^(Note 3), and (iii) legal costs, commission and expenses related to the Disposal which amount to approximately HK\$18.7 million), all of which are attributable to the Group and is intended to be used by the Group primarily for future investment and business development of the Group and for general working capital as well as additional capital resources for the Group to make further investment on existing projects which are potentially profitable including but not limited to property development and/or redevelopment projects in order to replenish its land reserves, should suitable opportunities arise with an aim to generating favourable returns to the Shareholders. As at the Latest Practicable Date, the Company had not yet identified any specific investment target nor did the Group enter into any definitive agreement for such investment.

The table below illustrates a breakdown of the intended use of the net proceeds^(Note 4):

| Category | Estimated amount |
|---|-------------------------|
| Future investment and business development of the Group | HK\$1,839.6 million |
| General working capital (including but not limited to (i) paying interest on bank borrowing, (ii) expenses for repairing and maintaining properties, and (iii) general administrative expenses) | HK\$150.0 million |
| Additional capital resources for the Group to make further investment on existing projects which are potentially profitable | HK\$309.0 million |

Note 2: Reference is made to the Announcement, the Company would like to clarify that there was one rounding error under the section headed “Financial Impact of the Disposal and Use of Proceeds”. This figure should be read as it is disclosed in this circular, instead of “HK\$2,298.3 million”.

Note 3: Based on the Company’s current best estimate, the transactions costs, estimate costs and expenses for acquiring the Outstanding Units represent the pro-rated amount of the Consideration calculated with reference to the percentage of the Outstanding Units over the entire Lot (i.e. 12.2%), since the Company owned 87.8% of the Lot as at the Latest Practicable Date as disclosed on page 14 of this circular. Such estimated amount of transactions costs, estimate costs and expenses for acquiring the Outstanding Units is consistent with the calculation of the unaudited pro forma financial information of the Remaining Group set out in Note (c) on page III-9 in Appendix III of this circular.

Note 4: Given that, as at the Latest Practicable Date, the Company had not yet identified any specific target nor did the Group enter into any definitive agreement for future investment, the breakdown is merely a preliminary allocation of the net proceeds based on the Company’s current best estimate which is subject to any changes of future business plan of the Group and market conditions. In the event that there are any material changes to the use of net proceeds disclosed herein, the Company will provide updates to its Shareholders and the investing public by way of disclosure in its interim report and/or annual report.

LETTER FROM THE BOARD

FINANCIAL IMPACT OF THE DISPOSAL

Earnings

It is estimated that the Group will record a gain on the Disposal in the amount of approximately HK\$597.7 million, which is calculated based on (i) the Consideration; and (ii) the consolidated net asset value of the Target Group and the Properties, taking into account the estimate costs and expenses for acquiring the Outstanding Units and the expenses to be incurred in connection with the Disposal, including the legal and professional fees. The actual amount of gain or loss will be subject to review by the auditors of the Group.

According to the annual report of the Company for the year ended 31 December 2021, the Group recorded an audited consolidated loss and loss attributable to equity holders of the Company of approximately HK\$808.1 million and approximately HK\$807.9 million respectively for the year ended 31 December 2021. Based on the “Unaudited Pro Forma Financial Information of the Remaining Group” as set out in Appendix III to this circular, assuming Completion had taken place on 1 January 2021, the unaudited pro forma consolidated loss and loss attributable to the equity holders of the Company of the Remaining Group for the year ended 31 December 2021 would become approximately HK\$82.0 million and approximately HK\$81.8 million respectively.

Assets and liabilities

Following Completion, the Company will cease to have any interests in the Target Group and the financial results and assets and liabilities of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

According to the interim results announcement of the Company for the six months ended 30 June 2022, the unaudited consolidated total assets and total liabilities of the Group as at 30 June 2022 were approximately HK\$22,367.4 million and approximately HK\$2,840.7 million respectively. Based on the “Unaudited Pro Forma Financial Information of the Remaining Group” as set out in Appendix III to this circular, assuming Completion had taken place on 30 June 2022, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group as at 30 June 2022 would become approximately HK\$22,454.9 million and approximately HK\$2,330.5 million respectively.

Based on the unaudited financial information of the Target Group as at 30 June 2022, the excess of the Consideration over the net book value of the Properties was approximately HK\$1,008.2 million. Upon Completion, the consolidated total assets of the Company will be increased by approximately HK\$87.5 million and the consolidated total liabilities of the Company will be decreased by approximately HK\$510.2 million.

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General

Shareholders should note that the financial impact set out above is for illustrative purpose only. The actual financial impact from the Disposal can only be determined at Completion based on the Completion Accounts and Apportionment Statement and with reference to, among other things, the actual costs and expenses associated with the Disposal, and shall be subject to audit by the Company's auditor.

INFORMATION OF THE GROUP

The Company is an exempted company incorporated in Bermuda with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 878). It is principally engaged in investment holding and the Group is principally engaged in various lines of business including property assembly, property leasing, property development and provision of building management services in Hong Kong and property development in the PRC.

The Seller is an investment holding company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE SELLER GUARANTOR

The Seller Guarantor is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. The Purchaser is ultimately, entirely and beneficially owned by the Purchaser Guarantor.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s), and the Purchaser Guarantor, are third parties independent of and not connected with the Company and its connected persons.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser Guarantor has years of experience in real properties industry by serving as a director of various companies that engage in or are associated with the business of real properties investment in Hong Kong and/or the PRC. The Purchaser Guarantor was introduced to the Group through intermediary. Prior to the Disposal, the Group had no previous or existing transaction with the Purchaser Guarantor or her associate(s).

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS DERIVED FROM THE DISPOSAL

The Directors undertake strategic reviews of its assets from time to time with a view to maximising returns to the Shareholders. The Directors consider that the Disposal provides an opportunity for the Company to realise its investment with a reasonable return. The Directors are of the view that the Disposal, if completed, will make a positive contribution to the cash flow and financial position of the Group, and the net proceeds from the Disposal will be used as general working capital and for future investment and business development of the Group.

The Group has commenced the acquisition of the individual units of the Properties since 2007, but the majority of such units were acquired from 2017 to 2019. The Group has been reviewing the redevelopment options and feasibility of the Properties, but has yet to come up with any definitive development plan. Since this site assembly exercise undertaken by the Group is capital intensive in nature and it has been dragged on for a prolonged period of time, the Group wishes to exit this project via the Disposal due to the following reasons:

- (i) in the business pipeline of site assembly and redevelopment, the Group is currently undertaking the redevelopment of the industrial building named “iCITY” in Kwai Chung. In addition, in 2021, the Group unified the ownership of the building known as South China Cold Storage Building in Kwai Chung, which is currently vacant and is expected to be redeveloped in the future. For further details of such projects, please refer to Appendix IV — Management Discussion and Analysis of the Remaining Group in this circular. As such, the Group wishes to obtain extra cash flow for such developments;
- (ii) due to the global cycle of increasing interest rate, it is expected that the interest rate of bank borrowing will be increased in Hong Kong, which in turn, increased the Group’s costs of borrowing if the Group decides to take out any additional bank loans;
- (iii) the Company wishes to moderate the risk of undertaking too many properties redevelopment at the same time. Further, given the Group’s proven record in site assembly, the Group is confident that the Group could undertake other site assembly projects when the opportune time comes; and
- (iv) the Group is able to make a gain from the Disposal as set out in the section headed “Financial Impact of the Disposal” in this circular, and also, the Group will be able to obtain additional cash buffer for the developments as aforesaid in paragraph (i).

The Board considers that the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

On 9 August 2022, Ko Bee and Full Match, together being a group of controlling shareholders of the Company, had irrevocably undertaken that they will vote in favour of the resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, Ko Bee and Full Match collectively hold approximately 74.29% of the total issued Shares.

THE SGM

The notice convening the SGM is set out on pages SGM-1 to SGM-3 of this circular. The SGM will be convened at Units 01–02, 31/F, Soundwill Plaza, No. 38 Russell Street, Causeway Bay, Hong Kong on Thursday, 20 October 2022 at 2:30 p.m. for the Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 17 October 2022 to Thursday, 20 October 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 SGM, 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 14 October 2022.

A form of proxy for use at the SGM is enclosed herein. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.soundwill.com.hk).

Whether or not you are able to attend and vote in person at the SGM, please complete and signed the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's principal place of business in Hong Kong at 21st Floor, Soundwill Plaza, No. 38 Russell Street, Causeway Bay, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, voting at the SGM will be conducted by poll.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their associates has any material interest in the Disposal and therefore, no Shareholder is required to abstain from voting on the resolution(s) to be proposed at the SGM.

GENERAL

Completion of the Sale and Purchase Agreement is subject to the fulfillment of certain conditions precedent and terms thereof, and therefore, may or may not take place. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

RECOMMENDATION

For the reasons set out above, the Directors consider that the Disposal and the terms of the Sale and Purchase Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
SOUNDWILL HOLDINGS LIMITED
FOO Kam Chu Grace
Chairman

1. FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2019, 2020 and 2021, and for the six months ended 30 June 2022 are disclosed in the annual reports of the Company for the years ended 31 December 2019, 2020 and 2021, and the interim results announcement of the Company for the six months ended 30 June 2022, respectively, which are published on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.soundwill.com.hk) and which can be accessed by the direct hyperlinks below:

- (1) annual report of the Company for the year ended 31 December 2019 published on 24 April 2020 (pages 152 to 308):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042400916.pdf>

- (2) annual report of the Company for the year ended 31 December 2020 published on 22 April 2021(pages 160 to 308):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0422/2021042200907.pdf>

- (3) annual report of the Company for the year ended 31 December 2021 published on 22 April 2022 (pages 184 to 344):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0422/2022042200614.pdf>

- (4) interim results announcement of the Company for the six months ended 30 June 2022 published on 29 August 2022:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0829/2022082901252.pdf>

2. INDEBTEDNESS STATEMENT

At the close of business on 31 July 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had the following indebtedness:

Borrowings

Secured and guaranteed borrowings of approximately HK\$1,935,441,000, comprising secured bank loans of approximately HK\$1,935,441,000. The bank loans were secured by certain investment properties, property, plant and equipment and properties under development of the Group with a total carrying value of approximately HK\$13,092,116,000.

Lease liabilities

Lease liabilities amounting to approximately HK\$51,889,000 which were secured by rental deposits and unguaranteed.

Contingent liabilities

As at 31 July 2022, the Group provided guarantees amounted to approximately HK\$81,942,000 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.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business of the Group, the Group did not have any other debt securities, term loans or other outstanding borrowings or indebtedness including bank overdrafts, liabilities under acceptance or acceptance credits, hire purchase commitments, debentures, mortgages, charges, guarantees or other material contingent liabilities as at 31 July 2022.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up except for the payment of final dividend for the financial year ended 31 December 2021 at the sum of HK\$56,661,727 on or about 16 June 2022.

4. WORKING CAPITAL STATEMENT

After taking into account the financial resources presently available to the Group, including cash and cash equivalent on hand, internally generated funds, available and existing banking facilities and the effects of the Disposal, and in the absence of unforeseen circumstances, the Directors after due and careful enquiry are of the opinion that the Group has sufficient working capital for its present requirements for at least twelve months from the date of publication of this circular. For the purpose of giving this working capital statement, the Company has obtained the relevant confirmation(s) as required under Rule 14.66(12) of the Listing Rules.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the business of property assembly, property leasing, property development and property management in Hong Kong and real estate development in the PRC. The Disposal has increased sources of funding to accelerate the development of the Group's existing projects, and for acquisition of potential new projects. During the current financial year, the Directors expect that with cash and available credit facilities, the Group's financial position will remain stable and the Group's revenue of the current year will not be materially impacted after the Disposal. The Group will closely monitor the market situations and trends and will continue to strengthen its established markets. The Group will seek investment and business opportunities relating to the real estate industry with an aim of maximising profitability for the benefit of its Shareholders.

UNAUDITED FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the unaudited financial information of the Target Group which comprises the unaudited consolidated statements of financial position of the Target Group as at 31 December 2019, 2020 and 2021 and 30 June 2022 and the unaudited consolidated statements of profit or loss and other comprehensive income, unaudited consolidated statements of cash flows and unaudited consolidated statements of changes in equity for the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022 and certain explanatory notes (altogether referred to as “**Historical Financial Information**”).

The Historical Financial Information has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Listing Rules and the basis of preparation as set out in note 2 to the Historical Financial Information.

The Historical Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the proposed disposal of the entire equity interest in Target Company. The Company’s auditors, Deloitte Touche Tohmatsu (the “**reporting accountants**”), were engaged to review the Historical Financial Information of Target Group in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Notes | For the year ended 31 December | | | For the six months ended | |
|---|-------|--------------------------------|-----------------------|----------------------|--------------------------|-----------------------|
| | | 2019 | 2020 | 2021 | 30 June | |
| | | HKS'000 | HKS'000 | HKS'000 | 2021 | 2022 |
| | | | | HKS'000 | HKS'000 | |
| Rental income | 3 | 22,711 | 21,029 | 24,057 | 11,864 | 11,090 |
| Other income, gains and losses | | 4,706 | 2,034 | 2,045 | 17 | 3 |
| Administrative expenses | | (8,203) | (6,333) | (7,890) | (1,208) | (1,110) |
| Net fair value gain/(loss) on investment properties | | 263,945 | (15,540) | 4,000 | 4,000 | 199,812 |
| Loss on deregistration of a subsidiary (Impairment loss)/Reversal of impairment loss on trade receivables | | (9,931) | — | — | — | — |
| Finance costs | | (458) | — | 79 | 94 | (95) |
| | | <u>(11,566)</u> | <u>(8,004)</u> | <u>(5,546)</u> | <u>(2,786)</u> | <u>(2,644)</u> |
| Profit/(loss) before income tax expense | 4 | 261,204 | (6,814) | 16,745 | 11,981 | 207,056 |
| Tax credit/(expenses) | | <u>684</u> | <u>(2,414)</u> | <u>(2,219)</u> | <u>(1,252)</u> | <u>(1,673)</u> |
| Profit/(loss) for the year/period | | <u><u>261,888</u></u> | <u><u>(9,228)</u></u> | <u><u>14,526</u></u> | <u><u>10,729</u></u> | <u><u>205,383</u></u> |
| Profit/(loss) and total comprehensive income/(expense) for the year/period | | <u><u>261,888</u></u> | <u><u>(9,228)</u></u> | <u><u>14,526</u></u> | <u><u>10,729</u></u> | <u><u>205,383</u></u> |

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | <i>Notes</i> | As at 31 December | | | As at |
|--|--------------|--------------------|--------------------|--------------------|--------------------|
| | | 2019 | 2020 | 2021 | 30 June |
| | | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| ASSETS AND LIABILITIES | | | | | |
| Non-current assets | | | | | |
| Investment properties | 5 | 2,069,640 | 2,054,100 | 2,058,100 | 2,200,600 |
| Deposits paid for acquisition of properties | | <u>9,251</u> | <u>9,251</u> | <u>9,251</u> | <u>9,251</u> |
| Total non-current assets | | <u>2,078,891</u> | <u>2,063,351</u> | <u>2,067,351</u> | <u>2,209,851</u> |
| Current assets | | | | | |
| Trade and other receivables | 6 | 1,594 | 867 | 1,126 | 938 |
| Amount due from fellow subsidiaries | | — | — | — | 113,165 |
| Cash and cash equivalents | 7 | <u>714</u> | <u>667</u> | <u>611</u> | <u>358</u> |
| Total current assets | | <u>2,308</u> | <u>1,534</u> | <u>1,737</u> | <u>114,461</u> |
| Current liabilities | | | | | |
| Trade and other payables | 8 | (5,656) | (5,429) | (5,244) | (4,203) |
| Amount due to intermediate holding company | | (732) | (139) | (1,658,679) | (1,659,279) |
| Amount due to fellow subsidiaries | | (1,595,415) | (1,638,415) | (2) | — |
| Borrowings | 9 | (20,000) | (20,000) | (450,000) | (20,000) |
| Provision for income tax | | <u>(348)</u> | <u>(410)</u> | <u>(1,333)</u> | <u>(1,329)</u> |
| Total current liabilities | | <u>(1,622,151)</u> | <u>(1,664,393)</u> | <u>(2,115,258)</u> | <u>(1,684,811)</u> |
| Net current liabilities | | <u>(1,619,843)</u> | <u>(1,662,859)</u> | <u>(2,113,521)</u> | <u>(1,570,350)</u> |
| Total assets less current liabilities | | <u>459,048</u> | <u>400,492</u> | <u>(46,170)</u> | <u>639,501</u> |

| | | As at 31 December | | | As at |
|---|-------|-------------------|------------------|-----------------|------------------|
| | Notes | 2019 | 2020 | 2021 | 30 June |
| | | HK\$'000 | HK\$'000 | HK\$'000 | 2022 |
| | | | | | HK\$'000 |
| Non-current liabilities | | | | | |
| Borrowings | 9 | (470,000) | (450,000) | — | (480,000) |
| Deferred tax liabilities | | <u>(2,318)</u> | <u>(3,900)</u> | <u>(4,612)</u> | <u>(4,900)</u> |
| Total non-current liabilities | | <u>(472,318)</u> | <u>(453,900)</u> | <u>(4,612)</u> | <u>(484,900)</u> |
| Net (liabilities)/assets | | <u>(13,270)</u> | <u>(53,408)</u> | <u>(50,782)</u> | <u>154,601</u> |
| EQUITY | | | | | |
| Equity attributable to owners of the Company | | | | | |
| Share capital | | — | — | — | — |
| Reserves | | <u>(13,270)</u> | <u>(53,408)</u> | <u>(50,782)</u> | <u>154,601</u> |
| Total (deficit)/equity | | <u>(13,270)</u> | <u>(53,408)</u> | <u>(50,782)</u> | <u>154,601</u> |

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Share Capital <i>HK\$'000</i> | Accumulated (losses)/ Retained profits <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|---|--|---------------------------------|
| As 1 January 2019 | — | (275,158) | (275,158) |
| Profit and total comprehensive income for the year | — | 261,888 | 261,888 |
| As at 31 December 2019 | <u>—</u> | <u>(13,270)</u> | <u>(13,270)</u> |
| As at 1 January 2020 | — | (13,270) | (13,270) |
| Loss and total comprehensive expense for the year | — | (9,228) | (9,228) |
| Interim dividend | — | (30,910) | (30,910) |
| As at 31 December 2020 | <u>—</u> | <u>(53,408)</u> | <u>(53,408)</u> |
| As at 1 January 2021 | — | (53,408) | (53,408) |
| Profit and total comprehensive income for the year | — | 14,526 | 14,526 |
| Interim dividend | — | (11,900) | (11,900) |
| As at 31 December 2021 | <u>—</u> | <u>(50,782)</u> | <u>(50,782)</u> |
| As at 1 January 2021 | — | (53,408) | (53,408) |
| Profit and total comprehensive income for the period | — | 10,729 | 10,729 |
| As at 30 June 2021 | <u>—</u> | <u>(42,679)</u> | <u>(42,679)</u> |
| As at 1 January 2022 | — | (50,782) | (50,782) |
| Profit and total comprehensive income for the period | — | 205,383 | 205,383 |
| As at 30 June 2022 | <u>—</u> | <u>154,601</u> | <u>154,601</u> |

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | For the year ended 31 December | | | For the six months ended | |
|--|--------------------------------|-----------------|-----------------|--------------------------|----------------|
| | 2019 | 2020 | 2021 | 2021 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Cash flows from operating activities | | | | | |
| Profit/(loss) before income tax expenses | 261,204 | (6,814) | 16,745 | 11,981 | 207,056 |
| <i>Adjustments for:</i> | | | | | |
| Net fair value (gain)/loss on investment properties | (263,945) | 15,540 | (4,000) | (4,000) | (199,812) |
| Loss on deregistration of a subsidiary | 9,931 | — | — | — | — |
| Interest expenses on borrowings | 11,566 | 8,004 | 5,546 | 2,786 | 2,644 |
| Impairment loss/(reversal of impairment loss) on trade receivables | 458 | — | (79) | (94) | 95 |
| Operating profit before working capital changes | 19,214 | 16,730 | 18,212 | 10,673 | 9,983 |
| Decrease/(increase) in trade and other receivables | 48,488 | 727 | (180) | 24 | 93 |
| Increase/(decrease) in trade and other payables | 580 | (166) | (185) | (146) | (1,026) |
| Cash from operations | 68,282 | 17,291 | 17,847 | 10,551 | 9,050 |
| Income tax paid | (495) | (770) | (584) | — | (1,389) |
| Net cash generated from operating activities | <u>67,787</u> | <u>16,521</u> | <u>17,263</u> | <u>10,551</u> | <u>7,661</u> |
| Cash flows from investing activity | | | | | |
| Payment to acquire of investment properties | (679,505) | — | — | — | (191) |
| Cash used in investing activity | <u>(679,505)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(191)</u> |
| Cash flows from financing activities | | | | | |
| Bank loans raised | 500,000 | — | — | — | 500,000 |
| Repayment of bank loans | (10,000) | (20,000) | (20,000) | (10,000) | (450,000) |
| Interest paid on borrowings | (11,489) | (8,065) | (5,546) | (2,786) | (2,659) |
| Loan from fellow subsidiaries | 133,524 | 11,497 | 8,227 | 2,398 | — |
| Repayment to fellow subsidiaries | — | — | — | — | (55,064) |
| Net cash generated from/(used in) financing activities | <u>612,035</u> | <u>(16,568)</u> | <u>(17,319)</u> | <u>(10,388)</u> | <u>(7,723)</u> |
| Increase/(decrease) in cash and cash equivalents | 317 | (47) | (56) | 163 | (253) |
| Cash and cash equivalents as at 1 January | <u>397</u> | <u>714</u> | <u>667</u> | <u>667</u> | <u>611</u> |
| Cash and cash equivalents as at 31 December/30 June | <u>714</u> | <u>667</u> | <u>611</u> | <u>830</u> | <u>358</u> |

NOTES TO THE UNAUDITED HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP**1. GENERAL INFORMATION**

Linking Smart Limited, a limited liability company incorporated in the British Virgin Islands. Linking Smart Limited and its subsidiaries (together, the “**Target Group**”) principally engaged in property investment business in Hong Kong.

The Financial Information of Target Group is presented in Hong Kong Dollars (“**HK\$**”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Financial Information of Target Group has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the proposed disposal of the entire equity interest in Target Company in accordance with Rule 14.68(2)(a)(i) of the Listing Rules and in accordance with the relevant accounting policies adopted by the Company as set out in its annual reports for the years ended 31 December 2019, 2020 and 2021 and its interim results announcement for the period ended 30 June 2022, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The Directors have a reasonable expectation that the Target Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements for the years ended 31 December 2019, 2020 and 2021 and the period ended 30 June 2022. The Financial Information of the Target Group has been prepared under the historical cost convention.

The Financial Information of Target Group does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) “Presentation of Financial Statements” nor an complete condensed interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and that it should be read in connection with the relevant published annual financial statements of the Company.

3. RENTAL INCOME

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of relevant lease.

4. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

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

| | For the year ended | | | For the six months ended | |
|---|--------------------|---------------|----------------|--------------------------|------------------|
| | 31 December | | | 30 June | |
| | 2019 | 2020 | 2021 | 2021 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Finance costs | 11,566 | 8,004 | 5,546 | 2,786 | 2,644 |
| Net fair value (gain)/loss on investment properties | <u>(263,945)</u> | <u>15,540</u> | <u>(4,000)</u> | <u>(4,000)</u> | <u>(199,812)</u> |

5. INVESTMENT PROPERTIES

| | As at 31 December | | | As at |
|---|-------------------|------------------|------------------|------------------|
| | | | | 30 June |
| | 2019 | 2020 | 2021 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Fair Value | | | | |
| As at 1 January | 1,126,190 | 2,069,640 | 2,054,100 | 2,058,100 |
| Additions | | | | |
| — Purchase of units | 679,505 | — | — | 191 |
| — Transfer in of property | — | — | — | 600 |
| — Transfer out of property | — | — | — | (58,103) |
| Net fair value gain/(loss) on investment properties | <u>263,945</u> | <u>(15,540)</u> | <u>4,000</u> | <u>199,812</u> |
| As at end of year/period | <u>2,069,640</u> | <u>2,054,100</u> | <u>2,058,100</u> | <u>2,200,600</u> |

The Target Group's investment properties were revalued at 31 December 2019, 2020 and 2021 and 30 June 2022 by independent professional valuers, Cushman & Wakefield Limited. Investment properties under re-development were revalued on the re-development basis by adopting the residual method. The value is based on the re-development potential of the properties as if these properties will be developed and completed in accordance with the existing redevelopment proposal at the date of valuation and is determined by deducting the estimated total cost of the development, including costs of construction, professional fee, finance costs, associated costs and an allowance of profit that duly reflected developer's risk associated with the development from the gross development value.

In determining the fair values of the investment properties, the Group engages an independent qualified professional valuer to perform the valuation. The management works with the independent qualified professional valuer to establish the appropriate valuation techniques and inputs for level 3 fair value measurement. Where there is a material change in the fair value of the investment properties, the causes of the fluctuations will be reported to the Directors. In relying on these valuations, the management has exercised judgement and are satisfied that the methods of valuation adopted are appropriate and reflective of the current market conditions. The carrying amount of the Target Group's investment properties is a level 3 fair value measurement. There were no investment property transfers into or out of level 3 fair value measurement for the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used).

| Investment properties held by the Target Group in the unaudited consolidated statements of financial position | Fair value <i>HK\$'000</i> | Valuation technique(s) | Significant unobservable input(s) | Range of significant unobservable inputs | Interrelationship between significant unobservable input(s) and fair value measurement |
|---|--|------------------------|--|--|--|
| Investment properties under re-development | 31 December 2019: 2,069,640 31 December 2020: 2,054,100 31 December 2021: 2,058,100 30 June 2022: 2,200,600 | Residual method | Price per square foot | Per square foot for office premises: 31 December 2019: HK\$22,000 31 December 2020: HK\$21,500 31 December 2021: HK\$20,000 30 June 2022: HK\$21,000 Per square foot for retail properties: 31 December 2019: HK\$33,000 31 December 2020: HK\$32,000 31 December 2021: HK\$32,000 30 June 2022: HK\$32,000 | The higher the price per square foot, the higher the fair value |
| | | | Estimated construction and other professional costs to completion | Per square foot: 31 December 2019: HK\$3,900 31 December 2020: HK\$3,900 31 December 2021: HK\$3,900 30 June 2022: HK\$3,900 | The higher the estimated construction and other professional costs, the lower the fair value |
| | | | Estimated profit margin required to hold and develop the investment properties to completion | 31 December 2019: 15% 31 December 2020: 15% 31 December 2021: 10% 30 June 2022: 10% | The higher estimated profit margin, the lower the fair value |

6. TRADE AND OTHER RECEIVABLES

Trade receivables included in trade and other receivables were approximately HK\$1,481,000, HK\$706,000, HK\$956,000 and HK\$771,000 as at 31 December 2019, 2020, 2021 and 30 June 2022 respectively. The credit terms of the Target Group ranging from 30 to 90 days. The ageing analysis of trade receivables, presented based on the invoice date, was set out below:

| | As at 31 December | | | As at |
|---|-------------------|------------|--------------|------------|
| | 2019 | 2020 | 2021 | 30 June |
| | HK\$'000 | HK\$'000 | HK\$'000 | 2022 |
| | | | | HK\$'000 |
| Trade receivables | | | | |
| 0–30 days | 807 | 208 | 446 | 476 |
| 31–90 days | 293 | 59 | 109 | 152 |
| 91–180 days | 308 | 105 | 35 | 28 |
| Over 180 days | <u>73</u> | <u>334</u> | <u>366</u> | <u>115</u> |
| Total trade receivables, net | <u>1,481</u> | <u>706</u> | <u>956</u> | <u>771</u> |
| Other receivables, utility deposits and prepayment | <u>113</u> | <u>161</u> | <u>170</u> | <u>167</u> |
| Total trade and other receivables categorised as current assets | <u>1,594</u> | <u>867</u> | <u>1,126</u> | <u>938</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.

7. CASH AND CASH EQUIVALENTS

The cash and bank balances of the Target Group was summarised as follows:

| | As at 31 December | | | As at |
|---------------|-------------------|------------|------------|------------|
| | 2019 | 2020 | 2021 | 30 June |
| | HK\$'000 | HK\$'000 | HK\$'000 | 2022 |
| | | | | HK\$'000 |
| Cash at banks | <u>714</u> | <u>667</u> | <u>611</u> | <u>358</u> |

Cash at banks earns interest at floating rates based on the daily bank deposit rates.

APPENDIX II FINANCIAL INFORMATION OF THE TARGET GROUP

8. TRADE AND OTHER PAYABLES

| | As at 31 December | | | As at |
|-----------------------------|-------------------|--------------|--------------|--------------|
| | 2019 | 2020 | 2021 | 30 June |
| | HK\$'000 | HK\$'000 | HK\$'000 | 2022 |
| Accruals and other payables | 1,128 | 83 | 148 | 66 |
| Receipt in advance | 312 | 335 | 306 | 280 |
| Rental deposit received | 4,216 | 5,011 | 4,790 | 3,857 |
| | <u>5,656</u> | <u>5,429</u> | <u>5,244</u> | <u>4,203</u> |

9. BORROWINGS

| | As at 31 December | | | As at |
|-------------------------|-------------------|----------------|----------------|----------------|
| | 2019 | 2020 | 2021 | 30 June |
| | HK\$'000 | HK\$'000 | HK\$'000 | 2022 |
| Current liabilities | | | | |
| Bank loans — secured | 20,000 | 20,000 | 450,000 | 20,000 |
| Non-current liabilities | | | | |
| Bank loans — secured | 470,000 | 450,000 | — | 480,000 |
| | <u>490,000</u> | <u>470,000</u> | <u>450,000</u> | <u>500,000</u> |

At the end of the reporting periods, the maturity analysis of the Target Group's borrowings is stated as follows:

| | As at 31 December | | | As at |
|--|-------------------|----------------|----------------|----------------|
| | 2019 | 2020 | 2021 | 30 June |
| | HK\$'000 | HK\$'000 | HK\$'000 | 2022 |
| Carrying amount of bank loans repayable based on the scheduled repayment dates set out in the loan agreements: | | | | |
| Within one year | 20,000 | 20,000 | 450,000 | 20,000 |
| More than one year, but not exceeding two years | 470,000 | 450,000 | — | 480,000 |
| Total bank loans | <u>490,000</u> | <u>470,000</u> | <u>450,000</u> | <u>500,000</u> |

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

In connection with the proposed disposal of the entire issued share capital of Target Company by the Seller to the Purchaser and the assignment of loan owing by the Target Company to the Seller as at Completion under the Sale and Purchase Agreement, the unaudited pro forma financial information of the Remaining Group has been prepared to illustrate the effect of the Disposal on the Group's financial position as at 30 June 2022 and the Group's financial performance and cash flows for the year ended 31 December 2021 as if the Disposal had been completed at 30 June 2022 and 1 January 2021 respectively.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2022, which has been extracted from the published interim results announcement of the Company for the six months ended 30 June 2022.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2021, which have been extracted from the published annual report of the Company for the year ended 31 December 2021.

The unaudited pro forma financial information of the Remaining Group has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules and solely for the purpose to illustrate (a) the financial position of the Remaining Group as if the Disposal had been completed on 30 June 2022; and (b) the financial results and cash flows of the Remaining Group as if the Disposal had been completed on 1 January 2021.

The unaudited pro forma financial information of the Remaining Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the proposed Disposal that are (i) directly attributable to the Disposal; and (ii) factually supportable, is summarised in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates, uncertainties, currently available information and are prepared for illustrative purpose only. Because of its hypothetical nature, it may not give a true picture of the financial positions of the Remaining Group had the Disposal been completed as at 30 June 2022 or any future dates, and it may not give a true picture of the financial performance or cash flows of the Remaining Group had the Disposal been completed as at 1 January 2021 or for any future years/periods or at any future dates, whichever are applicable.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

The Unaudited Pro Forma Financial Information of the Remaining Group should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular, the published annual report of the Group for the year ended 31 December 2021, the interim results announcement of the Group for the six months ended 30 June 2022, the historical financial information of the Target Group as set out in Appendix II and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <u>Pro forma adjustments</u> | | | Unaudited pro forma total for the Remaining Group as at 30 June 2022 |
|--|---|--|------------------------------|---|
| | The Group as at 30 June 2022 | The Target Group as at 30 June 2022 | | HK\$'000 |
| | <i>HK\$'000 (Note 1)</i> | <i>HK\$'000 (Note 2)</i> | <i>HK\$'000 (Note 3)</i> | <i>HK\$'000</i> |
| ASSETS AND LIABILITIES | | | | |
| Non-current assets | | | | |
| Investment properties | 19,805,135 | (2,200,600) | | 17,604,535 |
| Property, plant and equipment | 128,686 | | | 128,686 |
| Financial assets at fair value through other comprehensive income ("FVTOCI") | 40,030 | | | 40,030 |
| Deposits paid for acquisition of properties | 9,251 | (9,251) | | — |
| Loan receivables | <u>8,293</u> | | | <u>8,293</u> |
| Total non-current assets | <u>19,991,395</u> | | | <u>17,781,544</u> |
| Current assets | | | | |
| Properties for sale | 893,874 | | | 893,874 |
| Trade and other receivables | 248,516 | (938) | | 247,578 |
| Amount due from the Remaining Group | — | 113,165 | (113,165) | — |
| Financial assets at fair value through profit or loss ("FVTPL") | 74,346 | | | 74,346 |
| Restricted bank deposits | 13,601 | | | 13,601 |
| Short-term bank deposits | 400,403 | | | 400,403 |
| Cash and cash equivalents | <u>738,743</u> | | 2,298,296 | <u>3,037,039</u> |
| | 2,369,483 | | | 4,666,841 |
| Assets classified as held for sale | <u>6,500</u> | | | <u>6,500</u> |
| Total current assets | <u>2,375,983</u> | | | <u>4,673,341</u> |

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

| | <u>Pro forma adjustments</u> | | | Unaudited pro forma total for the Remaining Group as at 30 June 2022 |
|---|---|--|------------------------------------|---|
| | The Group as at 30 June 2022 | The Target Group as at 30 June 2022 | | |
| | <i>HK\$'000</i> <i>(Note 1)</i> | <i>HK\$'000</i> <i>(Note 2)</i> | <i>HK\$'000</i> <i>(Note 3)</i> | <i>HK\$'000</i> |
| Current liabilities | | | | |
| Trade and other payables | 515,337 | (4,203) | 243 | 511,377 |
| Contract liabilities | 102,882 | | | 102,882 |
| Amount due to Remaining Group | — | 1,659,279 | (1,659,279) | — |
| Lease liabilities | 20,631 | | | 20,631 |
| Borrowings | 206,648 | (20,000) | | 186,648 |
| Provision for income tax | 111,650 | (1,329) | | 110,321 |
| Total current liabilities | <u>957,148</u> | | | <u>931,859</u> |
| Net current assets | <u>1,418,835</u> | | | <u>3,741,482</u> |
| Total assets less current liabilities | <u>21,410,230</u> | | | <u>21,523,026</u> |
| Non-current liabilities | | | | |
| Borrowings | 1,730,663 | (480,000) | | 1,250,663 |
| Lease liabilities | 33,100 | | | 33,100 |
| Deferred tax liabilities | 119,819 | (4,900) | | 114,919 |
| Total non-current liabilities | <u>1,883,582</u> | | | <u>1,398,682</u> |
| Net assets | <u>19,526,648</u> | | | <u>20,124,344</u> |
| EQUITY | | | | |
| Equity attributable to owners of the Company | | | | |
| Share capital | 28,331 | | | 28,331 |
| Reserves | 19,483,883 | | 597,696 | 20,081,579 |
| | 19,512,214 | | | 20,109,910 |
| Non-controlling interests | 14,434 | | | 14,434 |
| Total equity | <u>19,526,648</u> | | | <u>20,124,344</u> |

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

| | Pro forma adjustments | | | | The Remaining Group for the year ended 31 December 2021 <i>HK\$'000</i> <i>(Note 1)</i> |
|--|---|---|------------------------------------|------------------------------------|---|
| | The Group for the year ended 31 December 2021 <i>HK\$'000</i> <i>(Note 1)</i> | The Target Group for the year ended 31 December 2021 <i>HK\$'000</i> <i>(Note 4)</i> | <i>HK\$'000</i> <i>(Note 5)</i> | <i>HK\$'000</i> <i>(Note 6)</i> | |
| Revenue | | | | | |
| Revenue from goods and services | 149,976 | | | | 149,976 |
| Rental income | 418,915 | (24,057) | | | 394,858 |
| | 568,891 | | | | 544,834 |
| Total revenue | | | | | |
| Cost of sales | (77,435) | | | | (77,435) |
| | 491,456 | | | | 467,399 |
| Gross profit | | | | | |
| Other income, gains and losses | 25,234 | (2,045) | | | 23,189 |
| Selling expenses | (7,017) | | | | (7,017) |
| Administrative expenses | (155,957) | 7,890 | (3,360) | | (151,427) |
| Gain on disposal of subsidiaries | 1,864 | | | 744,005 | 745,869 |
| Net fair value loss on investment properties | (1,077,458) | (4,000) | | | (1,081,458) |
| Reversal of impairment loss on loan receivables | 400 | (79) | | | 321 |
| Finance costs | (24,614) | 5,546 | | | (19,068) |
| | (746,092) | | | | (22,192) |
| Loss before income tax expense | | | | | |
| Income tax expense | (62,008) | 2,219 | | | (59,789) |
| | (808,100) | | | | (81,981) |
| Loss for the year | (808,100) | | | | (81,981) |
| Other comprehensive income, net of tax | | | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | | | |
| Change in fair value of financial assets at FVTOCI | 559 | | | | 559 |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | | | |
| Exchange gain on translation of foreign operations | 18,922 | | | | 18,922 |
| | 19,481 | | | | 19,481 |
| Other comprehensive income for the year, net of tax | | | | | |
| | 19,481 | | | | 19,481 |
| Total comprehensive expense for the year | 788,619 | | | | (62,500) |
| Loss for the year attributable to: | | | | | |
| Owners of the Company | (807,930) | (14,526) | (3,360) | 744,005 | (81,811) |
| Non-controlling interests | (170) | | | | (170) |
| | (808,100) | | | | (81,981) |
| | (808,100) | | | | (81,981) |

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS

| | Pro forma adjustments | | | | | |
|--|--|--|------------------------------------|------------------------------------|-----------|--|
| | | The Target | | | | The |
| | The Group | Group for | | | | Remaining |
| | for the year ended 31 December 2021 <i>HK\$'000</i> <i>(Note 1)</i> | the year ended 31 December 2021 <i>HK\$'000</i> <i>(Note 4)</i> | <i>HK\$'000</i> <i>(Note 5)</i> | <i>HK\$'000</i> <i>(Note 6)</i> | | Group for the year ended 31 December 2021 <i>HK\$'000</i> |
| Operating activities | | | | | | |
| Loss before income tax expense | (746,092) | (16,745) | (3,360) | 744,005 | (22,192) | |
| Adjustments for: | | | | | | |
| Interest income from financial assets at FVTPL | (6,586) | | | | (6,586) | |
| Interest income from loan receivables | (1,058) | | | | (1,058) | |
| Loss on disposal of property, plant and equipment | 65 | | | | 65 | |
| Revaluation deficit on property, plant and equipment | 520 | | | | 520 | |
| Other interest income | (7,401) | | | | (7,401) | |
| Interest expenses on borrowings | 23,756 | (5,546) | | | 18,210 | |
| Interest expenses on lease liabilities | 858 | | | | 858 | |
| Depreciation of right-of-use assets | 8,762 | | | | 8,762 | |
| Depreciation of other property, plant and equipment | 10,574 | | | | 10,574 | |
| Reversal of impairment loss on loan receivables | (400) | | | | (400) | |
| Reversal of impairment loss on trade receivables, net | (182) | 79 | | | (103) | |
| Net fair value loss on investment properties | 1,077,458 | 4,000 | | | 1,081,458 | |
| Gain on disposal of subsidiaries | (1,864) | | | (744,005) | (745,869) | |
| Operating profit before working capital changes | 358,410 | | | | 336,838 | |
| Decrease in trade and other receivables | 27,160 | 180 | | | 27,340 | |
| Decrease in properties for sale | 60,490 | | | | 60,490 | |
| Decrease in restricted bank deposits | 47,972 | | | | 47,972 | |
| Decrease in trade and other payables | (67,094) | 185 | | | (66,909) | |
| Increase in contract liabilities | 19,504 | | | | 19,504 | |
| Net cash generated from operations | 446,442 | | | | 425,235 | |
| Income tax paid | (53,124) | 584 | | | (52,540) | |
| Net cash generated from operating activities | 393,318 | | | | 372,695 | |

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

| | Pro forma adjustments | | | | The Remaining Group for the year ended 31 December 2021 <i>HK\$'000</i> <i>(Note 6)</i> |
|---|---|---|------------------------------------|------------------------------------|---|
| | The Group for the year ended 31 December 2021 <i>HK\$'000</i> <i>(Note 1)</i> | The Target Group for the year ended 31 December 2021 <i>HK\$'000</i> <i>(Note 4)</i> | <i>HK\$'000</i> <i>(Note 5)</i> | <i>HK\$'000</i> <i>(Note 6)</i> | |
| Investing activities | | | | | |
| Purchase of financial assets at FVTOCI | (28,046) | | | | (28,046) |
| Purchases of financial assets at FVTPL | (383,968) | | | | (383,968) |
| Proceed from disposal of financial assets at FVTPL | 445,099 | | | | 445,099 |
| Placement of short-term bank deposits | (251,181) | | | | (251,181) |
| Withdrawal of short-term bank deposits | 425,668 | | | | 425,668 |
| Repayment from loan receivables | 1,843 | | | | 1,843 |
| Additions to property, plant and equipment | (3,397) | | | | (3,397) |
| Proceeds from disposal of property, plant and equipment | 28 | | | | 28 |
| Deposits paid for acquisitions of properties | (7,240) | | | | (7,240) |
| Payment to acquire and construction of investment properties | (417,887) | | | | (417,887) |
| Net cash inflows from disposal of subsidiaries | 160,823 | | | 2,327,796 | 2,488,619 |
| Interest received from financial assets at FVTPL | 6,586 | | | | 6,586 |
| Interest received from loan receivables | 1,058 | | | | 1,058 |
| Other interest received | 7,401 | | | | 7,401 |
| Advance to the Target Group | — | | (8,227) | | (8,227) |
| Deposit received on disposal of an investment property | 1,500 | | | | 1,500 |
| | (41,713) | | | | 2,277,856 |
| <i>Net cash used in investing activities</i> | | | | | |
| Financing activities | | | | | |
| Repayments of bank loans | (680,497) | 20,000 | | | (660,497) |
| Bank loans raised | 700,000 | | | | 700,000 |
| Loan from the Remaining Group | — | (8,227) | 8,227 | | — |
| Interest paid on borrowings | (23,756) | 5,546 | | | (18,210) |
| Interest paid on lease liabilities | (858) | | | | (858) |
| Repayment of lease liabilities | (10,456) | | | | (10,456) |
| Final and special dividends paid | (56,662) | | | | (56,662) |
| | (72,229) | | | | (46,683) |
| <i>Net cash used in financing activities</i> | | | | | |
| Increase in cash and cash equivalents | 279,376 | | | | 2,603,868 |
| Cash and cash equivalents as at 1 January | 601,806 | | | | 601,806 |
| Effect of foreign exchange rate changes, net | 4,176 | | | | 4,176 |
| Cash and cash equivalents as at 31 December | 885,358 | | | | 3,209,850 |

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

- 1 The unaudited consolidated statement of financial position of the Group as at 30 June 2022, consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows for the year ended 31 December 2021 are extracted from the published interim results announcement of the Company for the six months ended 30 June 2022 and the published annual report of the Company for the year ended 31 December 2021, respectively.
- 2 The adjustment represents the exclusion of the assets and liabilities of the Target Group as at 30 June 2022, assuming the Disposal had taken place on 30 June 2022. The assets and liabilities of the Target Group are extracted from the unaudited statement of financial position of the Target Group set out in Appendix II to this circular.
- 3 The adjustments reflect the net cash consideration received upon completion of the Disposal amounting to approximately HK\$2,708,815,000, representing the consideration of approximately HK\$3,208,815,000 net of repayment of bank loans of HK\$500,000,000, and pro forma gain on Disposal of approximately HK\$597,696,000. The calculation of the pro forma gain on Disposal is stated as follows, assuming the Disposal had taken place on 30 June 2022:

| | <i>HK\$'000</i> |
|--|-------------------------|
| Calculation of pro forma gain on Disposal: | |
| Net cash consideration (<i>note a</i>) | 2,708,815 |
| Less: estimated professional fees and other expenses directly attributable to the Disposal (<i>note b</i>) | (18,686) |
| Less: estimated costs and expenses for acquiring the Outstanding Units (<i>note c</i>) | <u>(391,475)</u> |
| | 2,298,654 |
| Less: net assets of the Target Group as at 30 June 2022 (<i>note d</i>) | (154,601) |
| Less: loan assignment (<i>note e</i>) | (1,546,114) |
| Less: estimated adjustment to the consideration from apportionment statement for other assets and liabilities after completion (<i>note f</i>) | <u>(243)</u> |
| Gain on Disposal | <u><u>597,696</u></u> |
| Cash received upon the Disposal | 3,208,815 |
| Less: repayment of bank loans | (500,000) |
| Less: bank and cash balance of the Target Group as at 30 June 2022 (<i>note g</i>) | (358) |
| Less: estimated professional fees and other expenses directly attributable to the Disposal (<i>note b</i>) | (18,686) |
| Less: estimated costs and expenses for acquiring the Outstanding Units (<i>note c</i>) | <u>(391,475)</u> |
| Net cash inflows arising on Disposal upon completion on 30 June 2022 | <u><u>2,298,296</u></u> |

Notes:

- (a) The amount represents the Consideration for the Sale Share and the Sale Loan of HK\$3,208,815,000, which is determined based on an assumption that all the Outstanding Units are acquired, net of outstanding bank loans of HK\$500,000,000.

The Consideration is determined at the assumption that the Acquisition Condition is not waived by the Purchaser.

- (b) The adjustment represents the recognition of the estimated transaction costs of approximately HK\$18,686,000, including but not limited to legal and professional fees, directly attributable to the Disposal as estimated by the Directors.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

- (c) The adjustment represents the recognition of the estimated costs and expenses for acquiring the Outstanding Units of approximately HK\$391,475,000 based on the proportion of the Outstanding Units out of the Consideration as stated in note (a), as estimated by the Directors.
- (d) The amount represents the net assets of the Target Group as at 30 June 2022 as extracted from the unaudited statement of financial position of the Target Group set out in Appendix II to this circular.
- (e) The amount represents the assignment of entire shareholders loan owing by the Target Company from the Remaining Group to the Purchaser, which is determined based on the relevant balances as at 30 June 2022 as extracted from the unaudited statement of financial position of the Target Group set out in Appendix II to this circular.
- (f) The amount represents the completion account adjustment to the consideration in respect of the Other Assets and the Other Liabilities of the Target Group as at 30 June 2022, each as determined in accordance with the Completion Accounts and the Apportionment Statement prepared by the Seller after Completion in accordance with the terms of the Sale and Purchase Agreement, as estimated by the Directors based on the unaudited statement of financial position of the Target Group set out in Appendix II to this circular.
- (g) The amount represents the bank and cash balance of the Target Group as at 30 June 2022 as extracted from the unaudited statement of financial position of the Target Group set out in Appendix II to this circular.
- 4 The adjustment represents the exclusion of the financial performance and cash flows of the Target Group for the year ended 31 December 2021, assuming the Disposal had taken place on 1 January 2021, which are extracted from the unaudited financial information of the Target Group as set out in Appendix II to this circular.
- 5 The adjustment represents the reinstatement of intra-group transactions between the Target Group and the Remaining Group, which have been eliminated at group level.
- 6 The adjustments reflect the gain on Disposal of the Target Group by the Group, assuming the Disposal had taken place on 1 January 2021:

| | <i>HK\$'000</i> |
|---|-------------------------|
| Calculation of pro forma gain on Disposal: | |
| Net cash consideration (<i>note a</i>) | 2,738,815 |
| Less: estimated professional fees and other expenses directly attributable to the Disposal (<i>note b</i>) | (18,686) |
| Less: estimated costs and expenses for acquiring the Outstanding Units (<i>note c</i>) | <u>(391,666)</u> |
| | 2,328,463 |
| Add: net liabilities of the Target Group as at 1 January 2021 (<i>note d</i>) | 53,408 |
| Less: loan assignment (<i>note f</i>) | (1,638,554) |
| Add: estimated adjustment to the consideration from apportionment statement for other assets and liabilities after completion (<i>note g</i>) | <u>688</u> |
| Gain on Disposal | <u><u>744,005</u></u> |
| Cash received upon the Disposal | 3,208,815 |
| Less: repayment of bank loans | (470,000) |
| Less: bank and cash balance of the Target Group as at 1 January 2021 (<i>note e</i>) | (667) |
| Less: estimated professional fees and other expenses directly attributable to the Disposal (<i>note b</i>) | (18,686) |
| Less: estimated costs and expenses for acquiring the Outstanding Units (<i>note c</i>) | <u>(391,666)</u> |
| Net cash inflow arising on Disposal upon completion on 1 January 2021 | <u><u>2,327,796</u></u> |

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING GROUP**

Notes:

- (a) The amount represents the Consideration for the Sale Share and the Sale Loan of HK\$3,208,815,000, which is determined based on an assumption that all the Outstanding Units are acquired, net of outstanding bank loans of HK\$470,000,000.

The Consideration is determined at the assumption that the Acquisition Condition is not waived by the Purchaser.

- (b) The adjustment represents the recognition of the estimated transaction costs of approximately HK\$18,686,000 including but not limited to legal and professional fees, directly attributable to the Disposal as estimated by the Directors.
- (c) The adjustment represents the recognition of the estimated costs and expenses for acquiring the Outstanding Units of approximately HK\$391,666,000 based on the proportion of the Outstanding Units out of the Consideration as stated in note (a), as estimated by the Directors. An additional stamp duty and miscellaneous expenses of approximately HK\$191,000 is included for transferring properties from other fellow subsidiaries to the Target Group.
- (d) The amount represents the net liabilities of the Target Group as at 1 January 2021 as extracted from the unaudited statement of financial position of the Target Group as at 31 December 2020 set out in Appendix II to this circular.
- (e) The amount represents the bank and cash balance of the Target Group as at 1 January 2021 as extracted from the unaudited statement of financial position of the Target Group as at 31 December 2020 set out in Appendix II to this circular.
- (f) The amount represents the assignment of entire shareholders loan owing by the Target Company from the Remaining Group to the Purchaser, which is determined based on the relevant balances as at 31 December 2020 as extracted from the unaudited statement of financial position of the Target Group set out in Appendix II to this circular.
- (g) The amount represents the completion adjustment to the consideration in respect of the Other Assets and the Other Liabilities of the Target Group as at 31 December 2020, each as determined in accordance with the Completion Accounts and the Apportionment Statement prepared by the Seller after Completion in accordance with the terms of the Sale and Purchase Agreement, as estimated by the Directors based on the unaudited statement of financial position of the Target Group set out in Appendix II to this circular.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON
THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL
INFORMATION**

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of Company, in respect of the unaudited pro forma financial information of the Remaining Group prepared for the purpose of incorporation in this circular.

Deloitte.

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**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Soundwill Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Soundwill Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2022, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2021 and related notes as set out on pages III-1 to III-9 of the circular issued by the Company dated 23 September 2022 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-9 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the very substantial disposal in relation to the proposed disposal of 100% shares of Linking Smart Limited on the Group's financial position as at 30 June 2022 and the Group's financial performance and cash flows for the year ended 31 December 2021 as if the transaction had taken place at 30 June 2022 and 1 January 2021 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the period ended 30 June 2022 and the year ended 31 December 2021, on which an interim results announcement and an annual report have been published respectively.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with

reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2022 or 1 January 2021 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

23 September 2022

The Remaining Group is principally engaged in various lines of business including property assembly, property leasing, property development and provision of building management services in Hong Kong and property development in the PRC.

Set out below is the management discussion and analysis of the Remaining Group for each of the financial years ended 31 December 2019, 2020 and 2021, and the six months ended 30 June 2022 prepared on the basis that the Target Company is not consolidated, and the Company has no ownership interest in the Target Company. The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the consolidated financial statements of the Company for the reporting periods.

FOR THE YEAR ENDED 31 DECEMBER 2019

Segmental Information

Property Portfolio

During the year of 2019, the Remaining Group strategically acquired a number of older properties across Hong Kong Island and continued to invest in projects with high appreciation potential. In addition, the Remaining Group remained committed to regenerating old districts, elevating the quality of the buildings and enhancing facilities for the benefit of both new and existing owners. The Remaining Group also continued to seek out sites with high appreciation potential in order to replenish its land reserves at a reasonable cost and thus increase its earnings.

105–113 Ta Chuen Ping Street, Kwai Chung
42–44 Yiu Wa Street and 28–29 Canal Road East, Causeway Bay

Property Assembly

The Remaining Group captured business opportunities in the local market through property assembly and the acquisition of old buildings.

The Remaining Group strategically adjusted the pace of its property assembly activities in response to the prevailing uncertainty and increasingly challenging outlook of Hong Kong's property market. However, the Remaining Group will continue to closely monitor market conditions and seek opportunities to source high-quality land sites for acquisition, in accordance with its development strategy.

Property Leasing

For the year ended 31 December 2019, the Remaining Group's property leasing business segment recognised revenue of approximately HK\$509,594,000, representing approximately 72% of the Remaining Group's total revenue for the year of 2019.

During the year of 2019, economic volatility in Hong Kong had affected the Remaining Group's property leasing business performance, with the retail, catering and tourism industries among the hardest hit. Inevitably, this led to great pressure in terms of rental adjustment. The Remaining Group continued to diligently upgrade the quality of its premises while constantly reviewing the tenant mix, so as to enhance the value of its properties. In addition, the Remaining Group made wide use of digital technology to improve communication with customers and accommodate the latest trends in consumer's consumption patterns, as well as offered enhanced market promotions and an improved customer experience in a bid to increase revenue and pedestrian flows.

Soundwill Plaza

Soundwill Plaza is located in the heart of Causeway Bay on Russell Street, reputedly the world's most expensive retail street. Supported by high footfall, convenient transport links and a leasable area of 245,100 square feet, this premium Grade A commercial building boasts a wide range of shopping, leisure and beauty outlets and is a centre for international flagship brands, with luxury retail stores occupying the ground floor and first floor. Although rental income performance was down slightly compared to the year of 2018, returns remained reasonable and Soundwill Plaza was one of the Remaining Group's most stable contributors of income.

Soundwill Plaza II — Midtown

Soundwill Plaza II — Midtown, a 31-storey building with a leasable area of 218,000 square feet, is located at 1 Tang Lung Street in Causeway Bay and is renowned as a local hot spot for food & beverage and leisure activities. Since it opened, the property has achieved stable results in terms of pedestrian flow and sales volumes. Although rental income performance declined during the year of 2019, Soundwill Plaza II — Midtown nevertheless maintained a consistently high occupancy rate. The Remaining Group also continued to target promotional and advertising campaigns in key markets and thus helped the Remaining Group's tenants to maintain stable footfall and sales, which in turn further consolidated its own competitive advantages.

10 Knutsford Terrace

The 23-storey 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, and covers a leasable area of 114,000 square feet. With its convenient and advantageous central location, it is a popular destination for local office workers. 10 Knutsford Terrace continued to attract increasing footfall during the year of 2019 while maintaining stable performance and a high occupancy rate, thus making a solid contribution to the Remaining Group's rental income.

Kai Kwong Commercial Building

Kai Kwong Commercial Building is a 21-storey integrated commercial project located at 332–334 Lockhart Road, Wan Chai.

During the year of 2019, the Remaining Group continued to optimise and expand its Hong Kong investment property portfolio. Its investment properties enjoy the competitive advantage of being largely located in core tourist and retail districts, making them attractive to a wide range of retail tenants. This diverse tenant mix will continue to generate steady income for the Remaining Group's leasing business.

One Storage Management Company Limited (“One Storage”)

One Storage, a subsidiary of the Remaining Group, offers high-quality storage services to customers through branches in Chai Wan, San Po Kong, Fo Tan, Tuen Mun, Tsing Yi, Kwai Chung and Tsuen Wan. Each branch provides excellent management and first-rate customer service in a secure and comfortable environment. All One Storage branches are equipped with fire safety devices that are in strict compliance with the latest fire safety guidelines.

One Storage will remain committed to innovating the services of the Remaining Group by keeping ahead of industry developments. The Remaining Group will open additional branches in suitable locations so as to offer its professional facilities and services to more customers.

Property Development

For the year ended 31 December 2019, the Remaining Group's property development business segment recognised revenue of approximately HK\$180,230,000, representing approximately 25% of the Remaining Group's total revenue for the year of 2019.

Residential Project — Jones Hive

Jones Hive, a residential project situated at 8 Jones Street, Tai Hang, was jointly developed by the Remaining Group and Henderson Land Development Company Limited. The project includes 119 units with saleable areas ranging from 328 to 558 square feet. The last few remaining residential units had been sold by the end of the year of 2019.

Commercial Projects — 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. This project has been occupied since February 2016.

Commercial Projects — 42–44 Yiu Wa Street and 28–29 Canal Road East, Causeway Bay

This project is located at 42–44 Yiu Wa Street and 28–29 Canal Road East, Causeway Bay, and will have a gross floor area of approximately 44,000 square feet on completion.

Industrial Project — 105–113 Ta Chuen Ping Street, Kwai Chun

This industrial project is located at 105–113 Ta Chuen Ping Street, Kwai Chung, and will have a gross floor area of approximately 190,000 square feet on completion.

Real Estate Business in the PRC

For the year ended 31 December 2019, the Remaining Group's PRC real estate business segment recognised revenue of approximately HK\$173,092,000, representing approximately 24% of the Remaining Group's total revenue for the year of 2019.

During the year of 2019, the PRC achieved steady economic growth and fully implemented city-specific policies for its real estate market. Nevertheless, an oversupply of properties led to fluctuations in transaction prices.

The Remaining Group owns a number of real estate projects in the PRC. The Lakeview Bay • VOGUE is an integrated project wholly-owned by the Remaining Group, comprising villas and high-rise residences located in Gaoyao District, Zhaoqing. As at the end of 2019, the villa units of Phase I had nearly sold out and were gradually occupied. In addition, the first batch of high-rise townhouse units of Phase II was almost completely sold and delivered, while the remaining units sold quickly and were in the process of being delivered at the end of 2019. Furthermore, the multi-level residential and shop units of Phase III were launched at the end of 2019 and were selling fast, with delivery dates in 2020.

Grand Capital (Shan Shui Xiang Ri Hao Ting) is a project located in Doumen District, Zhuhai. By the end of 2019, the residential units of Phases I and II and the shops of Phase II had sold out and were gradually occupied, while the residential and shop units of Phase III were in hot demand and had fulfilled their handover conditions. The shops have nearly sold out, and merchants are gradually moving in. The related confirmation of rights were fully completed in 2020, and the units were sold upon completion.

Building Management and Other Services

For the year ended 31 December 2019, the Remaining Group's building management business segment recognised revenue of approximately HK\$21,337,000, representing approximately 3% of the Remaining Group's total revenue for the year of 2019.

The Remaining Group's building management and maintenance subsidiaries provide high-quality management, customer and maintenance services to both large-scale commercial buildings and small and medium-sized estates. By constantly refining the services the Remaining Group offers, these businesses have successfully raised overall service standards at its properties. Drawing on its extensive customer service experience, the Remaining Group's building management team successfully maintained the quality standards of the indoor environments under its care during the year of 2019. The team also reduced waste and decreased our properties' carbon footprint through a range of energy efficiency measures.

"The Concierge" — French-style hotel management service

The Remaining Group has integrated The Concierge, a new concept modelled on French hotel management services, into its building management offering. The Concierge offers residential tenants a rich array of value-added services, including concierge, dining and catering, household maintenance, laundry and dry-cleaning services, as well as home and car cleaning service referrals. Through these thoughtful, comprehensive and premium services, the Remaining Group is able to provide a higher quality of life to its tenants while continuing to enhance its service quality through innovation.

Soundwill Club

In 2019, with the aim of enhancing the customer experience for the digital era and sharpening its competitive edge, the Remaining Group continued to strongly promote the Soundwill Club mobile app and online shopping platform. Soundwill Club provides customers with one-stop member offers and services, including up-to-date merchant offers, event information and a loyalty points programme, while at the same time allowing the Remaining Group to collect valuable feedback through big data analytic tools. This deepens the Remaining Group's understanding of the needs of merchants, customers and property buyers, and thus helps it to enhance its products and services.

Results of Operations

During the year of 2019, the Remaining Group recorded a revenue of approximately HK\$711,161,000, representing a decrease as compared with the year of 2018. The decrease in revenue was mainly due to the decrease in income recorded from the property development projects.

(Loss)/Profit Attributable to Owners of the Company

During the year of 2019, the Remaining Group has recorded a loss attributable to owners of the Company of approximately HK\$44,106,000, a decrease as compared with the year of 2018. This decrease was mainly due to there being no significant gain from disposal of subsidiaries recorded and coupled with decrease in revenue from sale of developed units during the year as compared with the corresponding year in 2018.

Net Assets

The net assets of the Remaining Group as at 31 December 2019 amounted to HK\$19,022,659,000. Net asset value per share as at 31 December 2019 is HK\$67.1.

Financial Resources and Liquidity

As at 31 December 2019, the Remaining Group's cash and bank balances (including short-term bank deposits and cash and cash equivalents) amounted to HK\$556,497,000. Total borrowings of the Remaining Group amounted to HK\$1,454,063,000 as at 31 December 2019, none of which are at fixed interest rates.

As at 31 December 2019, the Remaining Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 8%.

The Remaining Group mainly operates and invests in Hong Kong and the PRC with most of the transactions denominated and settled in Hong Kong Dollars and Renminbi respectively. Therefore, any PRC 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 of 2019, there was no material impact on the Remaining Group arising from the fluctuation in the exchange rates of these currencies. During the year of 2019, the Remaining 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.

The funding and treasury policies and practice that the Remaining Group adheres to are to achieve the objectives that there will be adequate available funds for undertaking investments and acquisitions of property units in old building in site assembly ventures when it is opportune to do so. At the same time, the gearing of the Remaining Group is consciously being kept at a more conservative and lower level to counter the comparatively more volatile and higher risk in site assembly business. The Remaining Group will rely on its internal resources (including retained earnings and revenues) and supplemented by bank borrowings to fund its business operations. The Remaining Group has a compact core management team. All borrowings and property investment as well as other investment will only be committed with the knowledge and approval of the executive Directors. Hence, there will always be close and effective control on capital expenses and borrowings, and to ensure the position will accord with the aforesaid policies and practice.

Pledge of Assets

As at 31 December 2019, certain investment properties and property, plant and equipment of the Remaining Group with a total carrying value of approximately HK\$13,205,350,000 were pledged to secure banking facilities for the Remaining Group.

Contingent Liabilities

As at 31 December 2019, the Remaining Group provided guarantees amounted to HK\$275,589,000 to banks with respect to mortgage loans procured by the purchasers of the Remaining 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.

Significant Investments Held

Save as those disclosed under the paragraph headed "FOR THE YEAR ENDED 31 DECEMBER 2019 — Segment Information" above, the Remaining Group did not have any significant investment during the financial year ended 31 December 2019.

Material Acquisition and Disposals of Subsidiaries, Associates and Joint Ventures

For the year ended 31 December 2019, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Remaining Group.

Employees Remuneration

The Remaining Group had 248 and 70 employees in Hong Kong and PRC respectively as at 31 December 2019. 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 2019 were approximately HK\$126,844,000 and no share option expenses during the year of 2019.

Future Plans for Material Investments or Capital Assets

Save as disclosed herein, the Remaining Group did not have any specific future plans for material investments or capital assets for the year ended 31 December 2020.

Prospect

Taking a long term view, the Remaining Group will closely monitor market conditions so as to flexibly deploy its resources in response to changes. In the year ahead, the management team and staff members of the Remaining Group will work closely to tackle emerging challenges and explore further development opportunities, with the goal of creating value for the shareholders and society.

FOR THE YEAR ENDED 31 DECEMBER 2020

Segmental Information*Property Portfolio*

Despite the impact of COVID-19 on the various businesses of the Remaining Group, the Remaining Group continued to acquire older properties and invest in projects with high appreciation potential during the year of 2020. The Remaining Group also maintained its commitment to regenerating Hong Kong's older districts, elevating the quality of the buildings and improving facilities for the benefit of both new and existing owners. The Remaining Group also continued to look for sites with high appreciation potential in order to replenish its land reserves at a reasonable cost and thus increase potential earnings.

Property Assembly

The Remaining Group is dedicated to capturing opportunities in the local market through property assembly and the acquisition of old buildings.

Due to the unfavourable business climate, however, property investment sentiment remained bleak throughout the year of 2020, as market transactions came under pressure. The Remaining Group's pace of property consolidation was adjusted accordingly. Despite weak sentiment, the Remaining Group will continue to implement its long-term development goals, stay abreast of trends in the property market, identify high-quality locations, and proceed along the path of stable development.

Property Leasing

For the year ended 31 December 2020, the Remaining Group's property leasing business segment recognised revenue of approximately HK\$457,455,000, representing approximately 68% of the Remaining Group's total revenue for the year of 2020.

In 2020, social distancing measures and restrictions on premise operations due to the pandemic dampened the Remaining Group's property leasing business. Businesses in the retail, catering and tourism sectors were particularly affected, while beauty and fitness centres were forced to suspend businesses. In order to help tenants during these difficult times, the Remaining Group provided rental support and launched a comprehensive marketing plan with online and offline promotional activities. As well as leveraging the effectiveness of the Remaining Group's digital platform, the plan included e-coupons to attract footfall and stimulate consumption. The Remaining Group also stepped up its cleaning and disinfection regime throughout its property portfolio to minimise the threat of infection, thereby assuring tenants that Soundwill was concerned about their health and welfare.

Soundwill Plaza

Soundwill Plaza, a 37-storey building, is located in the heart of Causeway Bay on Russell Street, reputedly the world's most expensive retail street, as a centre for international flagship brands. As a premium Grade A commercial building, it is supported by high footfall, convenient transport links and a leasable area of 245,100 square feet. Affected by various unfavorable factors and the new crises triggered by the epidemic, overall rental income for Soundwill Plaza declined.

Soundwill Plaza II — Midtown

Soundwill Plaza II — Midtown, a 31-storey building with a leasable area of 218,000 square feet, is located at 1 Tang Lung Street in Causeway Bay and is renowned as a local hotspot for food and beverage and leisure activities. Affected by various unfavorable factors and the new crises triggered by the epidemic, overall rental income for Soundwill Plaza II — Midtown declined.

10 Knutsford Terrace

The 23-storey 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. It covers a leasable area of 114,000 square feet. Affected by various unfavorable factors and the new crises triggered by the epidemic, overall rental income for 10 Knutsford Terrace declined.

Kai Kwong Commercial Building

Kai Kwong Commercial Building is a 21-storey integrated commercial project located at 332–334 Lockhart Road, Wan Chai. Affected by various unfavorable factors and the new crises triggered by the epidemic, overall rental income for Kai Kwong Commercial Building declined.

One Storage Management Company Limited

One Storage, a subsidiary of the Remaining Group, offers secure and comfortable storage space to customers with professional management and services. The storage facility is equipped with fire safety devices that are in compliance with the latest guidelines. The existing branches of One Storage are now scattered across Wong Chuk Hang, Chai Wan, San Po Kong, Yau Tong, Fo Tan, Tuen Mun, Tsing Yi, Kwai Chung and Tsuen Wan. By the end of 2020, the number of One Storage branches has increased to 23 (from that of 17 as at the end of 2019). In 2021, the business will be expanded continuously with the opening of additional branches in suitable locations. High-quality, professional storage services will thus be provided to more customers for this service.

During the year of 2020, One Storage launched a new website. A comprehensive online and offline promotion programme successfully attracted the attention of potential customers and leasing inquiries. The promotion has improved the Company's operating efficiency, strengthened communication with customers, and increased revenue.

Property Development

For the year ended 31 December 2020, the Remaining Group's property development business segment recognised revenue of approximately HK\$189,678,000, representing approximately 28% of the Remaining Group's total revenue for the year of 2020.

Commercial Projects — 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.

Real Estate Business in the Mainland China

During the year of 2020, the Remaining Group's real estate business in the Mainland China was affected by several external factors. In the first quarter of 2020, the national market was in a state of suspension due to the impact of the novel coronavirus pandemic. Subsequently, as the domestic pandemic was brought under control and the housing leasing environment relaxed, the real estate industry was able to make a steady recovery.

The Remaining Group owns a number of real estate projects in the Mainland China. The Remaining Group's domestic project, Grand Capital (Shan Shui Xiang Ri Hao Ting), is located in Doumen District, Zhuhai City. The related confirmation of rights of the project was fully completed in 2020, and sales proceeded on a buy-and-deliver basis. Sales performance for this development was relatively stable.

The Lakeview Bay • VOGUE is another integrated project wholly-owned by the Remaining Group, comprising villas and high-rise residences. The villa of Phase I have been sold out and were delivered for occupation, while units of Phase II were completed for sale and in the process of being delivered for occupation.

Building Management and Other Services

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

The building management and maintenance subsidiaries of the Remaining Group are committed to providing high-quality property and facility management services. Properties under management include large-scale commercial buildings and small-and medium-sized estates. During the year of 2020, the building management team, with its rich experience and professionalism, achieved ISO9001 certification, demonstrating that Soundwill's management system complies fully with the highest international standards. The building management team also conducts internal assessments in its quest for continuous improvement. By constantly innovating to improve its overall service quality, the team has shown that it is committed to providing owners and tenants with high quality property management, customer and maintenance services.

In 2020, the building management team established an environmental protection and energy saving team for managing indoor environmental quality, reducing waste and lowering its portfolio's carbon footprint. With the outbreak of COVID-19, the management team quickly adopted appropriate preventative measures in each property, including large-scale cleansing operations, a comprehensive building disinfection programme, and the application of photocatalyst coating technology, as well as the provision of contact-free equipment and infrared temperature detectors. Through these measures, the team was able to provide a safe and secure environment for customers, merchants and employees during the challenging conditions of the year of 2020.

Soundwill Club

During the year of 2020, the Remaining Group promoted the integration of business and technology. Through online marketing activities and the upgraded Soundwill Club mobile app, the Remaining Group integrated e-commerce and back-end management functions to provide customers with a more convenient and efficient one-stop digital platform. The easy-to-use system combines membership recruitment, e-promotions, e-payments and digital points reward programmes with a full range of online and offline marketing and promotion activities. By encouraging greater spending, this enhanced digital consumer experience is helping to support tenants and promote traffic. The Soundwill Club's membership programme is also making it easier for the Remaining Group to learn about the opinions and needs of merchants, customers and property buyers, thereby strengthening cooperation and its connections with them. Ultimately, the programme will lead to better service to customers and increase the Remaining Group's market competitiveness.

Results of Operations

During the year of 2020, the Remaining Group recorded a revenue of approximately HK\$669,261,000, representing a decrease of approximately HK\$41,900,000 as compared with the year of 2019. 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.

(Loss)/Profit Attributable to Owners of the Company

During the year of 2020, the Remaining Group has recorded a loss attributable to owners of the Company of approximately HK\$176,579,000, an increase of 300.3% as compared with the year of 2019. The increase was mainly due to valuation loss of HK\$437,459,000 and impairment loss on loan receivable of HK\$142,423,000 was recorded as of 31 December 2020.

Net Assets

The net assets of the Remaining Group as at 31 December 2020 amounted to approximately HK\$18,801,834,000. Net asset value per share as at 31 December 2020 is HK\$66.4.

Financial Resources and Liquidity

As at 31 December 2020, the Remaining Group's cash and bank balances (including short-term bank deposits and cash and cash equivalents) amounted to approximately HK\$1,026,807,000. Total borrowings of the Remaining Group amounted to approximately HK\$1,381,998,000, none of which are at fixed interest rates.

As at 31 December 2020, the Remaining Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 7%.

The Remaining 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 of 2020, there was no material impact on the Remaining Group arising from the fluctuation in the exchange rates of these currencies. During the year of 2020, the Remaining 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.

The funding and treasury policies and practice that the Remaining Group adheres to are to achieve the objectives that there will be adequate available funds for undertaking investments and acquisitions of property units in old building in site assembly ventures when it is opportune to do so. At the same time, the gearing of the Remaining Group is consciously being kept at a more conservative and lower level to counter the comparatively more volatile and higher risk in site assembly business. The Remaining Group will rely on its internal resources (including retained earnings and revenues) and supplemented by bank borrowings to fund its business operations. The Remaining Group has a compact core management team. All borrowings and property investment as well as other investment will only be committed with the knowledge and approval of the executive Directors. Hence, there will always be close and effective control on capital expenses and borrowings, and to ensure the position will accord with the aforesaid policies and practice.

Pledge of Assets

As at 31 December 2020, certain investment properties and property, plant and equipment of the Remaining Group with a total carrying value of approximately HK\$13,024,973,000 were pledged to secure banking facilities for the Remaining Group.

Contingent Liabilities

As at 31 December 2020, the Remaining Group provided guarantees amounted to approximately HK\$260,417,000 to banks with respect to mortgage loans procured by the purchasers of the Remaining 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.

Significant Investments Held

Save as those disclosed under the paragraph headed "FOR THE YEAR ENDED 31 DECEMBER 2020 — Segment Information" above, the Remaining Group did not have any significant investment during the financial year ended 31 December 2020.

Material Acquisition and Disposals of Subsidiaries, Associates and Joint Ventures

On 19 July 2018, the Remaining Group entered into a sale and purchase agreement with an independent third party to dispose the entire issued share capital of Lucky Way Holdings Investment Limited and its subsidiaries (collectively the "**Lucky Way Group**") and the assignment of the loans repayable by the Lucky Way Group to the Remaining Group at an aggregate consideration of HK\$467,635,000. The disposal of Lucky Way Group was completed on 5 February 2020. Details of disclosure set out in the announcements issued by the Company on 19 July 2018 and supplemental announcements issued afterward on 28 September 2018, 27 November 2018, 31 January 2019, 28 February 2019, 31 May 2019 and 5 February 2020.

On 29 October 2020, 2 November 2020, 3 November 2020 and 4 November 2020, the Remaining Group entered into certain sales and purchases agreements to dispose the entire equity interests in certain wholly-owned subsidiaries of the Remaining Group, namely Fast View Creation Limited ("**Fast View**"), Lucky Express Creation Limited ("**Lucky Express**"), Huge Success Creation Limited ("**Huge Success**") and Total Asset International Limited ("**Total Asset**") (collectively named as "**2020 Disposed Subsidiaries**") at an aggregate total consideration of HK\$55,276,000. The disposal of 2020 Disposed Subsidiaries were completed in December 2020.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Remaining Group for the year ended 31 December 2020.

Employees Remuneration

The Remaining Group employed an annual average of 269 people and 47 people in Hong Kong and Mainland China respectively for the year of 2020. 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 2020 were approximately HK\$124,858,000 and no share option expenses during the year of 2020.

Future Plans for Material Investments or Capital Assets

Save as disclosed herein, the Remaining Group did not have specific future plans for material investments or capital assets for the year ended 31 December 2021.

Prospect

The Remaining Group will closely monitor global market conditions and the progress of the pandemic, take appropriate measures to minimise their impact on the Remaining Group's business operations, and remain flexible in long-term planning. In the year ahead and beyond, the Remaining Group will continue to build on its sustainable development strategy and solid business foundation by developing creative solutions and its high-quality investment property portfolio so the Remaining Group is able to meet challenges and maintain its competitiveness. From 2021 onwards, the Remaining Group will explore opportunities to do investments and to participate in business not necessarily limited to the investments and business the Remaining Group has been undertaking in order to optimize the returns of its internal financial resource and for the benefit of the shareholders.

FOR THE YEAR ENDED 31 DECEMBER 2021

Segmental Information

Property Portfolio

Despite the adverse impact of COVID-19 on the major properties of the Remaining Group over the past two years, the Remaining Group expects that revenue from its properties will grow in the post-pandemic era as they are all located in prime locations in Hong Kong. During the year of 2021, the Remaining Group began construction of iCITY, an industrial project in Kwai Chung that the Remaining Group believes will become a new landmark in the area. The Remaining Group is also working to raise the quality of its buildings and ancillary facilities in order to provide a better experience for owners and tenants. Additionally, the Remaining Group will continue to look for sites with high appreciation potential in order to replenish its 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 of 2021 as market transactions came under pressure. However, the Remaining Group remained committed to revitalising old districts and eliminating the structural risks of old buildings in Hong Kong through property mergers and acquisitions. The Remaining Group will also continue to replenish its land reserves at opportune times to capture business opportunities according to developments in

the market. During the year of 2021, the Remaining Group gained whole ownership of the South China Cold Storage Building in Kwai Chung and strengthened its property investment portfolio in order to generate earnings for the Remaining Group and its stakeholders.

Property Leasing

For the year ended 31 December 2021, the Remaining Group's property leasing business segment recognised revenue of approximately HK\$394,858,000, representing approximately 73% of the Remaining Group's total revenue for the year of 2021.

The decline in sales among its 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 Remaining 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 its tenants, the Remaining Group launched a variety of initiatives to create business opportunities for them. Together with the proactive marketing campaigns the Remaining Group introduced, the Remaining Group succeeded in attracting local consumers to its 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 its tenants, which would create further short-term pressure on the property leasing business of the Remaining 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 of 2021, 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 of 2021, 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 of 2021.

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 of 2021, 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 Remaining Group's rental properties, which recorded a drop in rental income for the year of 2021.

One Storage Management Company Limited

One Storage, a wholly-owned subsidiary of the Remaining 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.

One Storage actively launched online promotions by leveraging the integration of its digital marketing and back-end management to improve the Remaining Group's operating and sales efficiency and revenue. The team rolled out online and offline creative promotion programmes to target audiences with different needs. Together with the enhancements including an optimised website and interactive games, and the addition of high-quality branches in residential and industrial areas, One Storage was able to attract more potential customers.

Property Development

For the year ended 31 December 2021, the Remaining Group's property development business segment recognised revenue of approximately HK\$127,048,000, representing approximately 23% of the Remaining Group's total revenue for the year of 2021.

Industrial Project — 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 the latest digital technology and featuring a full curtain wall facade, iCITY is destined to become the iconic industrial project in the district.

Real Estate Business in the Mainland China

During the year of 2021, 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 Remaining Group in Mainland China included Grand Capital (Shan Shui Xiang Ri Hao Ting) in Doumen District, Zhuhai City. 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 was 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 Remaining Group’s building management business segment recognised revenue of approximately HK\$22,928,000, representing approximately 4% of the Remaining Group’s total revenue for the year of 2021.

Goldwell Property Management Limited

Goldwell Property Management Limited, a subsidiary of the Remaining 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 demonstrates its compliance with international standards by its highly experienced building management team which has achieved ISO9001, ISO14001 and ISO45001 certifications. 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, the Remaining Group 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 its buildings and provide contact-free equipment, infrared temperature detectors and enhanced air purifiers since 2020. It also planned to introduce robots for delivering meals and packages to alleviate the bacterial and viral transmission. As of the end of 2021, all frontline staff had been vaccinated against COVID-19 to offer customers, tenants and employees a safe and worryless living and working environment.

Soundwill Club

During the year of 2021, the Remaining 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 its e-commerce and backend management functions to analyse its 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 its 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 its competitiveness.

Results of Operations

During the year of 2021, the Remaining Group recorded a revenue of approximately HK\$544,834,000, representing a decrease of approximately HK\$124,427,000 as compared with the year of 2020. 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 of 2021, the Remaining Group has recorded a loss attributable to owners of the Company of approximately HK\$822,456,000, an increase of 365.8% as compared with the year of 2020. The increase in loss was mainly due to valuation loss of HK\$1,081,458,000 and no impairment loss on loan receivable was recorded as of 31 December 2021.

Net Assets

The net assets of the Remaining Group as at 31 December 2021 amounted to approximately HK\$17,933,801,000. Net asset value per share as at 31 December 2021 is HK\$63.3.

Financial Resources and Liquidity

As at 31 December 2021, the Remaining Group's cash and bank balances (including short-term bank deposits and cash and cash equivalents) amounted to approximately HK\$1,135,928,000. Total borrowings of the Remaining Group amounted to approximately HK\$1,421,501,000 as at 31 December 2021, none of which are at fixed interest rates.

As at 31 December 2021, the Remaining Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 8%.

The Remaining 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 of 2021, there was no material impact on the Remaining Group arising from the fluctuation in the exchange rates of these currencies. During the year of 2021, the Remaining 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.

The funding and treasury policies and practice that the Remaining Group adheres to are to achieve the objectives that there will be adequate available funds for undertaking investments and acquisitions of property units in old building in site assembly ventures when it is opportune to do so. At the same time, the gearing of the Remaining Group is consciously being kept at a more conservative and lower level to counter the comparatively more volatile and higher risk in site assembly business. The Remaining Group will rely on its internal resources (including retained earnings and revenues) and supplemented by bank borrowings to fund its business operations. The Remaining Group has a compact core management team. All borrowings and property investment as well as other investment will only be committed with the knowledge and approval of the executive Directors. Hence, there will always be close and effective control on capital expenses and borrowings, and to ensure the position will accord with the aforesaid policies and practice.

Pledge of Assets

As at 31 December 2021, certain investment properties and property, plant and equipment of the Remaining Group with a total carrying value of approximately HK\$11,978,097,000 were pledged to secure banking facilities for the Remaining Group.

Contingent Liabilities

As at 31 December 2021, the Remaining Group provided guarantees amounted to approximately HK\$90,564,000 to banks with respect to mortgage loans procured by the purchasers of the Remaining 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.

Significant Investments Held

Save as those disclosed under the paragraph headed "FOR THE YEAR ENDED 31 DECEMBER 2021 — Segment Information" above, the Remaining 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 Remaining Group) 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 "**Kwai Chung 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 Remaining Group) entered into a property sale and purchase agreement with Mainway Holdings to acquire the Kwai Chung 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 "2021 Disposal"), subject to adjustments, to entity nominated by the Joint Administrators.

Completion of the purchase of the Kwai Chung Properties and the 2021 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 Remaining Group entered into certain sales and purchases agreements to dispose the entire equity interests in certain other wholly-owned subsidiaries of the Remaining Group (collectively the "2021 Disposed Subsidiaries") to different independent third parties at an aggregate total consideration of HK\$110,905,000. The disposal of the 2021 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 Remaining Group for the year ended 31 December 2021.

Employees Remuneration

The Remaining Group employed an annual average of 263 people and 40 people in Hong Kong and Mainland China respectively for the year of 2021. 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 and no share option expenses during the year of 2021.

Future Plans for Material Investments or Capital Assets

Save as disclosed herein, the Remaining Group did not have specific future plans for material investments or capital assets for the year ending 31 December 2022.

Prospect

The Remaining Group will closely monitor the local property market as well as global market conditions, and take measures appropriate for its long-term development. The Remaining Group is confident in its ability to drive business growth and maintain its competitiveness thanks to its carefully-planned commercial tenant portfolio, rapid development of the mini-storage business and the recently commenced pre-sales of units in iCITY, its latest industrial project in Kwai Chung. In the year ahead and beyond, the Remaining Group will strategize carefully before it act and turn challenges into opportunities in a prudent and pragmatic manner.

FOR THE SIX MONTHS ENDED 30 JUNE 2022

Segmental Information*Property Portfolio*

The Remaining Group expects revenue from its properties will improve in the post-pandemic era as the properties are all located in prime locations in Hong Kong. The Remaining Group are working to enhance the quality of its buildings and ancillary facilities in order to provide a better experience for owners and tenants. In addition, the Remaining Group will continue to look for sites with high appreciation potential in order to replenish its land reserves at a reasonable cost.

Property Assembly

In the first half of 2022, property investment sentiment remained bleak due to the pandemic coupled with the unfavourable business climate. The Remaining Group, nonetheless, remained committed to revitalising old districts and old buildings in Hong Kong through property mergers and acquisitions, and will continue to replenish its land reserves at opportune times to capture business opportunities according to developments in the market.

Property Leasing

For the six months ended 30 June 2022, the Remaining Group's property leasing business segment recognised revenue of approximately HK\$184,786,000, representing approximately 72% of the Remaining Group's total revenue for the six months ended 30 June 2022.

The Remaining Group's major investment properties include Soundwill Plaza, Soundwill Plaza II — Midtown, 10 Knutsford Terrace and Kai Kwong Commercial Building, which are all situated in prime locations in Hong Kong with high quality tenant portfolios. At the beginning of the year of 2022, certain tenants experienced severe business disruptions due to stringent pandemic controls and the continuation of strict social distancing measures. The downward pressure on rents along with the Remaining Group's rent support measures for tenants led to a drop in overall rental income of the Remaining Group, as compared with the six months ended 30 June 2021.

As social distancing measures were relaxed, however, the Remaining Group saw an improvement in the performance of its property portfolio and increased leasing activities, with overall letting maintained at a high level. The Remaining Group's experienced management team, who know how to stay abreast of the latest market trends, continued to optimise its tenant portfolio. Among their achievements during the six months ended 30 June 2022, they brought in new restaurants with high quality catering, a virtual reality experience station and an exclusive NFT art exhibition.

One Storage Management Company Limited

One Storage, a subsidiary of the Remaining Group, has been providing high-quality and professional mini-storage services for customers with different storage needs, offering them a better live and living space since 2018. One Storage has been expanding its service scope in recent years and by 30 June 2022 had reached 40 branches. These include locations in Kennedy Town, Tin Hau, Wong Chuk Hang, Chai Wan, San Po Kong, Yau Tong, Tai Po, Fo Tan, Tuen Mun, Tsing Yi, Kwai Chung and Tsuen Wan, all of which offer convenient and thoughtful services for customers.

To meet evolving market needs and adapt to the new consumption model that has arisen during the pandemic, One Storage upgraded its online marketing strategies by integrating its database with the customer relationship management system. Customers are now able to monitor their own storage space remotely via digital technology. This, together with enhanced online and offline reward schemes and a consolidated e-commerce payment management system, have increased marketing efficiency and enabled One Storage to attract new customers while also simplifying the management of its mini-storage services.

Property Development

For the six months ended 30 June 2022, the Remaining Group's property development business segment recognised revenue of approximately HK\$62,965,000, representing approximately 24% of the Remaining Group's total revenue for the six months ended 30 June 2022.

The Remaining Group's iCITY project is an around-the-clock digital industrial facility located at 111 Ta Chuen Ping Street, Kwai Chung. Currently under construction, this 20-storey building provides 601 workshops, each covering a gross floor area from about 335 square feet to 510 square feet on a typical floor. The estimated material date for this project is in the fourth quarter of 2023. Situated in an industrial district now undergoing a major revitalisation with rampant transformational activities, iCITY is destined to become a major innovation and technology hub in the area.

In Mainland China, the business of the Remaining Group continued to be affected by the downward pressure from the year of 2021, when the property market in China recorded a decrease in sales volume, property development activity and financing. To maintain the order of the property market, the central government continued its "houses are built to be inhabited, not for speculation" policy. Accordingly, local governments have cut back measures to stimulate demand in the property market, which is expected to gradually recover in the second half of 2022.

The Remaining Group currently has several real estate projects in Mainland China. These include Grand Capital (Shan Shui Xiang Ri Hao Ting) in Doumen District, Zhuhai and Lakeview Bay • VOGUE (an integrated project comprising of villas and high-rise residences) in Gaoyao District, Zhaoqing. Both have been completed with relatively stable

sales performance and delivered for occupation, with only a few units left for sale. All the Remaining Group's property projects in China have now been completed, which gives confidence to flat buyers.

Building Management and Other Services

For the six months ended 30 June 2022, the Remaining Group's building management and other services segment recognised revenue of approximately HK\$11,410,000, representing approximately 4% of the Remaining Group's total revenue for the six months ended 30 June 2022.

Goldwell Property Management Limited

Goldwell Property Management Limited, a subsidiary of the Remaining 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 various types of estates. This subsidiary business complies with international standards and is run by a highly experienced and professionally qualified building management team that has achieved ISO9001, ISO14001 and ISO45001 certifications.

In alignment with the Remaining Group's environmental, social and governance goals, Goldwell's management team constantly looks for environmentally-friendly property management and energy-saving solutions. It has also set annual targets for improving energy efficiency and minimising the Remaining Group's carbon footprint in response to calls for carbon reduction from the government and society. Regular internal assessments are also carried out to provide owners and tenants with professional and comprehensive high-quality property management, customer and maintenance services. Additionally, the team makes use of the latest technology to improve overall service quality.

Results of Operations

For the six months ended 30 June 2022, the Remaining Group has recorded a revenue of approximately HK\$259,161,000, representing an increase of approximately HK\$10,768,000 as compared with the same period of 2021. The increase in revenue from property sales is the main attribute to the increase in revenue and notwithstanding rental income from investment properties dropped.

Loss attributable to owners of the Company

Loss attributable to owners of the Company for the six months ended 30 June 2022 was approximately HK\$142,582,000, representing a decrease of 61.3% as compared with the corresponding period in 2021. Such decrease is attributed to valuation loss of investment properties of HK\$253,880,000 was recorded as 30 of June 2022, when compared with a loss of HK\$494,128,000 during the corresponding period in 2021.

Net Assets

As at 30 June 2022, the Remaining Group's net assets amounted to approximately HK\$17,825,934,000.

Financial Resources and Liquidity

As at 30 June 2022, the Remaining Group's cash and bank balances (including short-term bank deposits and cash and cash equivalents) amounted to approximately HK\$1,138,788,000. The Remaining Group's total borrowings as at 30 June 2022 were HK\$1,437,311,000, none of which are at fixed interest rates.

The Remaining Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 8% as at 30 June 2022 and 31 December 2021.

The Remaining 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 Remaining Group's assets in the Mainland China which generated income from as well as expense incurred in Mainland China, the Remaining Group had not implemented any hedging measures during the six months ended 30 June 2022.

During the six months ended 30 June 2022, the Remaining 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.

The funding and treasury policies and practice that the Remaining Group adheres to are to achieve the objectives that there will be adequate available funds for undertaking investments and acquisitions of property units in old building in site assembly ventures when it is opportune to do so. At the same time, the gearing of the Remaining Group is consciously being kept at a more conservative and lower level to counter the comparatively more volatile and higher risk in site assembly business. The Remaining Group will rely on its internal resources (including retained earnings and revenues) and supplemented by bank borrowings to fund its business operations. The Remaining Group has a compact core management team. All borrowings and property investment as well as other investment will only be committed with the knowledge and approval of the executive Directors. Hence, there will always be close and effective control on capital expenses and borrowings, and to ensure the position will accord with the aforesaid policies and practice.

Pledge of Assets

As at 30 June 2022, certain investment properties, properties for sales and property, plant and equipment of the Remaining Group with a total carrying value of approximately HK\$12,253,716,000 were pledged to secure banking facilities for the Remaining Group.

Contingent Liabilities

As at 30 June 2022, the Remaining Group provided guarantees amounted to approximately HK\$82,746,000 to banks with respect to mortgage loans procured by the purchasers of the Remaining 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.

Significant Investments Held

During the six months ended 30 June 2022, the Remaining Group had no significant investments.

Material Acquisition and Disposals of Subsidiaries, Associates and Joint Ventures

On 6 April 2022, the Remaining 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 Remaining Group, namely King Huge Enterprises Limited (“**King Huge**”) at a consideration of HK\$47,300,000. King Huge is the sole shareholder of an investment holding company which holds an industrial property unit located in Hong Kong. The disposal was completed on 6 April 2022.

Save for the disposal as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Remaining Group for the six months ended 30 June 2022.

Employees Remuneration

The Remaining Group employed an average of 307 people and 39 people in Hong Kong and Mainland China respectively as at 30 June 2022. 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 2022, total salaries and wages were approximately HK\$64,507,000.

Future Plans for Material Investments or Capital Assets

Save as disclosed herein, the Remaining Group does not have specific future plans for material investments or capital assets for the latter half of the year ending 31 December 2022.

Prospect

The Remaining Group believes Hong Kong economic recovery would much be linked up with the economic conditions in Mainland China and the resumption of travel to and from Mainland China and other countries. The Remaining Group expects resumption of travel, when it occurs, will help to bring Hong Kong's economy back on the right track and stimulate the recovery of local economy.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Vigers Appraisal And Consulting Limited, an independent valuer, in connection with their valuation of the property as at 8 August 2022.

Vigers Appraisal And Consulting Limited
International Asset Appraisal Consultants
27th Floor, Standard Chartered Tower
Millennium City 1
388 Kwun Tong Road
Kowloon
Hong Kong



23 September 2022

The Directors
Soundwill Holdings Limited
21st Floor, Soundwill Plaza
38 Russell Street
Causeway Bay
Hong Kong

Dear Sirs.

Re: Valuation of Property in Hong Kong — Section C and Section P of Inland Lot No. 2147, Causeway Bay, Hong Kong

In accordance with your instructions for us to value the property interests (vast majority of which is currently owned as at the date of this report and the remaining is intended to be acquired) considered to be disposed of (after unification of the ownership of such property interests) by Soundwill Holdings Limited (the “**Company**” together with its subsidiaries “**the Group**”), we confirm that we have inspected the property, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of the values of the properties as at 8 August 2022 (“**the date of valuation**”).

Our valuation is our opinion of market value of the property which is defined as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Our valuation has been made on the assumption that the owners sold the property on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which might serve to affect the values of the property.

We have the property by direct comparison approach which made reference to comparable transaction as available in the relevant market. Appropriate adjustments and analysis are made to the differences between the comparable property and the subject property.

We have conducted land searches at the Land Registry but we have not scrutinised the original documents to ascertain ownership nor to verify any lease amendments which might not appear on the copies handed to us. In any events, we reserve the right to revise our valuations should there disclose any information which is in contravention to the information provided to us.

We have relied on considerable extent on the information provided by the Group and have accepted advice given to us on such matters as tenure, areas, occupation, statutory notice, easements, and all other relevant matters. All documents have been used as reference purposes only. All dimensions, measurements and areas are approximate.

The property was inspected by Mr. Gilbert Yuen MHKIS MRICS RPS(GP) on 5 August 2022 to the extent for the purpose of this valuation.

We have not carried out a land survey to determine the demarcation of the subject lots. We have not allowed for any contamination or pollution of the land which might occur due to the past usage.

Where there are buildings or structures on the property, we have not carried out a structural survey nor have we inspected woodwork or other parts of the property which are covered, unexposed or inaccessible, we are therefore unable to report that any parts of the property are free from defects.

No allowance has been made in our valuation for any charges, mortgages, or amounts owing on the property or any expenses or taxation which might be incurred in effecting a sale. Unless otherwise stated, we have assumed that the property was free from any encumbrances, restrictions and outgoings of an onerous nature which could serve to affect the value of the property.

Our valuation has been prepared in accordance with “The HKIS Valuation Standards (2020 Edition)” published by The Hong Kong Institute of Surveyors, the relevant provisions in the Companies Ordinance, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (Main Board).

We enclose herewith the valuation report.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL AND CONSULTING LIMITED
Gilbert K. M. Yuen
MHKIS MRICS RPS(GP)
Executive Director

Note: Mr. Gilbert K. M. Yuen is a Registered Professional Surveyor in General Practice Division with about 30 years’ post qualification valuation experience on properties in Hong Kong.

VALUATION REPORT

Property interests which the Group is considering disposing of in Hong Kong

| Property | Description & Tenure | Particular of Occupancy | Market Value in its existing state as at 8 August 2022 |
|---|--|--|--|
| The whole of 100% of Haven Court, Nos. 2–30 Haven Street and Nos. 128–138 Leighton Road together being Section C of Inland Lot Nos. 2147 together with a contiguous piece of land being Section P of Inland Lot No. 2147, Causeway Bay, Hong Kong | <p>The property comprises all the interests of Haven Court together with a narrow strip of land which forms part of the passenger sidewalk along Haven Street stretching from Leighton Road in front of Haven Court in Causeway Bay district of Hong Kong.</p> <p>Haven Court is a 11-storey composite building with shops on the Ground Floor and residential upper parts completed in 1958. It was erected on a site with site area of 13,150 sq. ft. (1,221.66 sq.m.), whilst the site area of the narrow strip is 55 sq.ft. (5.11 sq.m.). The total site area of the property, therefore is 13,205 sq.ft. (1,226.77 sq.m.) or thereabouts.</p> <p>The property is held under a Government Lease for a term of 999 years commencing from 30 June 1886.</p> <p>The Government rent is HK\$37.5 for Section C of Inland Lot No. 2147.</p> | The existing building of Haven Court are seen being occupied. However, for the purpose of this valuation, it is assumed that vacant possession is immediate available as at the date of valuation. | HK\$2,560,000,000 |

Notes:

1. The registered owner of the property are as follows:

**I. Section C of Inland Lot No. 2147
(Haven Court)**

| | | |
|---|---|--|
| Shops 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 16 and 34 on G/F, Blocks A, B, F and H on 1/F; Block G on 1/F; Block K, on 5/F; Block G on 8/F; Block F on 9/F | : | Lead Properties Limited |
| Shops 14, 15, 17, 19, 20, 21, 26, 27, 29, 30, 36 and 38 on G/F, Block J on 7/F; Blocks H and L on 10/F | : | Harvest Fortune Limited |
| Shops 18, 32, 33, 35, 37, 40, 42, 43, and 45 on G/F, Blocks E, G, I, J, K, L and M on 1/F; Blocks A, B, D, E, F, G, H, I, J, K and L on 2/F; Blocks A, B, C, D, E, F, G, H, J, K, L and M on 3/F; Blocks A, B, C, D, E, F, H, I, J, K, L and M on 4/F; Blocks A, B, C, D, F, G, H, I, J, K, L and M on 5/F; Blocks A, B, C, D, E, F, G, H, I, J, K, L and M on 6/F; Blocks A, B, D, E, F, G, H, L and M on 7/F; Blocks A, B, E, F, I, J, L and M on 8/F; Blocks A, B, C, D, E, F, G, H, I, J, K, L and M on 9/F; Blocks A, B, I, J, K, L and M on 10/F | : | Billion Glory Properties Limited |
| Shops 11 and 39 on G/F | : | Li Baozhu and Wong Tak Kuen (Tenants in Common) |
| Shops 13 on G/F | : | Hui Suk Fong Alice |
| Shops 22 and 23 on G/F | : | Lee Chi Ming (1/2) and Billion Glory Properties Limited (1/2) |
| Shops 24 and 25 on G/F | : | Lee Chou Sim |
| Shops 28 and 41 on G/F | : | Leung Kai Wai and Leung Kai Wah (Co-Administrators) |

| | | |
|---|---|---|
| Shop 44 on G/F | : | Leung Oi Kin and Lai Chung Shing (Joint Tenants) |
| Blocks C and D on 1/F | : | Lee Wing Tai (2/3) (Executor) and Billion Glory Properties Limited (1/3) |
| Block C on 2/F | : | Larm Kit Fung |
| Block M on 3/F | : | Yeung Mei Chun |
| Block I on 3/F | : | Dragon Top Development Limited |
| Block E on 5/F | : | Yip Kam and Lau Choi Fung (Joint Tenants) |
| Block C on 7/F | : | Po Leung Kuk |
| Block I on 7/F | : | Up Brilliant Limited (1/4) Long Fame Capital Investment Limited (1/4) Yeung Ying King (1/2) |
| Block C on 8/F | : | Cheung Ping Yuen and Wong Kam Fung (Joint Tenants) |
| Block D on 8/F | : | Tso Sau Sang |
| Block H on 8/F | : | Cheng Fok Yee Ching |
| Block K on 8/F | : | Chow Richard Hoi and Chow Joanne Kam Chu (Joint Tenants) |
| Block D on 9/F | : | Tsui Che Man (Administratrix) |
| Block I on 9/F | : | Lee Chi Ming and Lee Leung Fung Lin (Joint Tenants) |
| II. Section P of Inland Lot No. 2147 | : | WS Holdings Limited |

2. The property is subject to the following encumbrances:

**Section C of Inland Lot No. 2147
(Haven Court)**

| | | |
|------------------------------|---|--|
| All the units of Haven Court | : | Notice No. "UMB/5OF101/1701-388/0066" by the Building Authority under S.30B(3) of the Buildings Ordinance Remarks: For common part(s) only vide Memorial No. 18101201850174 dated 18 July 2018 |
|------------------------------|---|--|

All the units of Haven Court : Sealed Copy of Amended Notice of Application to Lands Tribunal For an Order For Sale in favour of Billion Glory Properties Limited (1st Applicant), Harvest Fortune Limited (2nd Applicant), Lead Properties Limited (3rd Applicant), Li Baozhu and Wong Tak Kuen (1st Respondents), Hui Suk Fong appointed by Order dated 16 September 2019 to represent the estates of Ho Wing Mui, deceased (2nd Respondent), Lee Chi Ming (3rd Respondent), Lee Chou Sim (4th Respondent), Leung Kai Wai (as the co-administrator of the estate of Pang Lai Wah, deceased, and Leung Ka Wah (as the co-administrator of the estate of Pang Lai Wah, deceased) (5th Respondents), Leung Ka Wai (as the co-administrator of the estate of Pang Lai Wah, deceased) and Leung Ka Wah (as the co-administrator of the estate of Pang Lai Wah, deceased), Leung Ka Wai (as tenant-in-common with the estate of Pang Lai Wah, deceased in equal shares) (6th Respondents), Leung Oi Kin and Lai Chung Shing (7th Respondents), Lee Chung Sang, Lee Keng Chung and Lee Wai Tai, the executor of the estate of Lee Kai Yau otherwise spelt as Lee Kai Yaw, deceased (8th Respondents), Dragon Top Development Limited (9th Respondent), Larm Kit Fung (10th Respondent), Yeung Mei Chun (11th Respondent), Chan Hau Ling, Chan Tat Chiu, Chan Fan and Chan Tat Man (12th Respondents), Yip Kam (13th Respondent), Lau Chi Ling and Lau Tin Fai (14th Respondents), Lam Lai Kam (15th Respondent), Po Leung Kuk (16th Respondent), Au Wai Wai (17th Respondent), Yeung Ying King (18th Respondent), Cheung Ping Yuen and Wong Kam Fung (19th Respondents), Tso Sau Sang (20th Respondent), the personal representative of the estate of Cheung Fok Yee Ching, deceased (21st Respondent), Chow Richard Hoi and Chow Joanne Kam Chu (22nd Respondents), Tsui Che Chun (23rd Respondent), Tong Shiu Fong (24th Respondent), Lee Chi Ming and Lee Leung Fung Lin (25th Respondents) Remarks: Under Land (Compulsory Sale For Redevelopment Ordinance Land Compulsory Sale Main Application LDCS 23000 of 2019 as amended on 6 September 2019 vide Memorial No. 19072501830061 dated 22 July 2019

- All the units of Haven Court (deed pending registration) : Sealed Copy of Re-Amended Notice of Application to Lands Tribunal For an Order For Sale in favour of Billion Glory Properties Limited (1st Applicant), Harvest Fortune Limited (2nd Applicant), Lead Properties Limited (3rd Applicant), Li Baozhu and Wong Tak Kuen (1st Respondents), Hui Suk Fong appointed by Order dated 16 September 2019 to represent the estates of Ho Wing Mui, deceased (2nd Respondent), Lee Chi Ming (3rd Respondent), Lee Chou Sim (4th Respondent), Leung Kai Wai (as the co-administrator of the estate of Pang Lai Wah, deceased, and Leung Ka Wah (as the co-administrator of the estate of Pang Lai Wah, deceased) (5th Respondents), Leung Ka Wai (as the co-administrator of the estate of Pang Lai Wah, deceased) and Leung Ka Wah (as the co-administrator of the estate of Pang Lai Wah, deceased, Leung Ka Wai (as tenant-in-common with the estate of Pang Lai Wah, deceased in equal shares) (6th Respondents), Leung Oi Kin and Lai Chung Shing (7th Respondents), Lee Chung Sang, Lee Keng Chung and Lee Wai Tai, the executor of the estate of Lee Kai Yau otherwise spelt as Lee Kai Yaw, deceased (8th Respondents), Dragon Top Development Limited (9th Respondent), Larm Kit Fung (10th Respondent), Yeung Mei Chun (11th Respondent), Chan Hau Ling, Chan Tat Chiu, Chan Fan and Chan Tat Man (12th Respondents), Yip Kam (13th Respondent), Lau Chi Ling and Lau Tin Fai (14th Respondents), Lam Lai Kam (15th Respondent), Po Leung Kuk (16th Respondent), Au Wai Wai (17th Respondent), Yeung Ying King (18th Respondent), Cheung Ping Yuen and Wong Kam Fung (19th Respondents), Tso Sau Sang (20th Respondent), the personal representative of the estate of Cheung Fok Yee Ching, deceased (21st Respondent), Chow Richard Hoi and Chow Joanne Kam Chu (22nd Respondents), Tsui Che Chun (23rd Respondent), Tong Shiu Fong (24th Respondent), Lee Chi Ming and Lee Leung Fung Lin (25th Respondents) Remarks: Under Land (Compulsory Sale For Redevelopment Ordinance Land Compulsory Sale Main Application LDCS 23000 of 2019 as amended on 6 September 2019 and re-amended on 20 January 2022 vide Memorial No. 22012600580045 dated 22 July 2019 (registration withheld)
- Shops 11 and 39 on G/F : (a) Mortgage in favour of Maxcolm Finance Limited vide Memorial No. 20221700390045 dated 15 February 2022

- (b) Second Legal Charge in favour of E-Money Finance Limited Remarks: By Wong Tak Kuen 4/10 shares vide Memorial No. 22042900450023 dated 22 April 2022
- (c) Second Mortgage Remarks in favour of Great Wealth Finance Limited Remark: By Wong Tak Kuen 4/10 shares vide Memorial No. 22062001360036 dated 17 June 2022
- (d) Fourth Legal Charge in favour of EC Pay Financial Limited Remarks: By Wong Tak Kuen 4/10 shares vide Memorial No. 22070800650026 dated 24 June 2022
- (e) Third Mortgage Remarks in favour of Prosperity Bright Financial Group Limited Remarks: By Wong Tak Kuen 4/10 shares vide Memorial No. 22071900130029 dated 20 June 2022
- (f) Further Legal Charge/Mortgage in favour of E-Money Finance Limited Remarks: By Wong Tak Kuen 4/10 shares vide Memorial 22051300220214 dated 11 May 2022 (deed pending registration) (registration withheld)
- (g) Fifth Mortgage Remarks in favour of Great Wealth Finance Limited Remarks: By Wong Tak Kuen 4/10 shares vide Memorial No. 22071800890038 dated 14 July 2022 (deed pending registration) (registration withheld)
- Shops 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 16, 34 and 38 on G/F,
Blocks A, B, F and H on 1/F;
Block G on 4/F;
Block K, on 5/F;
Block G on 8/F;
Block F on 9/F : Order No. "UBZ/U09-16/0075/04" by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 06102400850210 dated 23 March 2006
- Shops 14, 15, 17, 19, 20, 21, 26, 27, 29, 30, 36 and 38 on G/F,
Block J on 7/F;
Blocks H and L on 10/F : Mortgage in favour of The Hong Kong and Shanghai Banking Corporation Limited vide Memorial No. 18110202310049 dated 25 October 2018

| | | |
|--|---|--|
| Shops 32, 37, 40, 42 and 43 on G/F; Blocks E, I and J on 1/F; Blocks A, B, F, H, K and L on 2/F; Blocks B, E, F, J and, K on 3/F; Blocks D and J on 4/F; Blocks C, I, and L on 5/F; Blocks A, B, C, D, E, F, H, I and M on 6/F; Blocks A, D, E, K and L on 7/F; Blocks B, E, F, I, J and L on 8/F; Blocks A, E, G, J and M on 9/F; Blocks A, B, I, and K on 10/F | : | Mortgage in favour of The Hong Kong and Shanghai Banking Corporation Limited vide Memorial No. 18110202310032 dated 25 October 2018 |
| Shops 14, 15, 17, 19, 20, 21, 26, 27, 29, 30 and 36 on G/F, Block J on 7/F; Blocks H and L on 10/F | : | Mortgage in favour of The Hong Kong and Shanghai Banking Corporation Limited vide Memorial No. 18110202310049 dated 25 October 2018 |
| Block C on 1/F | : | Agreement For Sale And Purchase in favour Billion Glory Properties Limited vide Memorial No. 18113002110023 dated 16 October 2018 |
| Block D on 1/F | : | Agreement For Sale And Purchase in favour Billion Glory Properties Limited vide Memorial No. 18113002110049 dated 16 October 2018 |
| Block F on 1/F | : | Order No. "UBZ/U09-16/0019/04" by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 06102400850103 dated 23 March 2006 |
| Block G on 1/F | : | Order No. "UBZ/U09-16/0020/04" by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 06102400850118 dated 23 March 2006 |
| Block K on 1/F | : | Order No. "UBF/F01-16/0015/04" by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 09032701450363 dated 4 February 2009 |
| Block J on 2/F | : | Order No. "UBZ/U09-16/0026/04" by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 06110100390138 dated 23 March 2006 |
| Block D on 3/F | : | Order No. "C/TB/005421/20/HK" under S.24(1) of the Buildings Ordinance Remarks: By the Building Authority vide Memorial No. 21110101030250 dated 23 September 2021 |

- Block F on 3/F : Order No. "C/TB/000236/18/HK" under S.24(1) of the Buildings Ordinance Remarks: By the Building Authority vide Memorial No. 18030701110031 dated 7 February 2018
- Block I on 4/F : Order No. "UBZ/U09-16/0037/04" By the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 06110100390123 dated 23 March 2006
- Block D on 5/F : Order No. "UBZ/U09-16/0041/04" by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 06110100390145 dated 23 March 2006
- Block H on 5/F : Order No. "UBZ/U09-16/0045/04" by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 06110100370163 dated 23 March 2006
- Block B on 6/F : Order No. "UBF/F01-013/0017/08" by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 09032601310229 dated 4 February 2009
- Block J on 6/F : Order No. "UBZ/U09-16/0053/04" by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 06110100390234 dated 23 March 2006
- Block C on 7/F : Order No. "UBZ/U09-16/0056/04" by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 06110100370046 dated 23 March 2006
- Block E on 7/F : Order No. "UBZ/U09-16/0058/04" by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 06110100370064 dated 23 March 2006
- Block I on 7/F : Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 17011900220203 dated 30 December 2016
- Block K on 8/F : Certified Copy of Death Certificate Remarks: Of Chow Richard Hoi also known as Richard Hoi Chow also known as Hoi-Nam Chow, deceased vide Memorial No. 22042600890019 dated 13 January 2020

- Block C on 9/F : Order No. “UBZ/U09–16/0075/04” by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 06102400850210 dated 23 March 2006
- Block D on 9/F : (a) Order No. “BBZ/U09–16/0056/04” by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 061101003700103 dated 23 March 2006
- (b) Order No. “C/TB/005425/20/HK” under S.24(1) of the Buildings Ordinance Remarks: By the Building Authority vide Memorial No. 21110101030287 dated 23 September 2021
- Block G on 9/F : (a) Order No. “UBZ/U09–16/0075/04” by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 06110100370087 dated 23 March 2006
- (b) Mortgage in favour of The Hong Kong and Shanghai Banking Corporation Limited vide Memorial No. 18110202310032 dated 25 October 2018
- Block L on 9/F : Order No. “UBZ/U09–16/0077/04” by the Building Authority under S.24(1) of the Buildings Ordinance vide Memorial No. 061024008501120 dated 23 March 2006
3. The property is zoned “Other Specified Uses (For “Mixed Uses”) only under Causeway Bay Outline Zoning Plan No. S/H6/17 dated 8 January 2019. According to the explanatory note attached to the outline zoning plan, this zone is primary intended for mixed non-industrial land uses. Flexibility for development/redevelopment/conversion of residential or other uses or combination of various types of compatible uses including commercial, residential, educational, cultural, recreational and entertainment uses, either vertically within a building or horizontally over a spatial area, is allowed to meet changing market needs. Physical segregation has to be provided between the non-residential and residential portions within a new/converted building to prevent non-residential uses from causing nuisance to the residents. Some commercial uses are always permitted in an existing mixed use building before its redevelopment/conversion.

For land under this zone, “Hotel”, “Office” and “Shop and Services” are amongst the uses that are always permitted for non-residential building or non-residential portion of a building upon development/redevelopment/conversion; “Flat” and “House” are amongst the uses that are always permitted for residential building or residential portion of a building upon development/redevelopment/conversion; and “Flat”, “Hotel”, “Office” and “Shop and Services” are amongst the uses that are always permitted for an existing building before development/redevelopment.

For site on the two sides of Haven Street, a minimum set back of 0.5m from the lot boundary fronting Haven Street shall be provided.

4. The Government Lease of Inland Lot No. 2147 contain *inter alia* the following clauses concerning the uses of the land:

“.... shall not nor will during the continuance of this demise, use, exercise, or follow, in or upon the said premises or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern keeper, Blacksmith, Nightman, Seavenger or any other noisy, noisome or offensive trade or business whatever without the previous licence of His said Majesty....”
5. The property is situated on the northeastern side of Haven Street at the junction therewith Leighton Road in Causeway Bay district of Hong Kong. The locality is at the fringe of commercial hub of Causeway Bay. This part of Causeway Bay is largely associated with institutional users such as schools, hospital, sport club and sport ground with some older residential/commercial composite buildings. The area is expected to be undergoing major rejuvenation following a mega commercial site sold by the Government at Caroline Hill Road. The area is conveniently served by public transportation such as buses, light buses and taxis. The Causeway Bay MTR station is about 7 to 10 minutes' walk from it.
6. Our valuation of the property is made on redevelopment basis and assuming that vacant possession is immediate available as the date of valuation and that the property is not encumbered with unregistrable interests (if any). No allowance has been given to the possible costs required for the amalgamation of 100% shares of the lots either by private negotiations or by compulsory sale order under Land (Compulsory Sale For Redevelopment) Ordinance Cap 545.
7. In our valuation, we have made reference to comparable transaction of the site sold by Government by tender in May 2021. The site being Inland Lot No. 8945 with site area of 14,802 sq.m. (159,329 sq.ft.) or thereabout is situated at the junction of Caroline Hill Road and Leighton Road. It is restricted to for non-industrial uses (excluding residential, godown and petrol filling station) purposes. The maximum gross floor area allowed is 100,000 sq.m. (1,076,400 sq.ft.). It was sold for HK\$19,778,000,000 representing an accommodation value (“AV”) of HK\$197,780 per sq.m. (HK\$18,374 per sq.ft.) approximately. Our valuation of the property has taken into consideration of the relative location and time of transactions. And above all, the magnificence of the comparable due to its development scale. After taking into account these factors for the purpose of making adjustments to the AV, we have determined the adjusted AV being HK\$12,900 per sq.ft. approximately. The property with a site area of 13,205 sq.ft. and a maximum plot ratio of 15 (for non-domestic), the maximum gross floor area will be 198,075 sq.ft. approximately. By an AV of HK\$12,900 per sq.ft., the appraised market value will be HK\$2,560 million approximately.
8. There are no conditions stipulated in the Government Lease of the property as to the construction of roadway, pathway, sewage and other facilities or services for public uses.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in the Company

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares and underlying Shares

| Name of Director | Capacity | Number of Shares interested | Approximate percentage of the Company's total issued Shares <i>(Note 4)</i> |
|-------------------------|---|------------------------------------|---|
| Foo Kam Chu Grace | Beneficial owner and Beneficiary of a trust | 210,566,630 <i>(Note 1)</i> | 74.32% |
| Chan Wai Ling | Beneficiary of a trust | 210,470,028 <i>(Note 2)</i> | 74.29% |
| Chan Hing Tat | Beneficiary of a trust | 210,470,028 <i>(Note 3)</i> | 74.29% |

Note 1: By virtue of the SFO, Madam Foo Kam Chu Grace (“**Madam Foo**”) was deemed to be interested in 210,566,630 Shares in aggregate: (i) 96,602 Shares was beneficially owned by Madam Foo; (ii) 208,084,028 Shares was held by Ko Bee, the entire issued share capital of which was held by a discretionary trust (the “**Trust**”). Madam Foo is a beneficiary of the Trust; and (iii) 2,386,000 Shares was held by Full Match, a company wholly-owned by Ko Bee. Both Ko Bee and Full Match are incorporated in the British Virgin Islands with limited liability.

Note 2: By virtue of the SFO, Ms. Chan Wai Ling (“**Ms. Chan**”) was deemed to be interested in 210,470,028 Shares. Ms. Chan is a beneficiary of the Trust.

Note 3: By virtue of the SFO, Mr. Chan Hing Tat (“**Mr. Chan**”) was deemed to be interested in 210,470,028 Shares. Mr. Chan is a beneficiary of the Trust.

Note 4: These percentages have been compiled based on the total number of issued Shares (i.e. 283,308,635 Shares) of the Company at the Latest Practicable Date.

(b) Directors’ interests in associated corporations

| Name of Director | Name of associated corporations | Capacity | Number and class of shares held | Approximate percentage of the total issued shares |
|-------------------|---------------------------------|---|---------------------------------|---|
| Foo Kam Chu Grace | Ko Bee | Beneficiary of a trust | 1 ordinary share | 100% (Note 5) |
| Chan Wai Ling | Ko Bee | Beneficiary of a trust | 1 ordinary share | 100% (Note 5) |
| Chan Hing Tat | Ko Bee | Beneficiary of a trust | 1 ordinary share | 100% (Note 5) |
| Foo Kam Chu Grace | Full Match | Interest in controlled corporation and Beneficiary of a trust | 1 ordinary share | 100% (Note 5) |
| Chan Wai Ling | Full Match | Interest in controlled corporation and Beneficiary of a trust | 1 ordinary share | 100% (Note 5) |
| Chan Hing Tat | Full Match | Interest in controlled corporation and Beneficiary of a trust | 1 ordinary share | 100% (Note 5) |

Note 5: The entire issued share capital of Ko Bee is held by the Trust. The entire issued share capital of Full Match is held by Ko Bee. Madam Foo, Ms. Chan and Mr. Chan are the beneficiaries of the Trust.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which are taken or deemed to have under such provisions of the SFO); or (b) pursuant to

section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, save as disclosed below, none of the Directors or proposed Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| Name of Director | Name of companies which had such discloseable interest or short position | Position with such companies |
|-------------------------|---|-------------------------------------|
| Foo Kam Chu Grace | Ko Bee | Director |
| | Full Match | Director |
| Chan Hing Tat | Ko Bee | Director |

3. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective close associates were considered to have any interests in businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group that need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

4. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest, direct or indirect, in any assets which had been, since 31 December 2021 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group as a whole.

5. DIRECTORS' SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any other member(s) of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

6. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, the Group was not engaged in any litigation or claims of material importance, and so far as the Directors are aware, no litigation or claims of material importance is pending or threatened against the Group.

7. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the Sale and Purchase Agreement (not being contract entered into in the ordinary course of business) has been entered into by the members of the Group which is or may be material.

8. EXPERTS AND CONSENTS

The qualification of the experts who have given their opinions in this circular is as follows:

| Name | Qualification |
|---|---------------------------------|
| Deloitte Touche Tohmatsu | Certified Public Accountants |
| Vigers Appraisal and Consulting Limited | Independent Professional Valuer |

As at the Latest Practicable Date, each of the experts referred to above (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

9. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is located at 21st Floor, Soundwill Plaza, No.38 Russell Street, Causeway Bay, Hong Kong.

- (c) The company secretary of the Company is Mr. Tse Wai Hang. Mr. Tse graduated from the University of Hong Kong with a bachelor's degree in laws. He is a qualified solicitor in Hong Kong.
- (d) The share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited, 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in case of inconsistencies.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Company's website (www.soundwill.com.hk) and the Stock Exchange's website (www.hkexnews.hk) up to and including the date which is 14 days from the date of this circular:

- (a) the Sale and Purchase Agreement;
- (b) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;
- (c) the valuation report prepared by Vigers Appraisal and Consulting Limited, the text of which is set out in Appendix V to this circular; and
- (d) the written consents referred to in the paragraph headed "Experts and Consents" in this Appendix.



SOUNDWILL HOLDINGS LIMITED

金朝陽集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Soundwill Holdings Limited (the “Company”) will be held at Units 01–02, 31/F, Soundwill Plaza, No. 38 Russell Street, Causeway Bay, Hong Kong on Thursday, 20 October 2022 at 2:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the Sale and Purchase Agreement (as defined in the circular of the Company dated 23 September 2022 of which this notice forms part (the “Circular”)) (a copy of which has been produced in this meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder and the implementation thereof be and are hereby approved, confirmed and ratified;
- (b) any one director of the Company (or any two directors of the Company or one director and the secretary of the Company, in the case of execution of documents under seal) be and is hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/her to be incidental to, ancillary to or in connection with the matters contemplated in the Sale and Purchase Agreement and the transactions contemplated thereunder and the implementation thereof including the affixing of seal thereon.”

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

Hong Kong, 23 September 2022

* *For identification purpose only*

NOTICE OF SGM

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business:
21st Floor, Soundwill Plaza
No.38 Russell Street
Causeway Bay
Hong Kong

Notes:

1. A form of proxy for use at the SGM is enclosed.
2. Any Shareholder entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a Shareholder. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every Shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's principal place of business in Hong Kong at 21st Floor, Soundwill Plaza, No. 38 Russell Street, Causeway Bay, Hong Kong not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the SGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 17 October 2022 to Thursday, 20 October 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 SGM, 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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 14 October 2022.
5. Where there are joint holders of any shares of the Company, any one of such holders may vote at the SGM, either in person or by proxy, in respect of such shares as if he/she was solely entitled thereto, but if more than one of such joint holders be present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of member of the Company in respect of the joint holding.
6. The above resolution will be voted by way of a poll at the SGM.

NOTICE OF SGM

7. As at the date of this notice, 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.