



金朝陽集團有限公司*
SOUNDWILL HOLDINGS LIMITED

於百慕達註冊成立之有限公司
Incorporated in Bermuda with limited liability
股份代號 Stock Code : 0878

INTERIM REPORT 2021
中期報告

*僅供識別 / for identification only

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CORPORATE INFORMATION

DIRECTORS

EXECUTIVE DIRECTORS:

FOO Kam Chu Grace (*Chairman*)
CHAN Wai Ling
CHAN Hing Tat (Appointed with effect
from 14 April 2021)
TSE Wai Hang

INDEPENDENT NON-EXECUTIVE DIRECTORS:

CHAN Kai Nang
PAO Ping Wing
NG Chi Keung

COMPANY SECRETARY

TSE Wai Hang

EXTERNAL AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor

INTERNAL AUDITOR

Crowe (HK) Risk Advisory Limited

LEGAL ADVISORS

Lo, Wong & Tsui
Conyers Dill & Pearman

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21/F, Soundwill Plaza
No. 38 Russell Street
Causeway Bay, Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

PRINCIPAL BANKS

The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Bank of Communications Co., Ltd.

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th floor North Cedar House
41 Cedar Avenue
Hamilton HM 12 Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

SHARE INFORMATION PLACE OF LISTING

The Main Board of The Stock Exchange
of Hong Kong Limited

STOCK CODE

878

BOARD LOT

500 shares

WEBSITE

www.soundwill.com.hk

INVESTOR RELATIONS

E-mail: sw.ir@soundwill.com.hk

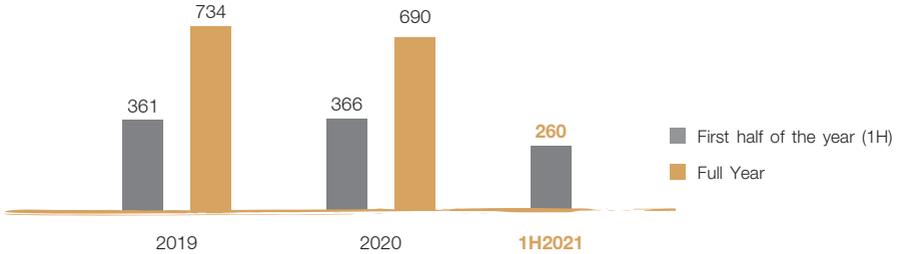
FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2021 (Unaudited) HK\$ million	2020 (Unaudited) HK\$ million
Revenue	260.3	366.4
Net fair value loss on investment properties	(490.1)	(122.2)
(Loss)/Profit attributable to owners of the Company	(357.3)	72.8
Basic (loss)/earnings per share (dollars)	HK\$(1.26)	HK\$0.26
	At 30 June 2021 (Unaudited) HK\$ million	At 31 December 2020 (Audited) HK\$ million
Total assets	23,205	23,137
Net assets	19,981	20,387
Total borrowings	2,321	1,852
Gearing ratio	12%	9%
Net asset value per share (dollars)	HK\$70.5	HK\$72.0

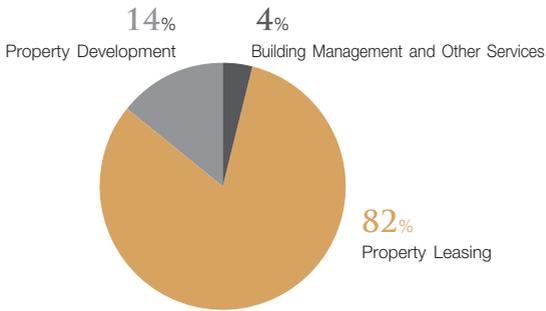
FINANCIAL HIGHLIGHTS (CONTINUED)

GROUP'S TOTAL REVENUE

HK\$ million

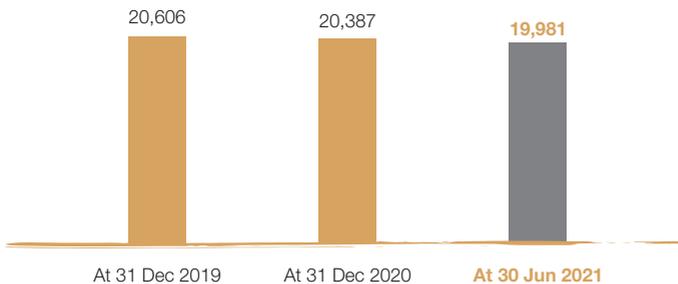


GROUP'S REVENUE MIX FOR THE SIX MONTHS ENDED 30 JUNE 2021



GROUP'S NET ASSET VALUE

HK\$ million



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In the first half of 2021, the COVID-19 pandemic continued to have a major impact on economies around the world. Uncertainties arising from Sino-US trade tensions and the overall climate had contributed to increased risks and uncertainties in geopolitical situation. Due to concerns of inflation in the global market and rising financial costs owing to contractionary monetary policies, the outlook for a quick recovery and growth in the global economy remained bleak.

Although both Mainland China and Hong Kong achieved progress in their fighting against COVID-19, the global situation of the pandemic remained unstable. In this harsh business environment, many companies, particularly those in the retail and catering sectors, suffered huge blows. Prevention measures and restrictions on imports and exports also put pressure on overall consumer confidence. Consequently, the leasing business and the investment valuations of the Group came under stress. The downward pressure on rents and the provision of rent support measures to tenants impacted the Group's performance. During the period under review, all these factors affected our major properties, including Soundwill Plaza, Soundwill Plaza II — Midtown and 10 Knutsford Terrace, as indicated by the recorded decreases in overall rental income.

During the period under review, the importance of digitalising business in the COVID-19 era is apparent. As consumers and shop tenants made wider use of electronic payments and online sales, we have strengthened our digital infrastructure to better promote and market our investment property portfolio and businesses. We also launched simultaneously an advanced version of our e-shop and e-coupon programme, which leveraged digital sales and database functions to better target customers. Additionally, we encouraged automation in our internal operations and among our shop tenants to increase efficiency.

To meet the challenges of an uncertain environment, we will continue to develop our core business and differentiate our investment property portfolio in an increasingly competitive market, thereby increasing value for our shareholders and society. Furthermore, we will continue to expand into other related business areas and improve our investment property portfolio. One example is our subsidiary mini-storage business, which is currently opening more branches in prime locations as a means of expanding our industrial project investment portfolio, enhancing our competitiveness and increasing overall income.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Property Leasing

For the six months ended 30 June 2021, the Group's property leasing business segment recognised revenue of approximately HK\$213,234,000, representing approximately 82% of the Group's total revenue for the period.

The Group's major investment properties include Soundwill Plaza, Soundwill Plaza II – Midtown, 10 Knutsford Terrace and Kai Kwong Commercial Building, which are all located in prime locations in Hong Kong and possess high quality tenant portfolios. Fortunately, the COVID-19 pandemic showed signs of subsiding during the period. However, due to the negative effects of the pandemic over the past year, overall rental income of the Group decreased year-on-year, mainly because of disease prevention measures. Some of our tenants were adversely affected by the pandemic and found it difficult to resume ordinary business. To help them ride out these difficult times, the Group continued to provide rent concessions and other adjustments.

One Storage Management Company Limited

The Group's One Storage offers secure and comfortable space and professional management to meet the needs of our storage facility customers. 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 located in Kennedy Town, Wong Chuk Hang, Chai Wan, San Po Kong, Yau Tong, Tai Po, Fo Tan, Tuen Mun, Tsing Yi, Kwai Chung and Tsuen Wan. As of 30 June 2021, the number of One Storage branches has increased to 27 (from 23 as at the end of 2020). In the second half of the year, we will continue to expand this business, invest in digital marketing and promotions, and enhance competitiveness and operational efficiency through various online and offline promotions.

Property Development

For the six months ended 30 June 2021, the Group's property development business segment recognised revenue of approximately HK\$36,246,000, representing approximately 14% of the Group's total revenue for the period.

During the period under review, the Mainland China real estate market implemented macro-control policies to help land and housing prices remain stable. At the same time, domestic financial management institutions came under tighter financial supervision. Together with other related policies, these are expected to have a cooling and stabilising effect on the domestic real estate market.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group currently has several real estate projects in Mainland China. Grand Capital (Shan Shui Xiang Ri Hao Ting) is located in Doumen District, Zhuhai City. The related confirmation of rights for the project was fully completed in 2020, and sales proceeded on a buy-and-deliver basis. The Lakeview Bay • VOGUE is another integrated project wholly owned by the Group, comprising of villas and high-rise residences. The villas of Phase I have been sold out and were delivered for occupation, while units of Phase II were completed for sale and are in the process of being delivered for occupation. Sales performance for this project was relatively stable.

Building Management and Other Services

For the six months ended 30 June 2021, the Group's building management and other services segment recognised revenue of approximately HK\$10,777,000, representing approximately 4% of the Group's total revenue for the period.

Drawing on the extensive experience of our professional team, the Group's building management and maintenance subsidiaries are committed to providing high-quality property and facility management services. Their properties under management include large commercial buildings and small and medium housing estates. The professional expertise team ensures the delivery of high-quality property management services, including efficient customer and maintenance support services.

Communication with Shareholders and Investors/Investor Relations

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

During the pandemic, and with a view to establish trusting and productive partnerships with shareholders and investors, the Group made good use of electronic communication channels in order to maintain close, interactive communication with investors. The annual general meeting of the Group this year was held in May 2021. In addition to briefings on the results announcements, we maintained regular contact with the media through press releases, announcements and other promotional materials.

The Group continued its commitment to transparency through timely disclosure of information on the Group's business development so that shareholders and investors could make informed investment decisions. In order to achieve a balance between compliance with corporate governance requirements and business growth, the Group makes a continuous effort to improve its management practices. The Board further believes that sound corporate governance is essential to the success of the Group and enhances shareholder value.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Corporate Citizenship

The Group adheres to its core concept of “Operating with Heart” and incorporates sustainable development into its operating model in order to fulfil its corporate social responsibilities. During the period, the Group supported the Soundwill Volunteer Team’s charitable work, including parent-child festival activities, donations and other philanthropic activities for the disadvantaged and those in need. Furthermore, the Group supports the work of non-profit-making organisations by providing free mini storage space in support of their logistics needs.

This year, the Group received multiple awards, including the Caring Company award from The Hong Kong Council of Social Service for the tenth year, the “Happy Company” award by the Hong Kong Productivity Council, and the “Mediate First Pledge Star Logo Award Certificate” by the Department of Justice. These awards were made in recognition of the Group, our subsidiaries and property projects for fulfilling our social responsibilities and safeguarding the well-being of our employees. The Group will continue its commitment to serve society with the aim of making a positive contribution to our stakeholders and the community.

Prospects

In the second half of the year, we believe the increasing supply of vaccines and implementation of vaccination programmes by many countries could gradually change the course of the pandemic. The aforesaid together with an expansionary monetary environment and stimulating fiscal measures taken by local governments should generate further momentum for global economic recovery. At the same time, competition between China and the United States as well as the continued tension in the international political sphere may pose financial risks, adding to the destabilising factors affecting the global economy.

In the past, Hong Kong’s economy suffered because of the tensions between China and the United States as well as the emergence of COVID-19. Despite this challenging situation, we anticipate there will be a turning point in the near future. As the pandemic eases, some prevention measures will be relaxed. The unemployment rate and the investment atmosphere have improved, and Hong Kong’s economy is expected to recover gradually from the pandemic as conditions become more favourable. Nonetheless, the momentum of economic recovery may still be hindered for the likelihood of fluctuating COVID-19 variants.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

One factor that will help with the economic recovery is the government's plan to stimulate tourism and retail consumption and promote electronic transactions. Therefore, the Group will continue to invest resources in digital technology platforms and information systems. This will enhance the Group's efficiency and business performance, provide an impetus for the development of new, diversified enterprises, and create other development opportunities during the economy recovery.

The Group is confident in its ability to meet challenges with its stable asset position and professional management team. Looking ahead, we will continue to promote sustainable development and integrate environmental, social and governance principles into our businesses. Moving forward, we will also continue to protect the long-term interests of our shareholders, pursue innovation and flexibility in management, improve our core business, and capture other investment opportunities to create excellence and value in the Group's operations.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (30 June 2020: Nil).

FINANCIAL REVIEW

For the six months ended 30 June 2021, the Group has recorded a revenue of approximately HK\$260,257,000 (30 June 2020: HK\$366,418,000), representing a decrease of approximately HK\$106,161,000 as compared with the same period last year. The decrease in revenue was mainly attributable to the decrease in revenue from property sales and drop in rental income from investment properties.

Loss attributable to owners of the Company for the six months ended 30 June 2021 was approximately HK\$357,274,000 (30 June 2020: Profit of HK\$72,764,000), representing a decrease of 591% as compared with the corresponding period in 2020. The decrease is mainly due to valuation loss of HK\$490,128,000 was recorded as of 30 June 2021.

The total interest expenses for the six months ended 30 June 2021 amounted to approximately HK\$11,850,000 (30 June 2020: HK\$24,269,000).

The Company's basic loss per share was HK\$1.26 as compared with the earnings per share in the same period of last year of HK\$0.26.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2021, the Group cash and bank balances (including short-term bank deposits and cash and cash equivalents) amounted to approximately HK\$1,523,652,000 (31 December 2020: HK\$1,027,474,000). The Group's total borrowings as at 30 June 2021 were HK\$2,320,666,000 (31 December 2020: HK\$1,851,998,000). The Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 12% as at 30 June 2021 (31 December 2020: 9%).

As at 30 June 2021, the Group's net assets amounted to approximately HK\$19,980,797,000 (31 December 2020: HK\$20,386,981,000).

The Group's exposure to foreign currency risk mainly arises from the exchange rate movement between Hong Kong Dollar and Renminbi in relation to its Mainland China operations. Given there would have immaterial impact on the Group's assets in the Mainland China which generated income from as well as expense incurred in Mainland China, the Group had not implemented any hedging measures during the period under review.

During the period under review, the Group did not commit to any financial instruments to hedge its balance sheet exposures.

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

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 2021, the Group had no significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 16 October 2020, 12 November 2020 and 19 November 2020, the Group entered into agreements to dispose the entire equity interest in certain wholly-owned subsidiaries, namely Easy Loyal International Limited ("Easy Loyal"), Well Huge Corporation Limited ("Well Huge"), Fast Rich Enterprise Limited ("Fast Rich") and Manage International Limited ("Manage International") (collectively named as "Disposal Subsidiaries") at total cash consideration of HK\$63,787,000. The Disposal Subsidiaries are investment holding companies and each holds residential property unit located in Hong Kong. The disposal of Easy Loyal, Well Huge, Fast Rich and Manage International were all completed in January and February 2021.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Save for the disposal as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group for the six months ended 30 June 2021.

EVENT AFTER REPORTING PERIOD

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

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 24 August 2021 and in lieu of the Share Exchange Agreement, Master Green Limited (a wholly-owned subsidiary of the Company) entered into a property sale & purchase agreement to acquire the Properties from Mainway Holdings at the consideration of HK\$130 million while Able Best and other parties entered into a share sale & 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, subject to adjustments, to entity nominated by the Joint Administrators.

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

On 31 May 2021 and 24 June 2021, the Group entered into agreements to dispose the entire equity interests in two wholly-owned subsidiaries, namely Grand Profit Creation Limited (“Grand Profit”) and Famous Point Enterprise Limited (“Famous Point”) at total cash consideration of HK\$35,288,000. Grand Profit and Famous Point are investment holding companies and each holds a residential property unit in Hong Kong. The disposal of Grand Profit and Famous Point were completed in July and August 2021 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The outbreak of COVID-19 has led to different extents of travel bans and lockdowns imposed by various countries and regions around the world. Increased global travel restrictions amid virus infections locally and overseas have already substantially hindered the manufacturing capability of many countries, which in turn is disrupting global supply chains and international trade, and hence a severe threat to global economy. The Group anticipates both the wider local economy and the property leasing market will remain weak and are unlikely to fully recover in the short term. Given the unpredictable nature of these constantly changing circumstances, the related impact on the consolidated results of operations, cash flows and financial condition of the Group could not be reasonably and tangibly fully evaluated at this stage and will be reflected in the Group's 2021 annual financial statements.

EMPLOYEES AND REMUNERATION POLICY

The Group employed an average of 271 people and 40 people in Hong Kong and Mainland China respectively as at 30 June 2021 (30 June 2020: 278 and 53 employees). Employees were remunerated on the basis of their performance, experience and market practice.

Remuneration packages comprise salary, medical insurance, mandatory provident fund and year end discretionary bonus. During the six months ended 30 June 2021, total salaries and wages were approximately HK\$48,776,000 (30 June 2020: HK\$49,495,000).

PLEDGE OF ASSETS

As at 30 June 2021, certain investment properties and property, plant and equipment of the Group with a total carrying value of approximately HK\$13,410,336,000 (31 December 2020: approximately HK\$13,843,373,000) were pledged to secure banking facilities for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

(a) Directors' interests in the Company

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have taken under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the shares and underlying shares:

Name of Director	Capacity	Number of Ordinary Shares Interested	Approximate Percentage of the Company's Total Issued Shares
Foo Kam Chu Grace	Beneficial owner and Beneficiary of a trust	210,566,630 ^(Note 1)	74.32%
Chan Wai Ling	Beneficiary of a trust	210,470,028 ^(Note 2)	74.29%
Chan Hing Tat	Beneficiary of a trust	210,470,028 ^(Note 3)	74.29%

Note 1: Madam Foo Kam Chu Grace ("Madam Foo") was deemed to be interested in 210,566,630 shares of the Company in aggregate: (i) 96,602 shares of the Company was personally held by Madam Foo; (ii) 208,084,028 shares of the Company as held by Ko Bee Limited ("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 of the Company was held by Full Match Limited ("Full Match"), a company wholly-owned by Ko Bee.

Note 2: Ms. Chan Wai Ling ("Ms. Chan") was deemed to be interested in 210,470,028 shares of the Company. Ms. Chan is a beneficiary of the Trust.

Note 3: Mr. Chan Hing Tat ("Mr. Chan") was deemed to be interested in 210,470,028 shares of the Company. Mr. Chan is a beneficiary of the Trust.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(b) Directors' Interests in Associated Corporations

Name of Director	Name of Associated Corporation	Capacity	Number and Class of Shares	Percentage of Shareholding
Foo Kam Chu Grace	Ko Bee Limited	Beneficiary of a trust	1 ordinary share	100% <i>(Note 4)</i>
Chan Wai Ling	Ko Bee Limited	Beneficiary of a trust	1 ordinary share	100% <i>(Note 4)</i>
Chan Hing Tat	Ko Bee Limited	Beneficiary of a trust	1 ordinary share	100% <i>(Note 4)</i>
Foo Kam Chu Grace	Full Match Limited	Interest in controlled corporation and Beneficiary of a trust	1 ordinary share	100% <i>(Note 4)</i>
Chan Wai Ling	Full Match Limited	Interest in controlled corporation and Beneficiary of a trust	1 ordinary share	100% <i>(Note 4)</i>
Chan Hing Tat	Full Match Limited	Interest in controlled corporation and Beneficiary of a trust	1 ordinary share	100% <i>(Note 4)</i>

Note 4: 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 30 June 2021, none of the Directors and chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be (i) 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 he/she is taken or deemed to have taken under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed above, at no time during the six months ended 30 June 2021, were rights to subscribe for equity or debt securities of the Company granted to any Directors or chief executive of the Company or to their spouse or children under 18 years of age as recorded in the register required to be kept under Part XV of the SFO, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable any such persons to acquire any such rights in any other body corporate.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2021, the person(s) other than a Director or chief executive of the Company who have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, was/were as follows:

Long Positions in the Shares

Name of Shareholder	Capacity	Number of Shares	Approximate Percentage of Shareholding
Century Pine (PTC) Limited	Trustee of a trust	210,470,028 <i>(Notes 1&5)</i>	74.29%
Ko Bee Limited	Beneficial owner and Interest of controlled corporation	210,470,028 <i>(Notes 1&5)</i>	74.29%

Note 5: Ko Bee is ultimately held under the Trust with Century Pine (PTC) Limited as trustee for Madam Foo and her family members (including Ms. Chan and Mr. Chan, both executive Director of the Company).

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any person(s) (other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CONTINGENT LIABILITIES

As at 30 June 2021, the Group provided guarantees amounted to approximately HK\$196,681,000 (31 December 2020: HK\$260,417,000) to banks with respect to mortgage loans procured by the purchasers of the Group's properties in the Mainland China. Such guarantees will be released by banks upon delivery of the properties to the purchasers and completion of the registration of the mortgage with the relevant mortgage registration authorities or settlement of the outstanding mortgage loan. In the opinion of the Directors, the fair value of the financial guarantee is not significant.

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee, comprising three independent non-executive Directors, has reviewed with the management, the accounting principles and practices adopted by the Group and discussed internal control systems and risk management, internal audit and financial reporting matters. The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2021 has been reviewed with no disagreement by the Audit Committee.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the six months ended 30 June 2021 except for the following deviations:

(1) Code Provision A.2.1

Code Provision A.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of the chairman and chief executive officer are neither separated nor performed by two different individuals. Madam Foo Kam Chu Grace is the founder and Chairman of the Group. She is responsible for the Group's overall development direction and strategies. The Chairman ensures the Board functions effectively and discharges its responsibilities. There is no chief executive officer appointed and the daily operations of the Group are

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

delegated to other executive Directors, the management and various department heads with clearly defined authority policy. The Board is of the view that the current management structure can effectively facilitate the Group's operation and business development.

(2) Code Provision A.4.1

Code Provision A.4.1 of the CG Code provides that non-executive Directors should be appointed for a specific term.

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

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiries with all Directors, the Company confirms that all of them have complied with the Model Code during the six months ended 30 June 2021.

The Company has also adopted the written guidelines on no less exacting terms than the Model Code for those relevant employees (as defined in the CG Code) in respect of their dealings in the securities of the Company in compliance with the Code Provision A.6.4 of the CG Code.

CHANGE IN DIRECTORS' INFORMATION

Change in the Directors' information since the disclosures made in the Company's 2020 annual report, which is required to be disclosed pursuant to the requirements of Rule 13.51B(1) of the Listing Rules is set out as below:

Name of Director	Change
Chan Kai Nang	Resigned as an independent non-executive director and a member of audit committee of Burwill Holdings Limited (24. HK) on 11 August 2021.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the publication of the 2020 annual report of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

SUPPLEMENTAL INFORMATION IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Reference is made to the annual report of the Company for the year ended 31 December 2020 and published on 22 April 2021 (the “2020 Annual Report”).

In addition to the information disclosed in section 4.15(i) (Summary of Significant Accounting Policies, Employee benefit, Defined contribution retirement plans) of the “Notes to the Consolidated Financial Statements” in the 2020 Annual Report, the board of directors of the Company would like to provide the following information pursuant to paragraph 26(2) of Appendix 16 to the Listing Rules in relation to the contribution retirement plans of the Group for the year ended 31 December 2020.

For the year ended 31 December 2019 and year ended 31 December 2020, there was no forfeiture of retirement benefits schemes contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) in the Group. As at 31 December 2020, no forfeited contribution under the retirement benefits schemes of the Group is available to reduce the contribution payable in future years.

Save the above supplemental information, the remaining contents of the 2020 Annual Report remain unchanged.

SUPPLEMENTAL INFORMATION IN RELATION TO THE ANNUAL REPORTS FOR THE YEARS ENDED 31 DECEMBER 2014, 2015, 2016 AND 2017

Reference is made to the annual reports of the Company for the year ended 31 December 2014 published on 14 April 2015 (the “2014 Annual Report”), the year ended 31 December 2015 published on 21 April 2016 (the “2015 Annual Report”), the year ended 31 December 2016 published on 10 April 2017 (the “2016 Annual Report”), and the year ended 31 December 2017 and published on 19 April 2018 (the “2017 Annual Report”).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In 2014 Annual Report, the row starting with “Other Employees” in the table set out in the said Note 36 Share Based Employee Compensation of the Notes to the Financial Statements shall be substituted by the following:

Name of grantee	Date of Grant	Closing price immediately preceding the date of grant	Exercise price	Weighted average share price of shares at the date of exercise		Number of options				
				Exercise price	Exercisable period	As at 1 January 2014	Granted during the year	Exercised/ Lapsed* during the year	As at 31 December 2014	Fair value of options granted
Chan Hing Tat	6/12/2011	8.60	8.71	12.12	6/12/2012–5/12/2015	2,000,000	–	(1,500,000)	500,000	N/A
	3/1/2013	15.78	15.76	N/A	3/1/2014–2/1/2017	2,000,000	–	–	2,000,000	N/A
Other Employees	6/12/2011	8.60	8.71	12.12	6/12/2012–5/12/2015	580,000	–	(200,000)	380,000	N/A
	3/1/2013	15.78	15.76	N/A	3/1/2014–2/1/2017	530,000	–	(20,000)*	510,000	N/A

In 2015 Annual Report, the row starting with “Other Employees” in the table set out in the said Note 33 Share Based Employee Compensation of the Notes to the Consolidated Financial Statements shall be substituted by the following:

Name of grantee	Date of Grant	Closing price immediately preceding the date of grant	Exercise price	Weighted average share price of shares at the date of exercise		Number of options				
				Exercise price	Exercisable period	As at 1 January 2015	Granted during the year	Exercised/ Lapsed* during the year	As at 31 December 2015	Fair value of options granted
Chan Hing Tat	6/12/2011	8.60	8.71	10.66	6/12/2012–5/12/2015	500,000	–	(500,000)	–	N/A
	3/1/2013	15.78	15.76	N/A	3/1/2014–2/1/2017	2,000,000	–	–	2,000,000	N/A
Other Employees	6/12/2011	8.60	8.71	10.66	6/12/2012–5/12/2015	380,000	–	(380,000)	–	N/A
	3/1/2013	15.78	15.76	N/A	3/1/2014–2/1/2017	510,000	–	(250,000)*	260,000	N/A

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In 2016 Annual Report, the row starting with “Other Employees” in the table set out in the said Note 32 Share Based Employee Compensation of the Notes to the Consolidated Financial Statements shall be substituted by the following:

Name of grantee	Date of Grant	Closing price immediately preceding the date of grant	Exercise price	Weighted average share price of shares at the date of exercise		Number of options				
				Exercisable period	As at 1 January 2016	Granted during the year	Exercised/ Lapsed* during the year	As at 31 December 2016	Fair value of options granted	
Chan Hing Tat	3/1/2013	15.78	15.76	N/A	3/1/2014–2/1/2017	2,000,000	–	–	2,000,000	N/A
Other Employees	3/1/2013	15.78	15.76	N/A	3/1/2014–2/1/2017	260,000	–	–	260,000	N/A

In 2017 Annual Report, the row starting with “Other Employees” in the table set out in the said Note 30 Share-Based Employee Compensation of the Notes to the Consolidated Financial Statements shall be substituted by the following:

Name of grantee	Date of Grant	Closing price immediately preceding the date of grant	Exercise price	Weighted average share price of shares at the date of exercise		Number of options				
				Exercisable period	As at 1 January 2017	Granted during the year	Lapsed during the year	As at 31 December 2017	Fair value of options granted	
Chan Hing Tat	3/1/2013	15.78	15.76	N/A	3/1/2014–2/1/2017	2,000,000	–	(2,000,000)	–	N/A
Other Employees	3/1/2013	15.78	15.76	N/A	3/1/2014–2/1/2017	260,000	–	(260,000)	–	N/A

The above pieces of additional information about the share options held by Mr. Chan Hing Tat (“Mr. Chan”) are disclosed in accordance with Rule 17.07 of the Listing Rules and by reason of Mr. Chan being the son of Madam Foo Kam Chu, Grace Chairman and executive director of the Company and brother of Ms. Chan Wai Ling, executive director of the Company and is thus an associate of the executive directors of the Company. Saved the above supplemental information, the remaining contents of the 2014 Annual Report, 2015 Annual Report, 2016 Annual Report and 2017 Annual Report remain unchanged.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

APPRECIATION

As a final note, I wish to take this opportunity to thank the Directors and staff for their contributions and good performance during the period.

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

Hong Kong, 27 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
	Notes		
Revenue			
Revenue from goods and services		47,023	117,119
Rental income		213,234	249,299
Total revenue		260,257	366,418
Cost of sales		(26,651)	(70,934)
Gross profit		233,606	295,484
Other income	4	11,757	26,341
Selling expenses		(3,094)	(4,099)
Administrative expenses		(62,896)	(63,584)
Net fair value loss on investment properties		(490,128)	(122,150)
(Loss)/gain on disposal of subsidiaries	17	(5,831)	2,040
Finance costs	5	(11,850)	(24,269)
(Loss)/profit before income tax expense	6	(328,436)	109,763
Income tax expense	7	(28,834)	(37,013)
(Loss)/profit for the period		(357,270)	72,750

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

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Other comprehensive expense, net of tax		
<i>Item that will not be reclassified to profit or loss:</i>		
Deficit on revaluation of buildings, net of deferred tax	—	(868)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange gain/(loss) on translation of foreign operations	7,748	(8,935)
Other comprehensive income/ (expense) for the period, net of tax	7,748	(9,803)
Total comprehensive (expense)/ income for the period	(349,522)	62,947
(Loss)/profit for the period attributable to:		
— Owners of the Company	(357,274)	72,764
— Non-controlling interests	4	(14)
	(357,270)	72,750
Total comprehensive (expense)/ income for the period attributable to:		
— Owners of the Company	(349,681)	63,352
— Non-controlling interests	159	(405)
	(349,522)	62,947

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

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
		HK\$	HK\$
	Note		
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company during the period			
Basic	8	(1.26)	0.26

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	9	20,040,195	20,626,625
Property, plant and equipment	10	150,070	151,450
Financial assets at fair value through other comprehensive income		23,370	—
Deposits paid for acquisition of properties		9,251	9,251
Loan receivables	11	18,336	19,761
		20,241,222	20,807,087
Current assets			
Properties for sale		922,622	940,144
Trade and other receivables	11	208,850	171,168
Financial assets at fair value through profit or loss		144,224	63,008
Restricted bank deposits	12	68,140	64,082
Short-term bank deposits	12	550,195	425,668
Cash and cash equivalents	12	973,457	601,806
		2,867,488	2,265,876
Assets classified as held for sale		96,310	63,787
Total current assets		2,963,798	2,329,663

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	<i>Notes</i>	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Current liabilities			
Trade and other payables	13	586,347	619,689
Contract liabilities		59,167	27,682
Lease liabilities		9,181	9,432
Borrowings	14	2,320,666	180,605
Provision for income tax		129,773	127,042
Total current liabilities		3,105,134	964,450
Net current (liabilities)/assets		(141,336)	1,365,213
Total assets less current liabilities		20,099,886	22,172,300
Non-current liabilities			
Borrowings	14	—	1,671,393
Lease liabilities		9,542	7,981
Deferred tax liabilities		109,547	105,945
Total non-current liabilities		119,089	1,785,319
Net assets		19,980,797	20,386,981
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	28,331	28,331
Reserves		19,935,580	20,341,923
Non-controlling interests		19,963,911	20,370,254
		16,886	16,727
Total equity		19,980,797	20,386,981

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the six months ended 30 June 2021 (unaudited)									
	Equity attributable to owners of the Company									
	Share capital	Share premium	Capital redemption reserve	Retained profits	Exchange reserve	Special reserve	Proposed final and special dividends	Total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2021	28,331	690,811	295	19,610,069	(17,762)	1,848	56,662	20,370,254	16,727	20,386,981
(Loss)/Profit for the period	–	–	–	(357,274)	–	–	–	(357,274)	4	(357,270)
Other comprehensive expense										
Item that may be reclassified subsequently to profit or loss:										
Exchange gain on translation of foreign operations	–	–	–	–	7,593	–	–	7,593	155	7,748
Total comprehensive (expense)/income for the period	–	–	–	(357,274)	7,593	–	–	(349,681)	159	(349,522)
Final dividend paid for 2020	–	–	–	–	–	–	(56,662)	(56,662)	–	(56,662)
At 30 June 2021	28,331	690,811	295	19,252,795	(10,169)	1,848	–	19,963,911	16,886	19,980,797

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	For the six months ended 30 June 2020 (unaudited)										
	Equity attributable to owners of the Company										
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	Retained profits	Exchange reserve	Special reserve	Proposed final and special dividends	Total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2020	28,331	690,811	295	110	19,852,538	(39,720)	1,848	56,662	20,590,875	14,661	20,605,536
Profit/(loss) for the period	-	-	-	-	72,764	-	-	-	72,764	(14)	72,750
Other comprehensive expense											
Item that will not be reclassified to profit or loss:											
Deficit on revaluation of buildings, net of deferred tax	-	-	-	(868)	-	-	-	-	(868)	-	(868)
Item that may be reclassified subsequently to profit or loss:											
Exchange loss on translation of foreign operations	-	-	-	-	-	(8,544)	-	-	(8,544)	(391)	(8,935)
Total comprehensive income/(expense) for the period	-	-	-	(868)	72,764	(8,544)	-	-	63,352	(405)	62,947
Final dividend paid for 2019	-	-	-	-	-	-	-	(56,662)	(56,662)	-	(56,662)
At 30 June 2020	28,331	690,811	295	(758)	19,925,302	(48,264)	1,848	-	20,597,565	14,256	20,611,821

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<i>Note</i>	Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Net cash inflow from operating activities		174,600	86,962
Net cash (outflow)/inflow from investing activities		(197,600)	475,170
Net cash inflow/(outflow) from financing activities		395,808	(142,398)
Increase in cash and cash equivalents		372,808	419,734
Cash and cash equivalents at 1 January		601,806	307,211
Effect of foreign exchange rate changes, net		(1,157)	898
Cash and cash equivalents at 30 June	12	973,457	727,843

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of Soundwill Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the six months ended 30 June 2021 (the “Unaudited Condensed Consolidated Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the Unaudited Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2021 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2020.

The Group had net current liabilities of approximately HK\$141,336,000 as at 30 June 2021. The current liabilities mainly included short term bank loans of approximately HK\$2,320,666,000. Having taken into account the cash generated and to be generated from operations, current refinancing arrangement negotiations, and banking facilities and assets backing available to the Group, the directors consider that the Group will be able to obtain sufficient financial resources so as to enable it to operate and meet its liabilities as and when they fall due. The directors believe that the Group will continue as a going concern and consequently prepared the consolidated financial statements on a going concern basis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

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

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2” relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 “Financial Instruments: Disclosures” to accompany the amendments regarding modifications and hedge accounting.

- **Modification of financial assets, financial liabilities and lease liabilities.** A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16 “Leases” (“HKFRS 16”);
- **Hedge accounting requirements.** Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs (Continued)

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2 (Continued)

- Disclosures.** The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As at 30 June 2021, the Group has Hong Kong Interbank Offered Rate ("HIBOR") bank loans which will be/may be subject to interest rate benchmark reform. The Group expects no significant gains or losses should the interest rate benchmark for these loans change resulting from the reform on application of the amendments.

3. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors of the Company for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors of the Company are determined following the Group's major business lines.

The Group has identified the following operating and reportable segments:

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

3. SEGMENT INFORMATION (Continued)

Segment revenue and results

	Six months ended 30 June							
	Property development		Property leasing		Building management and other services		Segment total	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue								
External customers	36,246	105,026	213,234	249,299	10,777	12,093	260,257	366,418
Inter-segments <i>(note)</i>	–	–	14	108	2,702	578	2,716	686
Segment revenue	36,246	105,026	213,248	249,407	13,479	12,671	262,973	367,104
Segment profits	5,239	29,485	178,612	219,365	11,261	10,284	195,112	259,134
Certain other income, other gains and losses							2,144	12,908
(Loss)/gain on disposal of subsidiaries							(5,831)	2,040
Certain administrative expenses							(17,883)	(17,900)
Net fair value loss on investment properties							(490,128)	(122,150)
Finance costs							(11,850)	(24,269)
(Loss)/profit before income tax expense							(328,436)	109,763

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	Property development		Property leasing		Building management and other services		Segment total	
	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000						
Segment assets	1,292,111	1,280,121	20,362,128	20,912,125	31,586	28,250	21,685,825	22,200,496
Certain property, plant and equipment							2,946	1,671
Financial asset at fair value through other comprehensive income							23,370	—
Short-term bank deposits							550,195	425,668
Certain cash and cash equivalents							846,374	445,128
Assets classified as held for sale							96,310	63,787
Total assets							23,205,020	23,136,750
Segment liabilities	376,938	363,230	240,141	232,011	6,623	8,107	623,702	603,348
Certain other payables							40,535	61,436
Borrowings							2,320,666	1,851,998
Provision for income tax							129,773	127,042
Deferred tax liabilities							109,547	105,945
Total liabilities							3,224,223	2,749,769

Segment assets include all assets other than certain property, plant and equipment, financial asset at fair value through other comprehensive income, short-term bank deposits, certain cash and cash equivalents and assets classified as held for sale.

Segment liabilities comprise all liabilities other than certain other payables, provision for income tax, deferred tax liabilities and borrowings.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

4. OTHER INCOME

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Bank interest income	6,266	15,721
Interest income from loan receivables	530	5,524
Miscellaneous income	4,961	5,096
	11,757	26,341

5. FINANCE COSTS

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest expenses on:		
Borrowings	11,519	23,976
Lease liabilities	331	293
	11,850	24,269

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

6. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Cost of completed properties for sale recognised as expense	23,414	67,261
Depreciation of right-of-use assets and other property, plant and equipment	10,402	9,960
Employee compensation expense (including Directors' remuneration and defined contribution cost) <i>(note)</i>	48,776	49,495
Rentals in respect of short-term leases and low-valued leases	253	323

Note: During the six months ended 30 June 2021, the Group incurred employee compensation expenses of approximately HK\$21,767,000 (2020: HK\$21,864,000) included in the above employee benefit expense, which is employed on behalf of the third parties to whom these subsidiaries provided building management services. Such expenses are set-off with other income from building management services received by the Group.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
The charge comprises:		
Hong Kong Profits Tax	23,003	28,439
Mainland China Enterprise Income Tax ("EIT")	1,009	2,897
Mainland China Land Appreciation Tax	1,219	2,872
Deferred tax charge	3,603	2,805
	28,834	37,013

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

7. INCOME TAX EXPENSE (Continued)

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

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

8. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
(Loss)/earnings (Loss)/profit attributable to owners of the Company (HK\$'000)	(357,274)	72,764
Number of shares Number of ordinary shares for the purpose of basic (loss)/earnings per share (note)	283,308,635	283,308,635

Note:

During the six months ended 30 June 2021 and 2020, neither the Company nor any of its subsidiaries had repurchased any of the Company's shares respectively.

No diluted earnings per share for six months ended 30 June 2021 and 2020 was presented as there were no potential ordinary shares in issue during six months ended 30 June 2021 and 2020.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

9. INVESTMENT PROPERTIES

Changes to the carrying amount presented in the Consolidated Statement of Financial Position can be summarised as follows:

	2021 (Unaudited) HK\$'000
Carrying amount at 1 January	20,626,625
Additions	
– Construction costs	8
Transfer to assets held for sale	(96,310)
Net fair value loss on investment properties	(490,128)
Carrying amount at 30 June	20,040,195

The Group's investment properties were revalued at 31 December 2020 and 30 June 2021 by independent professional valuers, Cushman & Wakefield Limited, on the following basis:

- The completed investment properties (whole block of commercial building) are revalued by adopting income capitalisation method, which involves certain estimates, including capitalisation rates and reversionary income potential;
- The completed investment properties (individual units (including commercial, industrial and residential properties) or ground floor retail properties) are revalued based on direct comparison method, by reference to market transactions of comparable properties; and
- 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 cost, associated costs and an allowance of profit that duly reflected developer's risk associated with the development from the gross development value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

9. INVESTMENT PROPERTIES (Continued)

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 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 during both periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

9. INVESTMENT PROPERTIES (Continued)

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 Group in the consolidated statement of financial position	Fair value at 30 June 2021 <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
Completed investment properties					
Completed investment properties (whole block of commercial building)	15,207,000 (31 December 2020: 15,706,000)	Income capitalisation method	Reversionary rental value	HK\$23 – HK\$55 (31 December 2020: HK\$23 – HK\$56) per month per square foot for upper-level office/restaurants premises; HK\$70 – HK\$1,029 (31 December 2020: HK\$74 – HK\$1,089) per month per square foot for ground floor shops	The higher the reversionary rental value, the higher the fair value
			Capitalisation rate	2.25% – 3.5% (31 December 2020: 2.25% – 3.50%)	The higher the capitalisation rate, the lower the fair value
Completed investment properties (individual units (including commercial, industrial and residential properties) or ground floor retail properties)	2,173,195 (31 December 2020: 2,244,625)	Direct comparison method	Adjustment to price per square foot in relation to quality of properties (e.g. location, size, level and condition with reference to comparables of the properties)	+/-20% (31 December 2020: +/-20%)	The higher the quality of properties with reference to comparables, the higher the fair value

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

9. INVESTMENT PROPERTIES (Continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 30 June 2021 <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	2,660,000 (31 December 2020: 2,676,000)	Residual method	Price per square foot	HK\$20,000 – HK\$22,000 (31 December 2020: HK\$21,500 – HK\$22,400) per square foot for office premises; HK\$25,000 – HK\$32,000 (31 December 2020: HK\$26,000 – HK\$32,000) per square foot for retail properties	The higher the price per square foot, the higher the fair value
			Estimated construction and other professional costs to completion	HK\$3,600 – HK\$3,900 (31 December 2020: HK\$3,600 – HK\$3,900) per square foot	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	10% (31 December 2020: 10% – 15%)	The higher estimated profit margin, the lower the fair value

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

10. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group incurred approximately HK\$4,809,000 (30 June 2020: HK\$904,000) for renovation of office premise.

The Group's buildings classified as property, plant and equipment were revalued by an independent qualified professional valuer as at the end of the reporting period. During the six months ended 30 June 2021, the revaluation loss of HK\$1,560,000 (30 June 2020: HK\$1,040,000) has been recognized.

During the current interim period, the Group entered into new lease agreements for the use of industrial premises. The Group is required to make fixed monthly payments on the usage of the asset during the contract period. On lease commencement, the Group recognized approximately HK\$5,657,000 (30 June 2020: HK\$2,370,000) of right-of-use asset and approximately HK\$5,657,000 (30 June 2020: HK\$2,370,000) lease liability.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

11. TRADE AND OTHER RECEIVABLES/LOAN RECEIVABLES

As at 30 June 2021, trade receivables included in trade and other receivables were approximately HK\$48,291,000 (31 December 2020: HK\$38,740,000). The credit terms of the Group ranging from 30 to 90 days. The ageing analysis of trade receivables, presented based on the invoice date, was set out below:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
<i>Current assets:</i>		
Trade receivables		
0-30 days	12,712	15,135
31-90 days	13,318	7,997
91-180 days	10,974	8,564
Over 180 days	11,287	7,044
Total trade receivables, net	48,291	38,740
Loan receivables	147,444	147,298
Less: allowance for credit losses	(142,423)	(142,423)
Total loan receivables, net	5,021	4,875
Other receivables, utility deposits and prepayment	155,538	127,553
Total trade and other receivables categorised as current assets	208,850	171,168
<i>Non-current assets:</i>		
Loan receivables	18,336	19,761
	227,186	190,929

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

12. CASH AND BANK BALANCES/RESTRICTED BANK DEPOSITS/SHORT-TERM BANK DEPOSITS

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Restricted bank deposits	68,140	64,082
Short-term bank deposits with original maturity over three months	550,195	425,668
Cash and cash equivalents	973,457	601,806
Total cash and bank balances	1,591,792	1,091,556

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

The Group's bank balances included restricted bank deposits of approximately HK\$68,140,000 (31 December 2020: HK\$64,082,000) which was restricted for the purpose of construction related payments.

Included in cash and cash equivalents of the Group is approximately HK\$136,654,000 (31 December 2020: HK\$179,864,000) of bank balances denominated in Renminbi placed with banks in the Mainland China.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

13. TRADE AND OTHER PAYABLES

As at 30 June 2021, trade payables included in trade and other payables were approximately HK\$13,619,000 (31 December 2020: HK\$11,219,000). The Group was granted credit periods by its suppliers ranging from 30 to 60 days. The ageing analysis of trade payables, presented based on the invoice date, was set out below:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
0-30 days	3,847	1,335
31-90 days	846	852
Over 90 days	8,926	9,032
Total trade payables	13,619	11,219
Other payables	572,728	608,470
	586,347	619,689

14. BORROWINGS

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Current liabilities		
Bank loans — secured	2,320,666	180,605
Non-current liabilities		
Bank loans — secured	—	1,671,393
	2,320,666	1,851,998

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

14. BORROWINGS (Continued)

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

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Carrying amount of bank loans repayable based on the scheduled repayment dates set out in the loan agreements:		
Within one year	2,320,666	63,105
More than one year, but not exceeding two years	—	1,671,393
	2,320,666	1,734,498
Carrying amount of bank loans that contain a repayable on demand clause (shown under current liabilities) but repayable based on the scheduled repayment dates set out in the loan agreements:		
Within one year	—	117,500
Total bank loans	2,320,666	1,851,998
Carrying amount of bank loans matured within one year or those contain a repayment on demand clause (shown under current liabilities)	(2,320,666)	(180,605)
Amount shown under non-current liabilities	—	1,671,393

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

15. SHARE CAPITAL

There were no movements in the share capital of the Company in the six months ended 30 June 2021.

16. RELATED PARTY TRANSACTIONS

The following transactions with related parties were, in the opinion of the Directors, carried out in the ordinary course of business during the periods:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Short-lease expense and management fee expense in respect of office premises situated in Guangzhou, the Mainland China <i>(note (a))</i>	153	260
Rental income in respect of an office premise <i>(note (b))</i>	—	100
Short-lease expense for leasing carparking spaces situated in Guangzhou, the Mainland China <i>(note (c))</i>	14	13

Notes:

- (a) A subsidiary of the Company entered into a tenancy agreement with a related company, in which the Chairman and an executive director of the Company have interests, for leasing a number of premises situated at Guangzhou, the Mainland China for office purpose.
- (b) For the periods ended 30 June 2020, a subsidiary of the Company entered into a tenancy agreement with a company, in which the Chairman and her daughters have wholly-owned interest, for leasing an office premise in Soundwill Plaza for the period of three years commencing from 1 September 2018 and expiring on 31 August 2021 at monthly rental of HK\$50,000. The tenancy agreement was early terminated on 29 February 2020.
- (c) A subsidiary of the Company entered into tenancy agreements with a related company, in which a close family member of the Chairman and an executive Director of the Company have interests, for leasing two (30 June 2020: two) carparking spaces situated in Guangzhou, the Mainland China.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

17a. DISPOSAL OF SUBSIDIARIES

On 12 November 2020, the Group entered into an agreement to dispose of the entire equity interest in a wholly-owned subsidiary, namely Well Huge Corporation Limited (“Well Huge”), to an independent third party at an aggregate consideration of HK\$13,333,000. Well Huge is an investment holding company which in turn holds a property located in Hong Kong. The disposal of Well Huge was completed on 4 January 2021. The net assets of Well Huge at the date of disposal were as follows:

	<i>HK\$'000</i>
Net assets disposed of	
Assets classified as held for sale	13,333
Amounts due to fellow subsidiaries	(893)
	12,440
Loan assignment	893
Direct expenses in relation to disposal of Well Huge	1,159
Loss on disposal of Well Huge	(1,159)
	13,333
Total consideration	
— satisfied by cash	13,333
Net cash inflow arising from disposal of Well Huge	
Consideration received	13,333
Direct expenses	(1,159)
	12,174

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

17b. DISPOSAL OF SUBSIDIARIES

On 16 October 2020, the Group entered into an agreement to dispose of the entire equity interest in a wholly-owned subsidiary, namely Easy Loyal International Limited (“Easy Loyal”), to an independent third party at an aggregate consideration of HK\$16,268,000. Easy Loyal is an investment holding company which in turn holds a property located in Hong Kong. The disposal of Easy Loyal was completed on 10 February 2021. The net assets of subsidiaries at the date of disposal were as follows:

	<i>HK\$'000</i>
Net assets disposed of	
Assets classified as held for sale	16,268
Amounts due to fellow subsidiaries	(1,146)
	15,122
Loan assignment	1,146
Direct expenses in relation to disposal of Easy Loyal	1,751
Loss on disposal of Easy Loyal	(1,751)
	16,268
Total consideration	
— satisfied by cash	16,268
Net cash inflow arising from disposal of Easy Loyal	
Consideration received	16,268
Direct expenses	(1,751)
	14,517

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

17c. DISPOSAL OF SUBSIDIARIES

On 19 November 2020, the Group entered into an agreement to dispose of the entire equity interest in a wholly-owned subsidiary, namely Manage International Limited (“Manage International”), to an independent third party at an aggregate consideration of HK\$17,098,000. Manage International is an investment holding company which in turn holds a property located in Hong Kong. The disposal of Manage International was completed on 19 February 2021. The net assets of Manage International at the date of disposal were as follows:

	<i>HK\$'000</i>
Net assets disposed of	
Assets classified as held for sale	17,098
Amounts due to fellow subsidiaries	(1,118)
	15,980
Loan assignment	1,118
Direct expenses in relation to disposal of Manage International	1,461
Loss on disposal of Manage International	(1,461)
	17,098
Total consideration — satisfied by cash	17,098
Net cash inflow arising from disposal of Manage International	
Consideration received	17,098
Direct expenses	(1,461)
	15,637

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

17d. DISPOSAL OF SUBSIDIARIES

On 19 November 2020, the Group entered into an agreement to dispose of the entire equity interest in a wholly-owned subsidiary, namely Fast Rich Enterprises Limited (“Fast Rich”), to an independent third party at an aggregate consideration of HK\$17,088,000. Fast Rich is an investment holding company which in turn holds a property located in Hong Kong. The disposal of Fast Rich was completed on 19 February 2021. The net assets of Fast Rich at the date of disposal were as follows:

	<i>HK\$'000</i>
Net assets disposed of	
Assets classified as held for sale	17,088
Amounts due to fellow subsidiaries	(1,399)
	15,689
Loan assignment	1,399
Direct expenses in relation to disposal of Fast Rich	1,460
Loss on disposal of Fast Rich	(1,460)
	17,088
Total consideration	
— satisfied by cash	17,088
Net cash inflow arising from disposal of Fast Rich	
Consideration received	17,088
Direct expenses	(1,460)
	15,628

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

18. OPERATING LEASING ARRANGEMENTS

The Group leases its investment properties (note 9) under operating lease arrangements with average lease terms of one to five years with an option to renew the lease terms at the expiry date or at dates mutually agreed between the Group and the respective tenants. Certain leases include contingent rentals calculated with reference to turnover of the tenants. As at 30 June 2021, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties are as follows:

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Within one year	344,966	389,294
In the second year	179,295	213,181
In the third year	39,150	59,556
In the fourth year	290	4,166
In the fifth year	—	75
	563,701	666,272

19. COMMITMENTS

Capital commitments

	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
Contracted but not provided for:		
— Acquisition of investment properties	197,641	17,641

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

20. EVENT AFTER REPORTING PERIOD

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

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 24 August 2021 and in lieu of the Share Exchange Agreement, Master Green Limited (a wholly-owned subsidiary of the Company) entered into a property sale & purchase agreement to acquire the Properties from Mainway Holdings at the consideration of HK\$130 million while Able Best and other parties entered into a share sale & 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, subject to adjustments, to entity nominated by the Joint Administrators.

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

On 31 May 2021 and 24 June 2021, the Group entered into agreements to dispose the entire equity interests in two wholly-owned subsidiaries, namely Grand Profit Creation Limited (“Grand Profit”) and Famous Point Enterprise Limited (“Famous Point”) at total cash consideration of HK\$35,288,000. Grand Profit and Famous Point are investment holding companies and each holds a residential property unit in Hong Kong. The disposal of Grand Profit and Famous Point were completed in July and August 2021 respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2021

20. EVENT AFTER REPORTING PERIOD (Continued)

The outbreak of COVID-19 has led to different extents of travel bans and lockdowns imposed by various countries and regions around the world. Increased global travel restrictions amid virus infections locally and overseas have already substantially hindered the manufacturing capability of many countries, which in turn is disrupting global supply chains and international trade, and hence a severe threat to global economy. The Group anticipates both the wider local economy and the property leasing market will remain weak and are unlikely to fully recover in the short term. Given the unpredictable nature of these constantly changing circumstances, the related impact on the consolidated results of operations, cash flows and financial condition of the Group could not be reasonably and tangibly fully evaluated at this stage and will be reflected in the Group's 2021 annual financial statements.



金朝陽集團有限公司*
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