



INTERIM 中期 REPORT 報告

2024



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

CONTENTS

- 2 Corporate Information
- 3 Financial Highlights
- 5 Management Discussion and Analysis
- 20 Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 23 Consolidated Statement of Financial Position
- 25 Consolidated Statement of Changes in Equity
- 27 Condensed Consolidated Cash Flow Statement
- 28 Notes to the Condensed Consolidated Interim Financial Statements



CORPORATE INFORMATION

DIRECTORS

EXECUTIVE DIRECTORS:

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

INDEPENDENT NON-EXECUTIVE DIRECTORS:

CHAN Kai Nang
 PAO Ping Wing
 YOUNG Chun Man Kenneth

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

Bank of China (Hong Kong) Limited
 The Hongkong and Shanghai Banking Corporation 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
 17/F, Far East Finance Centre
 16 Harcourt Road
 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

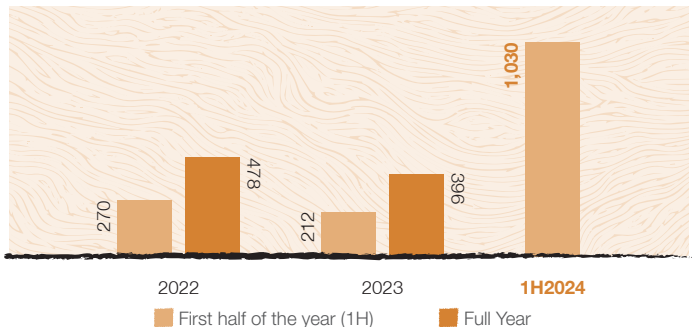
FINANCIAL HIGHLIGHTS

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

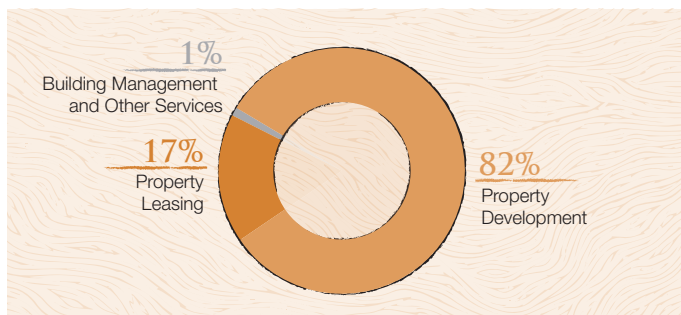
FINANCIAL HIGHLIGHTS (CONTINUED)

GROUP'S TOTAL REVENUE

HK\$ million

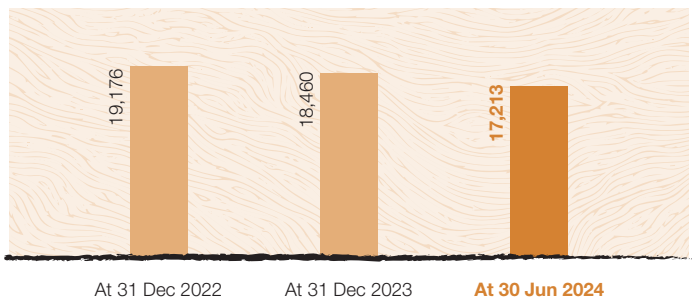


GROUP'S REVENUE MIX FOR THE SIX MONTHS ENDED 30 JUNE 2024



GROUP'S NET ASSET VALUE

HK\$ million



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

Property Leasing

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

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

One Storage Management Company Limited

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

Property Development

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

The Group's iCITY project is a new digital industrial landmark located at 111 Ta Chuen Ping Street, Kwai Chung. This 20-storey building provides 601 workshops in total, each with a gross floor area from about 335 square feet to 510 square feet on a typical floor. The project was completed in November last year. During the review period, the Group arranged with purchasers to complete the transaction and delivery of project flats in the first phase. The second phase of the project is currently in the preparation stage.

The real estate projects of the Group in the Greater Bay Area of Mainland China include Grand Capital (Shan Shui Xiang Ri Hao Ting) in Doumen District, Zhuhai and Lakeview Bay • VOGUE (an integrated project comprising villas and high-rise residences) in Gaoyao District, Zhaoqing. Both were completed and delivered for occupation during the review period, with only a small number of remaining units available for sale. The Lakeview Bay • VOGUE project was sold in response to market conditions, and sales were steady. With "guaranteed delivery" being the dominant theme of the overall market, the sale of these existing properties was an important favourable indicator for the Group. As we believe the real estate market will grow steadily and healthily in the second half of the year, we are currently pursuing several directions in our business development on the Mainland.

Building Management and Other Services

For the six months ended 30 June 2024, the Group's building management and other services segment recognised revenue of approximately HK\$10,345,000, representing approximately 1% of the Group's total revenue for the period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Goldwell Property Management Limited

Goldwell Property Management Limited, a subsidiary of the Group, specialises in high-quality property management and maintenance services as well as facilities management for A-Grade, large-scale commercial buildings, industrial buildings and small-and medium-sized estates. Members of the subsidiary's building management team are all highly experienced and have achieved ISO9001, ISO14001 and ISO45001 certifications for the Group's properties. To improve the quality of its services, the building management team conducts regular internal assessments. The team also makes use of the latest technology to provide helpful services for owners and tenants. As well as serving the Group's existing properties, the team has been bidding on new property and facility management projects with the aim of expanding its business portfolio.

To reduce carbon emissions and ensure compliance with government environmental policies, the Group has a team dedicated to identifying and implementing energy-saving measures. This team carries out optimisation works and implements energy-saving measures to fulfil the Group's vision of building a sustainable society. A waste management model has also been adopted that encourages stakeholders to reduce, sort and recycle their waste at source.

08

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

Communication with Shareholders and Investors/Investor Relations

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In order to achieve a balance between compliance with corporate governance requirements and business growth, the Group makes a continuous effort to improve its management practices. The Board further believes that sound corporate governance is essential to the success and sustainable development of the Group and creates long-term value for shareholders.

Corporate Citizenship

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

Throughout the years, the Group has received multiple awards, including the Caring Company award in 2024 from The Hong Kong Council of Social Service for the thirteenth year as well as the Happy Company award by the Hong Kong Productivity Council. These awards recognise the Group, our subsidiaries and property projects for their service to the community and the way we enhance the well-being of our employees. In the years ahead, we will continue to explore how we can fulfil society's needs, on our own or in cooperation with outside organisations, and leverage our resources and strengths to add value to the community.

Prospects

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

INTERIM DIVIDEND

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

FINANCIAL REVIEW

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

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

FINANCIAL RESOURCES AND LIQUIDITY

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

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

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

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

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

SIGNIFICANT INVESTMENTS HELD

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

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

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

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

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

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

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group for the six months ended 30 June 2024.

EVENT AFTER REPORTING PERIOD

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

EMPLOYEES AND REMUNERATION POLICY

The Group employed an average of 301 people and 42 people in Hong Kong and Mainland China respectively as at 30 June 2024 (30 June 2023: 299 and 33 employees). Employees were remunerated on the basis of their performance, experience and market practice.

Remuneration packages comprise salary, medical insurance, mandatory provident fund and year end discretionary bonus. During the six months ended 30 June 2024, total salaries and wages were approximately HK\$73,911,000 (30 June 2023: HK\$67,051,000).

PLEDGE OF ASSETS

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

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 2024, 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:

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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	212,401,630 ^(Note 1)	74.97%
Chan Wai Ling	Beneficiary of a trust	212,305,028 ^(Note 2)	74.94%
Chan Hing Tat	Beneficiary of a trust	212,305,028 ^(Note 3)	74.94%

Note 1: Madam Foo Kam Chu Grace ("Madam Foo") was deemed to be interested in 212,401,630 shares of the Company in aggregate: (i) 96,602 shares of the Company was personally held by Madam Foo; (ii) 209,919,028 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. Both Ko Bee and Full Match are incorporated in the British Virgin Islands with limited liability.

Note 2: Ms. Chan Wai Ling ("Ms. Chan") was deemed to be interested in 212,305,028 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 212,305,028 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 2024, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed above and the section headed "Share Option Scheme" below, at no time during the six months ended 30 June 2024, 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.

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

As at 30 June 2024, 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	212,305,028 <i>(Notes 1&5)</i>	74.94%
Ko Bee Limited	Beneficial owner and Interest of controlled corporation	212,305,028 <i>(Notes 1&5)</i>	74.94%

Note 5: Ko Bee is ultimately held under the Trust with Century Pine (PTC) Limited, which incorporated in the British Virgin Islands with limited liability, 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 2024, 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)

SHARE OPTION SCHEME

The share option scheme was approved and adopted by shareholders of the Company on 23 May 2024 (“Share Option Scheme”) to provide incentive and/or reward to eligible participants (as defined below) for their contributions or potential contributions to the Group. The eligible participants shall be (i) any director and employee of the Company or the Group; (ii) any person who, or entity which, provides services to the Group on a continuing and recurring basis in the ordinary and usual course of business of the Group, and the grant of options to whom is in the interests of the long-term growth of the Group as determined by the Board; and (iii) any director and employee of the holding companies, fellow subsidiaries or associated companies of the Company. The Share Option Scheme became effective following the grant of a listing approval by the Stock Exchange on 24 May 2024 (“Effective Date”).

During the six months ended 30 June 2024, no share option lapsed or was granted, exercised or cancelled under the Share Option Scheme.

The number of shares available for grant under the Share Option Scheme was 28,330,863, representing 10% of the issued share capital of the Company as at the Effective Date and at 30 June 2024. The service provider sublimit was 2,833,086, representing 1% of the issued share capital of the Company as at the Effective Date and at 30 June 2024.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group provided guarantees amounted to approximately HK\$13,307,000 (31 December 2023: HK\$40,220,000) to banks with respect to mortgage loans procured by the purchasers of the Group’s properties in the Mainland China. Such guarantees will be released by banks upon delivery of the properties to the purchasers and completion of the registration of the mortgage with the relevant mortgage registration authorities or settlement of the outstanding mortgage loan. In the opinion of the Directors, the fair value of the financial guarantee is not significant.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

AUDIT COMMITTEE

The Audit Committee, comprising three independent non-executive Directors, has reviewed with the management, the accounting principles and practices adopted by the Group and discussed internal control systems and risk management, internal audit and financial reporting matters. The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 has been reviewed with no disagreement by the Audit Committee.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) during the six months ended 30 June 2024 except for the following deviation:

Code Provision C.2.1

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

The roles of the chairman and chief executive officer are neither separated nor performed by two different individuals. Mr. Chan Hing Tat is the Chairman of the Group. The Chairman is responsible for the overall development direction and strategies of the Group and ensures the Board functions effectively and discharges its responsibilities. There is no chief executive officer appointed and the daily operations of the Group are delegated to other executive Directors, the management and various department heads to act and function in accordance with authority policy. The Board is of the view that the current management structure can effectively facilitate the Group’s operation and business development.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. Having made specific enquiries with all Directors, the Company confirms that all of them have complied with the Model Code during the six months ended 30 June 2024.

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

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
Chan Hing Tat
Chairman

Hong Kong, 21 August 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue			
Revenue from goods and services		856,374	29,637
Rental income		173,741	182,666
Total revenue		1,030,115	212,303
Cost of sales		(575,483)	(26,926)
Gross profit		454,632	185,377
Other income	4	34,553	38,886
Selling expenses		(560)	(1,836)
Administrative expenses		(44,680)	(44,194)
Net fair value loss on investment properties		(1,324,070)	(482,903)
Gain on disposal of subsidiaries	17	1,964	11,440
Finance costs	5	(38,576)	(36,034)
Loss before income tax expense	6	(916,737)	(329,264)
Income tax expense	7	(57,812)	(18,477)
Loss for the period		(974,549)	(347,741)

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

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Other comprehensive income/ (expense), net of tax		
<i>Item that will not be reclassified to profit or loss:</i>		
Change in fair value of financial assets at fair value through other comprehensive income ("FVTOCI")	1,495	3,481
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange gain/(loss) on translation of foreign operations	9,463	(23,562)
Other comprehensive income/ (expense) for the period, net of tax	10,958	(20,081)
Total comprehensive expense for the period	(963,591)	(367,822)
Loss for the period attributable to:		
— Owners of the Company	(974,829)	(347,746)
— Non-controlling interests	280	5
	(974,549)	(347,741)
Total comprehensive expense for the period attributable to:		
— Owners of the Company	(961,968)	(367,819)
— Non-controlling interests	(1,623)	(3)
	(963,591)	(367,822)

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

	<i>Note</i>	Six months ended 30 June	
		2024 (Unaudited) HK\$	2023 (Unaudited) HK\$
Loss per share for loss attributable to owners of the Company during the period	8		
Basic		(3.44)	(1.23)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	9	16,819,125	18,171,015
Property, plant and equipment	10	113,652	114,714
Financial assets at FVTOCI		43,320	43,006
Deposits paid for acquisition of properties		2,846	—
Loan receivables	11	229,918	4,349
Total non-current assets		17,208,861	18,333,084
Current assets			
Properties for sale		969,659	1,381,903
Trade and other receivables	11	144,044	146,940
Financial assets at fair value through profit or loss ("FVTPL")		64,443	—
Short-term bank deposits	12	193,731	635,200
Cash and cash equivalents	12	880,144	503,106
		2,252,021	2,667,149
Assets classified as held for sales		26,728	—
Total current assets		2,278,749	2,667,149
Current liabilities			
Trade and other payables	13	494,784	544,983
Contract liabilities		39,503	189,382
Lease liabilities		14,572	16,921
Borrowings	14	1,394,138	585,072
Provision for income tax		175,004	121,123
Total current liabilities		2,118,001	1,457,481
Net current assets		160,748	1,209,668
Total assets less current liabilities		17,369,609	19,542,752

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Borrowings	14	—	931,727
Lease liabilities		23,135	21,003
Deferred tax liabilities		133,512	130,160
Total non-current liabilities		156,647	1,082,890
Net assets		17,212,962	18,459,862
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	28,331	28,331
Reserves		17,184,631	18,429,908
		17,212,962	18,458,239
Non-controlling interests		—	1,623
Total equity		17,212,962	18,459,862

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the six months ended 30 June 2024 (unaudited)											
	Equity attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Capital	Investment	Retained profits	Exchange reserve	Special reserve	Proposed final and special dividends	Total			
			redemption reserve	revaluation reserve								
HKS'000			HKS'000	HKS'000						HKS'000		
At 1 January 2024	28,331	690,811	295	3,424	17,490,794	(40,573)	1,848	283,309	18,458,239	1,623	18,459,862	
(Loss)/profit for the period	-	-	-	-	(974,829)	-	-	-	(974,829)	280	(974,549)	
Other comprehensive income/(expense)												
Item that will not be reclassified to profit or loss:												
Change in fair value of financial assets at FVTOCI	-	-	-	1,495	-	-	-	-	1,495	-	1,495	
Item that may be reclassified subsequently to profit or loss:												
Exchange gain/(loss) on translation of foreign operations	-	-	-	-	-	11,366	-	-	11,366	(1,903)	9,463	
Total comprehensive income/(expense) for the period	-	-	-	1,495	(974,829)	11,366	-	-	(961,968)	(1,623)	(963,591)	
Final dividend paid for 2023	-	-	-	-	-	-	-	(283,309)	(283,309)	-	(283,309)	
At 30 June 2024	28,331	690,811	295	4,919	16,515,965	(29,207)	1,848	-	17,212,962	-	17,212,962	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	For the six months ended 30 June 2023 (unaudited)										
	Equity attributable to owners of the Company										
	Share capital	Share premium	Capital redemption reserve	Investment 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 2023	28,331	690,811	295	388	18,420,614	(24,740)	1,848	56,662	19,174,209	1,425	19,175,634
(Loss)/Profit for the period	–	–	–	–	(347,746)	–	–	–	(347,746)	5	(347,741)
Other comprehensive income/(expense)											
Item that will not be reclassified to profit or loss:											
Change in fair value of financial assets at FVTOCI	–	–	–	3,481	–	–	–	–	3,481	–	3,481
Item that may be reclassified subsequently to profit or loss:											
Exchange loss on translation of foreign operations	–	–	–	–	–	(23,554)	–	–	(23,554)	(8)	(23,562)
Total comprehensive income/(expense) for the period	–	–	–	3,481	(347,746)	(23,554)	–	–	(367,819)	(3)	(367,822)
Final dividend paid for 2022	–	–	–	–	–	–	–	(56,662)	(56,662)	–	(56,662)
At 30 June 2023	28,331	690,811	295	3,869	18,072,868	(48,294)	1,848	–	18,749,728	1,422	18,751,150

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<i>Note</i>	Six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Net cash inflow/(outflow) from operating activities		345,435	(17,755)
Net cash inflow/(outflow) from investing activities		461,432	(807,515)
Net cash (outflow)/inflow from financing activities		(444,762)	95,962
Increase/(decrease) in cash and cash equivalents		362,105	(729,308)
Cash and cash equivalents at 1 January		503,106	1,122,544
Effect of foreign exchange rate changes, net		14,933	(7,005)
Cash and cash equivalents at 30 June	12	880,144	386,231

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of Soundwill Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the six months ended 30 June 2024 (the “Unaudited Condensed Consolidated Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the Unaudited Condensed Consolidated Interim Financial Statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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

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

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's consolidated financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

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

The Group has identified the following operating and reportable segments:

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. SEGMENT INFORMATION (Continued)

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

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

Segment revenue and results

	Six months ended 30 June							
	Property development		Property leasing		Building management and other services		Segment total	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue								
External customers	846,029	19,023	173,741	182,666	10,345	10,614	1,030,115	212,303
Inter-segments <i>(note)</i>	–	–	84	24	548	1,336	632	1,360
Segment revenue	846,029	19,023	173,825	182,690	10,893	11,950	1,030,747	213,663
Segment profits	282,977	457	147,594	159,372	8,152	11,611	438,723	171,440
Certain other income, other gains and losses							22,779	23,274
Gain on disposal of subsidiaries							1,964	11,440
Certain administrative expenses							(17,557)	(16,481)
Net fair value loss on investment properties							(1,324,070)	(482,903)
Finance costs							(38,576)	(36,034)
Loss before income tax expense							(916,737)	(329,264)

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	Property development		Property leasing		Building management and other services		Segment total	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000	(Unaudited) HK\$'000	(Audited) HK\$'000
Segment assets	1,465,747	1,702,323	17,053,096	18,372,825	33,329	32,676	18,552,172	20,107,824
Certain property, plant and equipment							5,394	4,722
Financial assets at FVTOCI							43,320	43,006
Short-term bank deposits							193,731	635,200
Certain cash and cash equivalents							692,993	209,481
Total assets							19,487,610	21,000,233
Segment liabilities	305,721	474,612	196,021	208,540	6,634	7,298	508,376	690,450
Certain other payables							60,858	81,839
Borrowings							1,394,138	1,516,799
Deposit received for disposal of investment properties							2,760	—
Provision for income tax							175,004	121,123
Deferred tax liabilities							133,512	130,160
Total liabilities							2,274,648	2,540,371

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

4. OTHER INCOME

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

Note: The amounts represents forfeiture of deposits upon the termination of the sale and purchases agreement on sale of properties during the six month ended 30 June 2023.

5. FINANCE COSTS

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

6. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is arrived at after charging:

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

Note: During the six months ended 30 June 2024, the Group incurred employee compensation expenses of approximately HK\$26,562,000 (2023: HK\$24,473,000) 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	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
The charge comprises:		
Hong Kong Profits Tax	53,861	13,612
Mainland China Enterprise Income Tax ("EIT")	205	382
Mainland China Land Appreciation Tax	394	1,231
Deferred tax charge	3,352	3,252
	57,812	18,477

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

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 PER SHARE

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

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

Note:

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

9. INVESTMENT PROPERTIES

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

	2024 (Unaudited) HK\$'000
Carrying amount at 1 January	18,171,015
Additions	
– Construction costs	3,644
– Sublease of leased properties	13,085
Disposal of investment properties	(17,821)
Transfer to assets held for sale	(26,728)
Net fair value loss on investment properties	(1,324,070)
Carrying amount at 30 June	16,819,125

The Group's investment properties were revalued at 31 December 2023 and 30 June 2024 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;
- The leased properties under sublease arrangement by the Group, are revalued based on income capitalisation method which involves certain estimates, including capitalisation rates and reversionary rental value; and

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

9. INVESTMENT PROPERTIES (Continued)

- 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.

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 2024

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 as at 30 June 2024 <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)	12,010,500 (31 December 2023: 12,897,500)	Income capitalisation method	Reversionary rental value	HK\$20 – HK\$50 (31 December 2023: HK\$21 – HK\$53) per month per square foot for upper-level office/restaurants premises; HK\$65 – HK\$552 (31 December 2023: HK\$65 – HK\$582) per month per square foot for ground floor shops	The higher the reversionary rental value, the higher the fair value
			Capitalisation rate	2.625% – 3.5% (31 December 2023: 2.38% – 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)	1,812,185 (31 December 2023: 2,012,975)	Direct comparison method	Price per square foot	HK\$7,400 – HK\$96,000 (31 December 2023: HK\$7,900 – HK\$103,000) per square foot for commercial properties HK\$2,800 – HK\$10,500 (31 December 2023: HK\$2,800 – HK\$10,900) per square foot for industrial properties HK\$4,900 – HK\$22,000 (31 December 2023: HK\$5,300 – HK\$24,000) per square foot for residential properties	The higher the price per square foot, the higher the fair value

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

9. INVESTMENT PROPERTIES (Continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 30 June 2024 <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
Leased properties					
Leased properties under sublease arrangement by the Group	36,440 (31 December 2023: 40,540)	Income capitalisation method	Reversionary rental value	HK\$7.2 – HK\$21 (31 December 2023: HK\$8.5 – HK\$21) per month per square foot	The higher the reversionary rental value, the higher the fair value
			Capitalisation rate	3.25% (31 December 2023: 3.25%)	The higher the capitalisation rate, the lower the fair value
Investment properties under re-development	2,960,000 (31 December 2023: 3,220,000)	Residual method	Price per square foot	HK\$20,300 (31 December 2023: HK\$21,000) per square foot for office premises; HK\$23,000 – HK\$31,000 (31 December 2023: HK\$24,000 – HK\$32,000) per square foot for retail properties HK\$7,300 (31 December 2023: HK\$7,200) per square foot for industrial properties	The higher the price per square foot, the higher the fair value
			Estimated construction and other professional costs to completion	HK\$2,400 – HK\$7,000 (31 December 2023: HK\$2,300 – HK\$6,600) 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	10-15% (31 December 2023: 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 2024

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

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 2024, no revaluation loss (30 June 2023: HK\$600,000) 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 did not recognize of right-of-use asset (30 June 2023: HK\$Nil) and approximately HK\$37,707,000 (30 June 2023: HK\$41,321,000) lease liability.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

11. TRADE AND OTHER RECEIVABLES/LOAN RECEIVABLES

As at 30 June 2024, trade receivables included in trade and other receivables were approximately HK\$43,749,000 (31 December 2023: HK\$32,392,000). The credit terms of the Group ranging from 30 to 90 days. The ageing analysis of trade receivables, presented based on the invoice date, was set out below:

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

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 2024

12. CASH AND CASH EQUIVALENTS/SHORT-TERM BANK DEPOSITS

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

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Short-term bank deposits with original maturity over three months	193,731	635,200
Cash and cash equivalents	880,144	503,106
Total cash and bank balances	1,073,875	1,138,306

Cash and cash equivalents earn interest at floating rates based on the daily bank deposit rates.

Included in cash and cash equivalents of the Group is approximately HK\$85,061,000 (31 December 2023: HK\$168,708,000) of bank balances denominated in Renminbi placed with banks in the Mainland China.

13. TRADE AND OTHER PAYABLES

As at 30 June 2024, trade payables included in trade and other payables were approximately HK\$24,407,000 (31 December 2023: HK\$24,757,000). The Group was granted credit periods by its suppliers ranging from 30 to 60 days. The ageing analysis of trade payables, presented based on the invoice date, was set out below:

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

14. BORROWINGS

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Current liabilities		
Bank loans — secured	1,394,138	585,072
Non-current liabilities		
Bank loans — secured	—	931,727
	1,394,138	1,516,799

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

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Carrying amount of bank loans repayable based on the scheduled repayment dates set out in the loan agreements:		
Within one year	1,394,138	585,072
More than one year, but not exceeding two years	—	931,727
Total bank loans	1,394,138	1,516,799
Carrying amount of bank loans matured within one year or those contain a repayment on demand clause (shown under current liabilities)	(1,394,138)	(585,072)
Amount shown under non-current liabilities	—	931,727

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

15. SHARE CAPITAL

There were no movements in the share capital of the Company in the six months ended 30 June 2024.

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	
	2024 (Unaudited) HK\$'000	2023 (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>	124	136
Short-lease expense for leasing carparking spaces situated in Guangzhou, the Mainland China <i>(note (b))</i>	6	7
Service income for management and consulting service provided to related parties in the Mainland China <i>(note (c))</i>	(386)	—

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) 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 one (30 June 2023: one) carparking spaces situated in Guangzhou, the Mainland China.
- (c) A subsidiary of the Company entered into service agreements with related companies, in which a close family member of the chairman and an Executive Director of the Company have interests for providing management and consultancy services in the Mainland China.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

17. DISPOSAL OF SUBSIDIARIES

On 30 April 2024, the Group entered into a Sale and Purchase agreement for the disposal of the entire equity interest in a subsidiary of the Group, namely 珠海市山水花城物業管理有限公司 (“山水花城”) at a consideration of RMB14,907,000 (equivalent to approximately HK\$15,997,000) to the shareholder of 山水花城 who own 49% of 山水花城. 山水花城 is company incorporated and operating in the Mainland China. The disposal was completed on 27 June 2024. The net assets of 山水花城 at the date of disposal were as follows:

	<i>HK\$'000</i>
Net asset value of entire equity interest owned by Group	14,033
Gain on disposal of 山水花城	1,964
	15,997
Total consideration — satisfied by cash	15,997
Net cash inflow arising from disposal of 山水花城 Consideration received	15,997

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

18. OPERATING LEASING ARRANGEMENTS

The Group leases its investment properties (note 9) under operating lease arrangements with average lease terms of one to six 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 2024, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties are as follows:

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Within one year	217,807	252,835
In the second year	119,366	113,756
In the third year	45,082	40,524
In the fourth year	4,525	10,517
In the fifth year	3,263	3,263
Over five years	299	1,903
	390,342	422,798

45

19. COMMITMENTS

Capital commitments

	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
Contracted but not provided for:		
– Acquisition of investment properties	18,630	–
	18,630	–

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2024

20. EVENT AFTER REPORTING PERIOD

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

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

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



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



MIX
Paper | Supporting responsible forestry
紙張 | 支持 負責任的 林業
FSC® C007445