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SOUNDWILL HOLDINGS LIMITED

金朝陽集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2021 (Unaudited) <i>HK\$ million</i>	2020 (Unaudited) <i>HK\$ million</i>
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) <i>HK\$ million</i>	At 31 December 2020 (Audited) <i>HK\$ million</i>
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

* For identification purpose only

RESULTS

The board of directors (the “Board”) of Soundwill Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 which have been reviewed by the Audit Committee of the Company, with comparative figures for the corresponding period in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2021	2020
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue			
Revenue from goods and services		47,023	117,119
Rental income		213,234	249,299
		<u>260,257</u>	<u>366,418</u>
Total revenue		260,257	366,418
Cost of sales		(26,651)	(70,934)
		<u>233,606</u>	<u>295,484</u>
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		(5,831)	2,040
Finance costs	5	(11,850)	(24,269)
		<u>(328,436)</u>	<u>109,763</u>
(Loss)/profit before income tax expense	6	(328,436)	109,763
Income tax expense	7	(28,834)	(37,013)
		<u>(357,270)</u>	<u>72,750</u>
(Loss)/profit for the period		<u>(357,270)</u>	<u>72,750</u>
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)
		<u>7,748</u>	<u>(9,803)</u>
Other comprehensive income/(expense) for the period, net of tax		7,748	(9,803)
		<u>7,748</u>	<u>(9,803)</u>
Total comprehensive (expense)/income for the period		<u>(349,522)</u>	<u>62,947</u>

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
<i>Note</i>	HK\$'000	HK\$'000
(Loss)/profit for the period attributable to:		
— Owners of the Company	(357,274)	72,764
— Non-controlling interests	4	(14)
	<u>(357,270)</u>	<u>72,750</u>
Total comprehensive (expense)/income for the period attributable to:		
— Owners of the Company	(349,681)	63,352
— Non-controlling interests	159	(405)
	<u>(349,522)</u>	<u>62,947</u>
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company during the period		
Basic	8	
	<u>HK\$(1.26)</u>	<u>HK\$0.26</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		20,040,195	20,626,625
Property, plant and equipment		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	9	18,336	19,761
		20,241,222	20,807,087
Current assets			
Properties for sale		922,622	940,144
Trade and other receivables	9	208,850	171,168
Financial assets at fair value through profit or loss		144,224	63,008
Restricted bank deposits		68,140	64,082
Short-term bank deposits		550,195	425,668
Cash and cash equivalents		973,457	601,806
		2,867,488	2,265,876
Assets classified as held for sale		96,310	63,787
		2,963,798	2,329,663
Total current assets			
Current liabilities			
Trade and other payables	10	586,347	619,689
Contract liabilities		59,167	27,682
Lease liabilities		9,181	9,432
Borrowings		2,320,666	180,605
Provision for income tax		129,773	127,042
		3,105,134	964,450
Total current liabilities			
Net current (liabilities)/assets		(141,336)	1,365,213
Total assets less current liabilities		20,099,886	22,172,300
Non-current liabilities			
Borrowings		—	1,671,393
Lease liabilities		9,542	7,981
Deferred tax liabilities		109,547	105,945
		119,089	1,785,319
Total non-current liabilities			
Net assets		19,980,797	20,386,981

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*CONTINUED*)

	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY		
Equity attributable to owners of the Company		
Share capital	28,331	28,331
Reserves	<u>19,935,580</u>	<u>20,341,923</u>
	19,963,911	20,370,254
Non-controlling interests	<u>16,886</u>	<u>16,727</u>
Total equity	<u><u>19,980,797</u></u>	<u><u>20,386,981</u></u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of Soundwill Holdings Limited (the “Company”) and its subsidiaries (the “Group”) for the six months ended 30 June 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.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and 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:

Amendments 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.

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

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
- **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.

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 (note)	—	—	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.

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	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
	Segment assets	1,292,111	1,260,121	20,362,128	20,912,125	31,586	28,250	21,685,825
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.

4. OTHER INCOME

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

5. FINANCE COSTS

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

6. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
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)	48,776	49,495
Rentals in respect of short-term leases and low-valued leases	253	323
	<u>82,845</u>	<u>127,039</u>

7. INCOME TAX EXPENSE

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

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

All of the Group's Mainland China subsidiaries are subject to PRC 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	2020
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/profit attributable to owners of the Company (HK\$'000)	<u>(357,274)</u>	<u>72,764</u>
Number of shares		
Number of ordinary shares for the purpose of basic (loss)/earnings per share (note)	<u>283,308,635</u>	<u>283,308,635</u>

Note:

During the six months ended 30 June 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.

9. 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	<u>11,287</u>	<u>7,044</u>
Total trade receivables, net	<u>48,291</u>	<u>38,740</u>
Loan receivables	147,444	147,298
Less: allowance for credit losses	<u>(142,423)</u>	<u>(142,423)</u>
Total loan receivables, net	<u>5,021</u>	<u>4,875</u>
Other receivables, utility deposits and prepayment	<u>155,538</u>	<u>127,553</u>
Total trade and other receivables categorised as current assets	<u>208,850</u>	<u>171,168</u>
<i>Non-current assets:</i>		
Loan receivables	<u>18,336</u>	<u>19,761</u>
	<u><u>227,186</u></u>	<u><u>190,929</u></u>

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

10. TRADE AND OTHER PAYABLES

As at 30 June 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	<u>8,926</u>	<u>9,032</u>
Total trade payables	<u>13,619</u>	<u>11,219</u>
Other payables	<u>572,728</u>	<u>608,470</u>
	<u>586,347</u>	<u>619,689</u>

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 risk situation 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.

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 process 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 provided rent concessions and other adjustments.

One Storage Management Company Limited

One Storage, a subsidiary of the Group, offers secure and comfortable space and professional management to meet the needs of our 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.

The Group currently owns 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 development 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, in order 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 the 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.

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 around the world 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.

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.

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 which in turn hold properties comprises located in Hong Kong. The disposal of Easy Loyal, Well Huge, Fast Rich and Manage International were completed in January and February 2021 respectively.

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 Sale 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.

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.

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 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 by-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.

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

As at the date of this announcement, the Board of Directors of the Company comprises (i) Executive Directors: Foo Kam Chu Grace, Chan Wai Ling, Chan Hing Tat and Tse Wai Hang; and (ii) Independent Non-Executive Directors: Chan Kai Nang, Pao Ping Wing and Ng Chi Keung.