

Soundwill
金·朝·陽·中·心
Plaza

Knustford
Terrace

10

M
MIDTOWN
Soundwill Plaza II

PARK HAVEN



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

*僅供識別 / for identification only

Knustford
Terrace



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CORPORATE INFORMATION

DIRECTORS

EXECUTIVE DIRECTORS:

FOO Kam Chu Grace (*Chairman*)

CHAN Wai Ling

TSE Wai Hang (appointed with effect from 1 September 2019)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

CHAN Kai Nang

PAO Ping Wing

NG Chi Keung

COMPANY SECRETARY

TSE Wai Hang (appointed with effect from 25 January 2019)

TANG So Him (resigned with effect from 25 January 2019)

EXTERNAL AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

INTERNAL AUDITOR

Crowe (HK) Risk Advisory Limited

LEGAL ADVISORS

Lo, Wong & Tsui

Conyers Dill & Pearman

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

21/F, Soundwill Plaza

No. 38 Russell Street

Causeway Bay, Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11, Bermuda

PRINCIPAL BANKS

The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

DBS Bank (Hong Kong) Limited

Industrial and Commercial Bank of China (Asia) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited

4th floor North Cedar House

41 Cedar Avenue

Hamilton HM 12 Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Standard Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

SHARE INFORMATION

PLACE OF LISTING

The Main Board of The Stock Exchange of Hong Kong Limited

STOCK CODE

878

BOARD LOT

500 shares

WEBSITE

www.soundwill.com.hk

INVESTOR RELATIONS

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

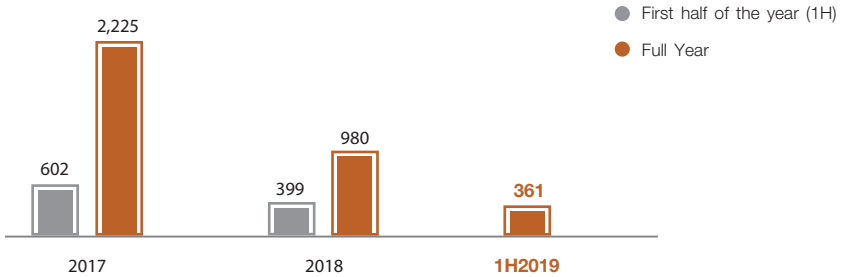
FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2019 (Unaudited) HK\$ million	2018 (Unaudited) HK\$ million
Revenue	360.6	398.8
Net fair value gain on investment properties	809.4	272.5
Profit attributable to owners of the Company	1,004.9	491.0
Basic earnings per share (dollars)	HK\$3.55	HK\$1.73
	At 30 June 2019 (Unaudited) HK\$ million	At 31 December 2018 (Audited) HK\$ million
Total assets	25,041	23,124
Net assets	21,399	20,456
Total borrowings	2,507	1,563
Gearing ratio	12%	8%
Net asset value per share (dollars)	HK\$75.53	HK\$72.20

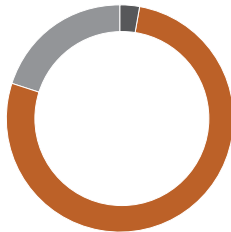
FINANCIAL HIGHLIGHTS (CONTINUED)

GROUP'S TOTAL REVENUE

HK\$ million



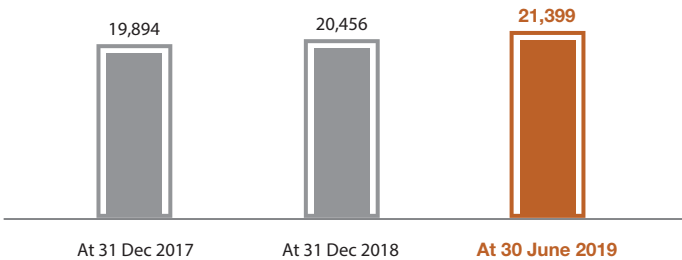
GROUP'S REVENUE MIX FOR THE SIX MONTHS ENDED 30 JUNE 2019



77% Property Leasing
 20% Property Development
 3% Building Management and Other Services

GROUP'S NET ASSET VALUE

HK\$ million



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In the first half of 2019, the global trade war continued to affect the market's pulse. Lingering trade disputes between China and the United States together with investor concerns about the economic outlook contributed to the ongoing fluctuations in stock and foreign exchange markets. The political deadlock in the United Kingdom over Brexit and heightened geopolitical risks in the Eurozone also darkened global economic prospects.

Affected by rapid economic changes, political instability and continuous asset price adjustments, market sentiment in Hong Kong turned conservative. Moreover, the retail sector was hit by weakened consumer sentiment among visitors and the local population, which led to adjustment pressures in the rental market.

The Group's operations were stable during the period under review. To enrich the customer experience and enhance competitiveness, our team closely monitored market trends, adopted flexible tenant management strategies and launched a series of promotions. Benefiting from the shortage of land supply in core districts, the Group's portfolio of premium investment properties recorded stable performance and maintained high occupancy rates.

As land supply in Hong Kong remains tight, particularly in core districts, the Group will continue to look for opportunities to acquire urban properties and increase our investment in industrial projects. Moreover, the Group will remain focused on driving rental income growth to maintain a steady cash flow for the balanced, long-term development of the Group.

Property Leasing

For the six months ended 30 June 2019, the property leasing segment recognised revenue of approximately HK\$280,180,000, representing approximately 77% of the Group's total revenue.

The Group's major investment properties include Soundwill Plaza, Soundwill Plaza II – Midtown, 10 Knutsford Terrace and Kai Kwong Commercial Building, all of which are in prime locations on Hong Kong Island and Kowloon with high-quality tenants. Rental income from these properties is expected to rise continuously, thus providing a significant source of recurring rental income for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

One Storage Management Company Limited

One Storage, a subsidiary of the Group, provides reliable management and customer services through its branch network of storage facilities. All of these facilities come equipped with fire safety devices that are in strict compliance with the latest fire safety guidelines and have been inspected and approved by the Fire Services Department and Buildings Department. There are currently 14 storage facilities in 11 districts, namely Chai Wan, San Po Kong, Kwai Fong, Kwai Hing, Kwai Chung, Tsuen Wan, Fo Tan, Tsing Yi and Tuen Mun.

Looking ahead, we will continue to expand our branch network in order to enlarge our market share in this business. One Storage will also add new services and make improvements in line with market needs. For example, One Storage has just introduced a mailbox service and one-stop storage and logistic service for online shops in a bid to expand its customer base.

Property Development

For the six months ended 30 June 2019, the property development segment recognised revenue of approximately HK\$70,956,000, representing approximately 20% of the Group's total revenue for the period.

Building Management and Other Services

For the six months ended 30 June 2019, the building management and other services segment recognised revenue of approximately HK\$9,498,000, representing approximately 3% of the Group's total revenue for the period.

The Group's building management and maintenance subsidiaries are engaged in the provision of high-quality management, customer and maintenance services in large-scale commercial buildings, as well as small- and medium-sized estates. By constantly providing new and innovative services, these businesses have succeeded in raising the overall service standards at our properties.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Real Estate Business in the PRC

During the period under review, economic growth resumed in the PRC, the property market became more rational and transaction prices stabilised. The Group currently owns a number of real estate projects in the PRC. One of these, The Lakeview Bay – Shang Hui Hai An in Gaoyao City, Zhaoqing, is an integrated project with villas and high-rise residences, wholly owned by the Group. During the year, the villas in Phase 1 were nearly sold out and gradually occupied, while the high-rise residences offered in the first batch of Phase 2 were nearly sold out and delivered. The remaining units are for sale and expected to be delivered by the end of 2019. We plan to sell apartments and retail space in the project this year. In addition, the residential units in Phase I of Yu Ming Du (Shan Shui Xiang Ri), a project located in Doumen District, Zhuhai, were sold out and delivered. The residential units in Phase II are already eligible for delivery, and the residential units in Phase III were put on sale this year.

Communication with Shareholders and Investors/Investor Relations

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

The Group is committed to enhancing corporate transparency and providing timely disclosure of information on the Group's developments that help shareholders and investors make informed investment decisions. The Group maintains regular, comprehensive, two-way communication with investors through a variety of channels. These include in-person meetings, telephone conferences, overseas roadshows, and project site visits. Through these interactions, the Group seeks to establish a trusting and productive relationship with its shareholders and investors. The annual general meeting of the Company this year was held in May 2019. In addition to briefings on the results announcements, the Group regularly contacts the media through press releases, announcements and other promotional materials.

The Group is committed to enhancing corporate governance practices in order to help shareholders and investors make informed decisions. The Group strives to improve its corporate management practices for business growth and achieve balanced development between corporate governance compliance and operational performance. The Board believes that sound corporate governance is essential to the success of the Group and enhances shareholder value.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Corporate Citizenship

The Group participates in a variety of charitable activities to show our concern for community development. The spirit of community care is rooted in the Group's corporate culture and tied closely with our business operations. We support fund-raising activities, reading programmes and educational events and, through our Soundwill Volunteer Team, provide care for the underprivileged in the community, all of which have a positive impact on society. We also regularly publish an Environmental, Social and Governance Report as well as our key performance indicators.

In recognition of our contributions to the community, we have been honoured as a Caring Company by The Hong Kong Council of Social Service for seven consecutive years. The Group, in conjunction with its member companies and property projects, has also received numerous commendations. During the review period, the Group received a Social Capital Builder Award and was also recognised as a Happy Company, Heart-to-Heart Company and Corporate Citizen, acknowledging our commitment to social responsibility over the years.

Prospects

The global economy is expected to remain challenging in the second half of 2019, owing to the rise in geopolitical tensions and protectionist sentiments, as well as continuous threats to the international economic and trading order. A hard Brexit will also shake the European economy and global financial markets. Meanwhile the economic outlook of Hong Kong remains clouded.

The Group will continue to champion the long-term interests of our shareholders and maintain a cautious approach. The Group will also closely monitor market developments and changes in government-related policies, and consider making corresponding adjustments or reforms that contribute to the Group's advancement.

The Group will continue to refine our operations and business structure and promote our business development in a prudent manner in order to retain our competitiveness. We will also embrace creative and innovative solutions to overcome challenges while looking for additional development opportunities with a view to diversifying our operations.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (30 June 2018: Nil).

FINANCIAL REVIEW

For the six months ended 30 June 2019, the Group has recorded a revenue of HK\$360,634,000 (30 June 2018: HK\$398,767,000), representing a decrease of HK\$38,133,000 as compared with the same period last year. The decrease in revenue was mainly attributable to the decrease in revenue from property sales in Hong Kong.

Profit attributable to owners of the Company for the six months ended 30 June 2019 was HK\$1,004,937,000 (30 June 2018: HK\$491,034,000), representing an increase of 105% as compared with the corresponding period in 2018, which is mainly due to the fact that a significant increase in a net fair value gain on the Group's investment properties was recorded for the six months ended 30 June 2019.

The total interest expenses for the six months ended 30 June 2019 amounted to HK\$29,103,000 (30 June 2018: HK\$15,097,000).

The Company's basic earnings per share was HK\$3.55 as compared with the same period of last year of HK\$1.73.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2019, the Group cash and bank balances (including short-term bank deposits and cash and cash equivalents) amounted to HK\$1,164,042,000 (31 December 2018: HK\$761,238,000). The Group's total borrowings as at 30 June 2019 were HK\$2,507,295,000 (31 December 2018: HK\$1,562,788,000). The Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 12% as at 30 June 2019 (31 December 2018: 8%).

As at 30 June 2019, the Group's net assets amounted to HK\$21,398,699,000 (31 December 2018: HK\$20,456,219,000).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 PRC operations. Given there would have immaterial impact on the Group's assets in the PRC which generated income from as well as expense incurred in PRC, 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.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the period ended 30 June 2019, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

EVENT AFTER REPORTING PERIOD

Saved as disclosed in this interim report, there were no other significant events affecting the Company nor any of its subsidiaries after the reporting period as at 30 June 2019.

EMPLOYEES

There was no material change regarding the number of the employees of the Group since the publication of the Company's 2018 annual report.

PLEDGE OF ASSETS

As at 30 June 2019, certain investment properties and property, plant and equipment of the Group with a total carrying value of approximately HK\$14,209,438,000 (31 December 2018: approximately HK\$14,463,476,000) were pledged to secure banking facilities for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



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

(a) Directors' interests in the Company

As at 30 June 2019, 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 (Cap. 571 of the Laws of Hong Kong) (the "SFO")) which are required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have taken under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long positions in the shares and underlying shares:

Name of Director	Capacity	Number of Ordinary Shares Interested	Approximate Percentage of the Company's Total Issued Shares
Foo Kam Chu Grace	Beneficial owner and Beneficiary of a trust	208,050,630 (<i>Note 1</i>)	73.44%
Chan Wai Ling	Beneficiary of a trust	207,954,028 (<i>Note 2</i>)	73.40%

Note 1: Madam Foo Kam Chu ("Madam Foo") was deemed to be interested in 208,050,630 shares of the Company in aggregate: (i) 96,602 shares of the Company was personally held by Madam Foo; (ii) 205,568,028 shares of the Company as held by Ko Bee Limited ("Ko Bee"), the entire issued share capital of which was held by a discretionary trust (the "Trust") . Madam Foo is a beneficiary of the Trust; and (iii) 2,386,000 shares of the Company was held by Full Match Limited ("Full Match"), a company wholly-owned by Ko Bee.

Note 2: Ms. Chan Wai Ling ("Ms. Chan") was deemed to be interested in 207,954,028 shares of the Company. Ms. 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 3)</i>
Chan Wai Ling	Ko Bee Limited	Beneficiary of a trust	1 ordinary share	100% <i>(Note 3)</i>
Foo Kam Chu Grace	Full Match Limited	Interest in controlled corporation and Beneficiary of a trust	1 ordinary share	100% <i>(Note 3)</i>
Chan Wai Ling	Full Match Limited	Interest in controlled corporation and Beneficiary of a trust	1 ordinary share	100% <i>(Note 3)</i>

Note 3: 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 and Ms. Chan are the beneficiaries of the Trust.

Save as disclosed above, as at 30 June 2019, 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.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "2011 Share Option Scheme") at the annual general meeting of the Company held on 19 May 2011. The 2011 Share Option Scheme has a life of 10 years from its adoption date (i.e. 19 May 2011).

During the six months ended 30 June 2019, the Company had not granted, exercised, cancelled or lapsed under the 2011 Share Option Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed above, at no time during the six months ended 30 June 2019, 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 2019, 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	207,954,028 <i>(Notes 1&4)</i>	73.40%
Ko Bee Limited	Beneficial owner and Interest of controlled corporation	207,954,028 <i>(Notes 1&4)</i>	73.40%

Note 4: Ko Bee is ultimately held under the Trust with Century Pine (PTC) Limited as trustee for Madam Foo and her family members (including Ms. Chan, executive Director of the Company).

Save as disclosed above, as at 30 June 2019, 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 and Underlying Shares of the Company and its Associated Corporations" above) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CONTINGENT LIABILITIES

As at 30 June 2019, the Group provided guarantees amounted to HK\$309,859,000 (31 December 2018: HK\$337,389,000) to banks with respect to mortgage loans procured by the purchasers of the Group's properties in the PRC. 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 2019, 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 auditing, internal controls and risk management, internal audit and financial reporting matters including a review of the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019.

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 2019 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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



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

(2) **Code Provision A.4.1**

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

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

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiries with all Directors, the Company confirms that all of them have complied with the Model Code during the six months ended 30 June 2019.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

CHANGE IN DIRECTORS' INFORMATION

Change in the Directors' information since the disclosures made in the Company's 2018 annual report, which is required to be disclosed pursuant to the requirements of Rule 13.51B(1) of the Listing Rules are set out as below:

Name of Director	Change
Foo Kam Chu Grace	Madam Foo, Chairman and executive Director, is entitled to a monthly salary of HK\$333,000 and an annual director fee of HK\$120,000 with effect from 1 January 2019.
Chan Wai Ling	Ms. Chan, executive Director, is entitled to a monthly salary of HK\$360,000 and an annual director fee of HK\$120,000 with effect from 1 January 2019.
Chan Kai Nang	Mr. Chan, independent non-executive Director, is entitled to an annual director fee of HK\$177,500 with effect from 1 April 2019.
Pao Ping Wing	Mr. Pao, independent non-executive Director, is entitled to an annual director fee of HK\$167,500 with effect from 1 April 2019.
Ng Chi Keung	Mr. Ng, independent non-executive Director, is entitled to an annual director fee of HK\$177,500 with effect from 1 April 2019.
	Mr. Ng was appointed as the chairman of Audit Committee of the Company in place of Mr. Chan with effect from 1 July 2019.
Tse Wai Hang	Mr. Tse was appointed as executive Director with effect from 1 September 2019.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the publication of the 2018 annual report of the Company.

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, 26 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue			
Revenue from goods and services		80,454	139,146
Rental income		280,180	259,621
Total revenue		360,634	398,767
Cost of sales		(31,440)	(69,546)
Gross profit		329,194	329,221
Other income	4	16,861	18,493
Selling expenses		(1,788)	(7,034)
Administrative expenses		(71,826)	(61,509)
Net fair value gain on investment properties		809,382	272,492
Finance costs	5	(29,103)	(15,097)
Profit before income tax expense	6	1,052,720	536,566
Income tax expense	7	(47,873)	(45,628)
Profit for the period		1,004,847	490,938

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

	Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Other comprehensive income/ (expense), net of tax		
<i>Item that will not be reclassified to profit or loss:</i>		
Surplus on revaluation of building, net of deferred tax	379	—
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange loss on translation of foreign operations	(6,084)	(8,897)
Other comprehensive expense for the period, net of tax	(5,705)	(8,897)
Total comprehensive income for the period	999,142	482,041
Profit/(loss) for the period attributable to:		
— Owners of the Company	1,004,937	491,034
— Non-controlling interests	(90)	(96)
	1,004,847	490,938
Total comprehensive income/ (expense) for the period attributable to:		
— Owners of the Company	999,513	482,927
— Non-controlling interests	(371)	(886)
	999,142	482,041

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

	<i>Note</i>	Six months ended 30 June	
		2019 (Unaudited) HK\$	2018 (Unaudited) HK\$
Earnings per share for profit attributable to owners of the Company during the period			
Basic	8	HK\$3.55	HK\$1.73
Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties	9	21,826,675	20,439,237
Property, plant and equipment	10	152,369	127,218
Properties held for development		—	17,305
Deposits paid for acquisition of properties		131,033	63,552
Loan receivables	11	29,800	32,756
		22,139,877	20,680,068
Current assets			
Properties for sale		978,446	954,855
Trade and other receivables	11	160,374	141,192
Financial assets at fair value through profit or loss ("FVTPL")		84,477	92,443
Restricted bank deposits	12	93,986	74,568
Short-term bank deposits	12	250,000	575,000
Cash and cash equivalents	12	914,042	186,238
		2,481,325	2,024,296
Assets classified as held for sale		420,000	420,000
		2,901,325	2,444,296

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	<i>Notes</i>	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Current liabilities			
Trade and other payables	13	663,406	619,975
Contract liabilities		150,099	154,469
Borrowings	14	1,226,405	1,067,765
Lease liabilities		2,877	—
Provision for income tax		191,024	213,381
		2,233,811	2,055,590
Net current assets		667,514	388,706
Total assets less current liabilities		22,807,391	21,068,774
Non-current liabilities			
Borrowings	14	1,280,890	495,023
Lease liabilities		4,691	—
Deferred tax liabilities		123,111	117,532
		1,408,692	612,555
Net assets		21,398,699	20,456,219
EQUITY			
Equity attributable to owners of the Company			
Share capital	15	28,331	28,331
Reserves		21,355,684	20,412,833
		21,384,015	20,441,164
Non-controlling interests		14,684	15,055
Total equity		21,398,699	20,456,219

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	For the six months ended 30 June 2019 (unaudited)										
	Equity attributable to owners of the Company										
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	Retained profits	Exchange reserve	Special reserve	Proposed final and special dividends	Total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019	28,331	690,811	295	688	19,691,418	(28,889)	1,848	56,662	20,441,164	15,055	20,456,219
Profit/(loss) for the period	-	-	-	-	1,004,937	-	-	-	1,004,937	(90)	1,004,847
Other comprehensive income/(expense)											
Item that will not be reclassified to profit or loss:											
Surplus on revaluation of buildings, net of deferred tax	-	-	-	379	-	-	-	-	379	-	379
Item that may be reclassified subsequently to profit or loss:											
Exchange loss on translation of foreign operations	-	-	-	-	-	(5,803)	-	-	(5,803)	(281)	(6,084)
Total comprehensive income/(expense) for the period	-	-	-	379	1,004,937	(5,803)	-	-	999,513	(371)	999,142
Final dividend paid for 2018	-	-	-	-	-	-	-	(56,662)	(56,662)	-	(56,662)
At 30 June 2019	28,331	690,811	295	1,067	20,696,355	(34,692)	1,848	-	21,384,015	14,684	21,398,699

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	For the six months ended 30 June 2018 (unaudited)										
	Equity attributable to owners of the Company										
	Share capital	Share premium	Capital redemption reserve	Assets revaluation reserve	Retained profits	Exchange reserve	Special reserve	Proposed final and special dividends	Total	Non- controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2018	28,331	690,811	295	1,088	19,076,488	2,564	1,848	56,662	19,858,087	35,861	19,893,948
Profit/(loss) for the period	-	-	-	-	491,034	-	-	-	491,034	(96)	490,938
Other comprehensive expense											
Item that may be reclassified subsequently to profit or loss:											
Exchange loss on translation of foreign operations	-	-	-	-	-	(8,107)	-	-	(8,107)	(790)	(8,897)
Total comprehensive income/(expense) for the period	-	-	-	-	491,034	(8,107)	-	-	482,927	(886)	482,041
Final dividend paid for 2017	-	-	-	-	-	-	-	(56,662)	(56,662)	-	(56,662)
At 30 June 2018	28,331	690,811	295	1,088	19,567,522	(5,543)	1,848	-	20,284,352	34,975	20,319,327

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	<i>Note</i>	Six months ended 30 June	
		2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Net cash inflow from operating activities		354,455	465,661
Net cash outflow from investing activities		(291,237)	(1,351,720)
Net cash inflow from financing activities		670,294	653,087
Increase/(decrease) in cash and cash equivalents		733,512	(232,972)
Cash and cash equivalents at 1 January		186,238	666,895
Effect of foreign exchange rate changes, net		(5,708)	(8,428)
Cash and cash equivalents at 30 June	12	914,042	425,495

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2019

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 2019 (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 and leasehold building, which are stated at fair values.

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 2019 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of car parks and office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Right-of-use assets (Continued)

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life.

Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in “property, plant and equipment”, the same line item as that within which the corresponding underlying assets would be presented if they were owned.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 "Financial Instruments" ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities (Continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standards to contracts that were not previously identified as containing a lease.

Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;
- iii. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK\$5,983,000 and right-of-use assets of HK\$23,127,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 3.933%.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

	At 1 January 2019
	<i>HK\$'000</i>
Operating lease commitments disclosed as at 31 December 2018	6,807
Lease liabilities discounted at relevant incremental borrowing rates	(141)
Less: Recognition exemption	
– short-term leases	(677)
– low value assets	(6)
	<hr/> 5,983 <hr/>
Lease liabilities as at 1 January 2019	5,983
Analysed as	
Current	2,049
Non-current	3,934
	<hr/> 5,983 <hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	Right-of-use assets HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		5,983
Reclassified from properties held for development	(a)	17,305
Adjustments on rental deposits at 1 January 2019	(b)	61
Less: Accrued lease liabilities relating to rent free period at 1 January 2019	(c)	(222)
		23,127
By class:		
Leasehold lands		17,305
Land and buildings		5,822
		23,127

- (a) Upfront payments for leasehold lands in Hong Kong and the PRC were classified as properties held for development as at 31 December 2018. Upon application of HKFRS 16, properties held for development amounting to HK\$17,305,000 were reclassified to right-of-use assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

- (b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK\$61,000 was adjusted to refundable rental deposits paid and right-of-use assets.

- (c) Rent free period
These relate to accrued lease liabilities for leases of properties in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities as at 1 January 2019 was adjusted to right-of-use assets at transition.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (d) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (e) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK\$9,207,000 was adjusted to refundable rental deposits received and advance lease payments.
- (f) Effective on 1 January 2019, the Group has applied HKFRS 15 to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the condensed consolidated financial statements of the Group for the current period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessor (Continued)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

		Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
	Notes	HK\$'000	HK\$'000	HK\$'000
Current liabilities				
Trade and other payables				
– Advance lease payments	(e)	–	9,207	9,207
– Rental deposits	(e)	173,326	(9,207)	164,119

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening statement of financial position as at 1 January 2019 as disclosed above.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessor (Continued)

The following tables summarise the impacts of applying HKFRS 16 as a lessor on the Group's condensed consolidated statement of financial position as at 30 June 2019 and its condensed consolidated statement profit or loss and other comprehensive income and cash flows for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position	As reported <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Amounts without application of HFRS 16, as a lessor <i>HK\$'000</i>
Current liabilities			
Trade and other payables			
— Advance lease payments	6,979	(6,979)	—
— Rental deposits	173,219	7,071	180,290
Equity			
Reserves	21,355,684	92	21,355,776

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessor (Continued)

Impact on the condensed consolidated statement of profit and loss and other comprehensive income	Notes	As reported	Adjustments	Amounts without application of HFRS 16, as a lessor
		HK\$'000	HK\$'000	HK\$'000
Revenue	(g)	360,634	(2,841)	357,793
Finance cost		(29,103)	2,749	(26,354)
Profit before income tax expenses		1,052,720	(92)	1,052,628

Impact on the condensed consolidated statement of cash flows	Notes	As reported	Adjustments	Amounts without application of HFRS 16, as a lessor
		HK\$'000	HK\$'000	HK\$'000
Net cash inflow from operating activities	(g)	354,455	(2,749)	351,706
Net cash inflow from financing activities	(g)	670,294	2,749	673,043

Notes:

- (g) The adjustments relate to reduction in rental income and finance costs of HK\$2,841,000 and HK\$2,749,000 respectively if the discounting effects for refundable rental deposits were not adjusted.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

3. SEGMENT INFORMATION

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

The Group has identified the following operating and reportable segments:

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

3. SEGMENT INFORMATION (Continued)

Segment revenue and results

	Six months ended 30 June							
	Property development		Property leasing		Building management and other services		Segment total	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Revenue								
External customers	70,956	130,128	280,180	259,621	9,498	9,018	360,634	398,767
Inter-segments <i>(note)</i>	–	–	216	304	2,417	1,677	2,633	1,981
Segment revenue	70,956	130,128	280,396	259,925	11,915	10,695	363,267	400,748
Segment profits	27,046	53,671	252,257	221,953	6,578	5,048	285,881	280,672
Certain other income, other gains and losses							7,795	6,737
Certain administrative expenses							(21,235)	(8,238)
Net fair value gain on investment properties							809,382	272,492
Finance costs							(29,103)	(15,097)
Profit before income tax expense							1,052,720	536,566

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

The operating and reportable segment results exclude finance costs, net fair value gain on investment properties, certain other income, other gains 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 2019

3. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	Property development		Property leasing		Building management and other services		Segment total	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	(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	1,294,770	1,288,491	22,362,276	20,699,144	31,757	23,933	23,688,803	22,011,568
Certain property, plant and equipment							1,672	2,612
Short-term bank deposits							250,000	575,000
Certain cash and cash equivalents							680,727	115,184
Assets classified as held for sale							420,000	420,000
Total assets							25,041,202	23,124,364
Segment liabilities	427,937	438,405	332,062	253,485	10,240	10,180	770,239	702,070
Certain other payables							43,266	72,374
Borrowings							2,507,295	1,562,788
Lease liabilities							7,568	–
Provision for income tax							191,024	213,381
Deferred tax liabilities							123,111	117,532
Total liabilities							3,642,503	2,668,145

Segment assets include all assets other than certain property, plant and equipment, 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, lease liabilities, deferred tax liabilities and borrowings.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

4. OTHER INCOME

	Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Bank interest income	12,893	12,987
Interest income arising from rental deposits paid	12	—
Miscellaneous income	3,956	5,506
	16,861	18,493

5. FINANCE COSTS

	Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Interest charged on:		
Bank loans	26,214	15,097
Lease liabilities and rental deposits received	2,889	—
	29,103	15,097

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

6. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Amortisation of properties held for development	—	187
Cost of completed properties for sale recognised as expense	29,081	66,908
Depreciation of right-of-use assets and other property, plant and equipment	4,606	644
Employee compensation expense (including Directors' remuneration and defined contribution cost)	57,068	52,065
Operating lease charges in respect of premises	368	396

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	30,707	40,556
PRC Enterprise Income Tax ("EIT")	10,672	1,642
PRC Land Appreciation Tax ("LAT")	990	732
Deferred tax charge	5,504	2,698
	47,873	45,628

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 PRC subsidiaries are subject to PRC EIT rate of 25% for both periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for profit attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Earnings		
Profit attributable to owners of the Company	1,004,937	491,034
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings per share (<i>note</i>)	283,308,635	283,308,635

Note:

During the six months ended 30 June 2019 and 2018, neither the Company nor any of its subsidiaries had repurchased any of the Company's shares respectively.

No diluted earnings per share for 6 months ended 30 June 2019 and 2018 was presented as there were no potential ordinary shares in issue during 6 months ended 30 June 2019 and 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

9. INVESTMENT PROPERTIES

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

	2019 (Unaudited) HK\$'000
Carrying amount at 1 January	20,439,237
Additions	578,056
Net fair value gain on investment properties	809,382
Carrying amount at 30 June	21,826,675

The Group's investment properties were revalued at 31 December 2018 and 30 June 2019 by an independent professional valuer, Cushman & Wakefield Limited, on the following basis:

- The completed investment properties (whole block of commercial building) are revalued by adopting income capitalisation method, which involves certain estimates, including capitalisation rates and reversionary income potential;
- The completed investment properties (individual units (including commercial, industrial and residential properties) or ground floor retail properties) are revalued based on direct comparison method, by reference to market transactions of comparable properties; and
- Investment properties under re-development were revalued on the re-development basis by adopting the residual method. The value is based on the re-development potential of the properties as if these properties will be developed and completed in accordance with the existing redevelopment proposal at the date of valuation and is determined by deducting the estimated total cost of the development, including costs of construction, professional fee, finance cost, associated costs and an allowance of profit that duly reflected developer's risk associated with the development from the gross development value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

9. INVESTMENT PROPERTIES (Continued)

In determining the fair values of the investment properties, the Group engages an independent qualified professional valuer to perform the valuation. The management works with the independent qualified professional valuer to establish the appropriate valuation techniques and inputs for level 3 fair value measurement. Where there is a material change in the fair value of the investment properties, the causes of the fluctuations will be reported to the Directors.

In relying on these valuations, the management has exercised judgement and are satisfied that the methods of valuation adopted are appropriate and reflective of the current market conditions.

The carrying amount of the Group's investment properties is a level 3 fair value measurement. There were no investment property transfers into or out of level 3 fair value measurement during both periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

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 2019 <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)	16,755,000 (2018: 16,651,000)	Income capitalisation method	Reversionary rental value	HK\$22.5 – HK\$58.4 (2018: HK\$21 – HK\$61) per month per square foot for upper-level office/restaurants premises; HK\$80 – HK\$1,226 (2018: HK\$80 – HK\$1,277) per month per square foot for ground floor shops	The higher the reversionary rental value, the higher the fair value
			Capitalisation rate	2.25% – 3.50% (2018: 2.25% – 3.50%)	The higher the capitalisation rate, the lower the fair value
Completed investment properties (individual units (including commercial, industrial and residential properties) or ground floor retail properties)	4,311,675 (2018: 3,333,237)	Direct comparison method	Adjustment to price per square foot in relation to quality of properties (e.g. location, size, level and condition with reference to comparables of the properties)	+/-20% (2018: +/-20%)	The higher the quality of properties with reference to comparables, the higher the fair value

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

9. INVESTMENT PROPERTIES (Continued)

Investment properties held by the Group in the consolidated statement of financial position	Fair value as at 30 June 2019 <i>HK\$'000</i>	Valuation technique(s)	Significant unobservable input(s)	Range of significant unobservable inputs	Interrelationship between significant unobservable input(s) and fair value measurement
Investment properties under re-development	760,000 (2018: 455,000)	Residual method	Price per square foot	HK\$35,000 (2018: HK\$26,000) per square foot for office premises; HK\$35,000 – HK\$72,000 (2018: HK\$27,000 – HK\$65,000) per square foot for retail properties	The higher the price per square foot, the higher the fair value
			Estimated construction and other professional costs to completion	HK\$3,500 (2018: HK\$4,650) 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% (2018: 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 2019

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

During the current interim period, the Group paid approximately HK\$3,605,000 (30 June 2018: Nil) for renovation of office premise.

The Group's buildings classified as property, plant and equipment were revalued by an independent qualified professional valuer as at the end of the current interim period. The resulting revaluation surplus of HK\$454,000 (30 June 2018: Nil) has been credited to the assets revaluation reserve during the six months ended 30 June 2019.

During the current interim period, the Group entered into a new lease agreement for the use of industrial premises for three years. The Group is required to make fixed monthly payments on the usage of the asset during the contract period. On lease commencement, the Group recognized HK\$2,536,000 of right-of-use asset and HK\$2,509,000 lease liability.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

11. TRADE AND OTHER RECEIVABLES/LOAN RECEIVABLES

As at 30 June 2019, trade receivables included in trade and other receivables were approximately HK\$29,684,000 (31 December 2018: approximately HK\$22,035,000). 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 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Current assets:		
0-30 days	16,526	8,130
31-90 days	4,147	9,385
91-180 days	3,610	3,276
Over 180 days	5,401	1,244
Total trade receivables, net	29,684	22,035
Other receivables, utility deposits and prepayment, net of provision for impairment loss	125,565	114,104
Loan receivables	5,125	5,053
	130,690	119,157
	160,374	141,192
Non-current assets:		
Loan receivables	29,800	32,756
	190,174	173,948

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 2019

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

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

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Restricted bank deposits	93,986	74,568
Short-term bank deposits with original maturity over three months	250,000	575,000
Cash and cash equivalents	914,042	186,238
Total cash and bank balances	1,258,028	835,806

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

The Group's bank balances included restricted bank deposits of approximately HK\$93,986,000 (31 December 2018: approximately HK\$74,568,000) which was restricted for the purpose of construction related payments.

Included in cash and cash equivalents of the Group is HK\$103,606,000 (31 December 2018: HK\$91,685,000) of bank balances denominated in Renminbi placed with banks in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

13. TRADE AND OTHER PAYABLES

As at 30 June 2019, trade payables included in trade and other payables were approximately HK\$24,300,000 (31 December 2018: approximately HK\$20,977,000). 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 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
0-30 days	2,695	1,214
31-90 days	186	106
Over 90 days	21,419	19,657
Total trade payables	24,300	20,977
Other payables	639,106	598,998
	663,406	619,975

14. BORROWINGS

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Current liabilities		
Bank loans – secured	1,226,405	1,067,765
Non-current liabilities		
Bank loans – secured	1,280,890	495,023
	2,507,295	1,562,788

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

14. BORROWINGS (Continued)

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

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Carrying amount of bank loans repayable based on the scheduled repayment dates set out in the loan agreements:		
Within one year	543,105	371,065
More than one year, but not exceeding two years	39,665	21,065
More than two years, but not exceeding five years	1,241,225	473,958
	1,823,995	866,088
Carrying amount of bank loans that contain a repayable on demand clause (shown under current liabilities) but repayable based on the scheduled repayment dates set out in the loan agreements:		
Within one year	85,800	546,800
More than one year, but not exceeding two years	137,500	149,900
More than two years, but not exceeding five years	460,000	—
	683,300	696,700
Total bank loans	2,507,295	1,562,788
Carrying amount of bank loans matured within one year or those contain a repayment on demand clause (shown under current liabilities)	(1,226,405)	(1,067,765)
Amount shown under non-current liabilities	1,280,890	495,023

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

15. SHARE CAPITAL

There were no movements in the share capital of the Company in the six months ended 30 June 2019.

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	
	2019 (Unaudited) HK\$'000	2018 (Unaudited) HK\$'000
Related companies		
Operating lease charges and management fee in respect of office premises situated in Guangzhou, the PRC <i>(note (a))</i>	271	449
Rental income in respect of an office premise <i>(note (b))</i>	300	297
Rental expense for leasing carparking spaces situated in Guangzhou, the PRC <i>(note (c))</i>	30	16
Management fee in respect of properties for sale <i>(note (d))</i>	—	82

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

16. RELATED PARTY TRANSACTIONS (Continued)

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 PRC for office purpose.
- (b) For the periods ended 30 June 2019 and 2018, a subsidiary of the Company entered into a tenancy agreement with a company, in which the Chairman and her daughters have wholly-owned interest, for leasing an office premise in Soundwill Plaza for the period of three years commencing from 1 September 2015 and expiring on 31 August 2018 at a monthly rental of HK\$49,538. On 1 September 2018, the subsidiary and related company agreed to extend the period of three years commencing on 1 September 2018 and expiring on 31 August 2021 at monthly rental of HK\$50,000.
- (c) A subsidiary of the Company entered into tenancy agreements with a related company, in which a close family member of the Chairman and an executive Director of the Company have interests, for leasing three (30 June 2018: three) carparking spaces situated in Guangzhou, the PRC.
- (d) For the periods ended 30 June 2019 and 2018, subsidiaries of the Company entered into property management agreements with a related company, in which the Chairman and an executive director of the Company have interests, for managing properties for sale situated in the PRC.
- (e) On 1 May 2017, a related company in which the Chairman and an executive Director of the Company have interests, has agreed to provide an unsecured revolving credit facility for amount of HK\$150,000,000 to a wholly owned subsidiary of the Group with maturity date on 30 April 2018. On 1 May 2018, the subsidiary and related company have agreed to extend the maturity date to 30 April 2019 and revised the interest rate to prime lending rate for loans in Hong Kong dollars from time to time less 2.0% per annum. There was no interest expenses arising from this facility during both periods as the unsecured revolving credit facilities were not utilised.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

17. ACQUISITION OF ASSETS

- (a) In January 2018, the Group acquired 100% equity interest in Gigantic Power Limited for a cash consideration of HK\$151,524,000 from an independent third party. The acquisition was made as part of the Group's strategy to invest in investment properties.

The fair values of the identifiable assets and liabilities acquired in the transaction are as follows:

	<i>HK\$'000</i>
Investment properties	152,023
Trade and other receivables	9
Tax recoverable	141
Trade and other payables	(649)
Net assets	151,524
Total consideration satisfied by cash	151,524

- (b) In January 2018, the Group also acquired 100% equity interest in Luck Power (Hong Kong) Limited and Luck Power Development Limited for an aggregated cash consideration of HK\$62,599,000 from another independent third party. The acquisition was made as part of the Group's strategy to expand in mini-storage business.

The fair values of the identifiable assets and liabilities acquired in the transactions are as follows:

	<i>HK\$'000</i>
Investment properties	62,029
Trade and other receivables	615
Tax recoverable	25
Trade and other payables	(46)
Deferred tax liabilities	(24)
Net assets	62,599
Total consideration satisfied by cash	62,599

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

18. FUTURE OPERATING LEASE 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 2019, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties are as follows:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Within one year	429,284	404,692
More than one year but not exceeding five years	610,341	577,329
More than five years	42	4,272
	1,039,667	986,293

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2019

19. COMMITMENTS

(a) Operating lease commitments

As at 30 June 2019, the total future aggregate minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Within one year	321	2,415
More than one year but not exceeding five years	—	4,392
	321	6,807

(b) Capital commitments

	30 June 2019 (Unaudited) HK\$'000	31 December 2018 (Audited) HK\$'000
Contracted but not provided for:		
– Acquisition of investment properties	126,425	54,059



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
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