



ANNUAL REPORT 年報

2024



金朝陽集團有限公司^{*}
SOUNDWILL HOLDINGS LIMITED

於百慕達註冊成立之有限公司
Incorporated in Bermuda with limited liability

股份代號 Stock Code : 0878

^{*}僅供識別 / for identification only



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Knutsford
Terrace

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CORPORATE INFORMATION

(As of 20 March 2024)

Directors

Executive Directors:

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

Independent Non-Executive Directors:

CHAN Kai Nang
PAO Ping Wing
YOUNG Chun Man, Kenneth

Company Secretary

TSE Wai Hang

External Auditor

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor

Internal Auditor

Crowe (HK) Risk Advisory Limited

Legal Advisors

Lo, Wong & Tsui
Conyers Dill & Pearman

Head Office and Principal Place of Business in Hong Kong

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

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

Principal Banks

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

Principal Share Registrar and Transfer Office

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179, Hamilton HM EX
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Share Information

Place of Listing

The Main Board of The Stock Exchange
of Hong Kong Limited

Stock Code

878

Board Lot

500 shares

Website

www.soundwill.com.hk

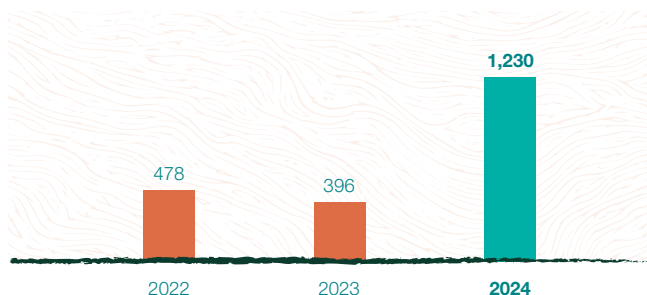
Investor Relations

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

FINANCIAL HIGHLIGHTS

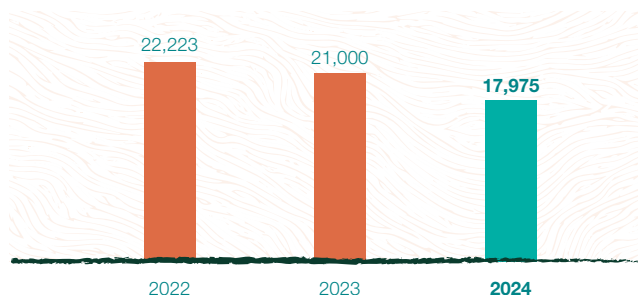
Group's Revenue

HK\$ million



Group's Total Asset

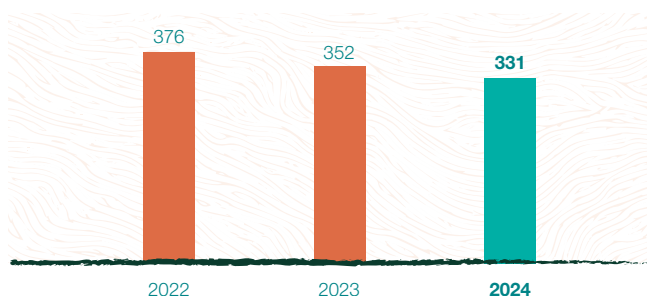
HK\$ million



Group's Revenue by Segments

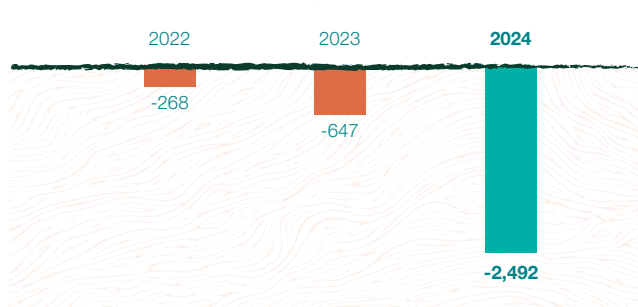
HK\$ million

Property Leasing



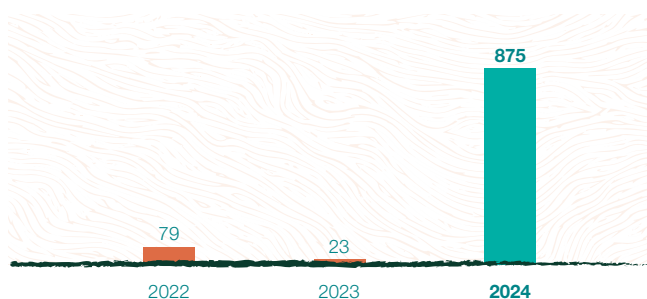
Loss Attributable to Owners of the Company

HK\$ million

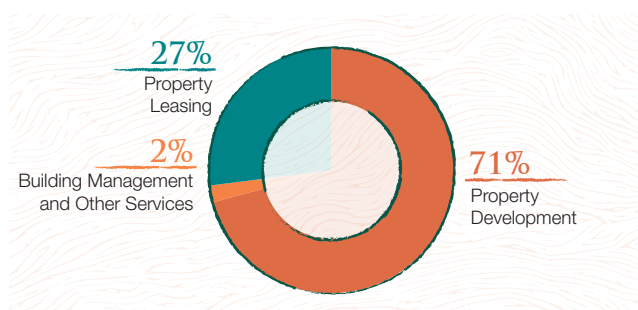


HK\$ million

Property Development

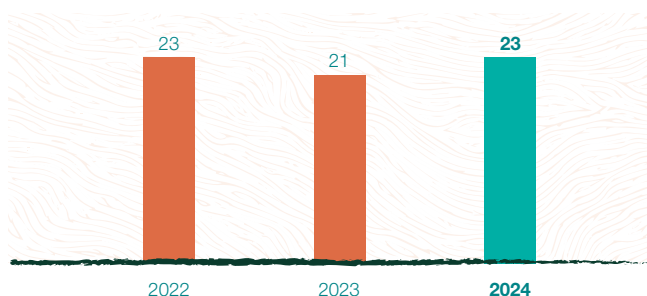


Group's Revenue Mix in Year 2024



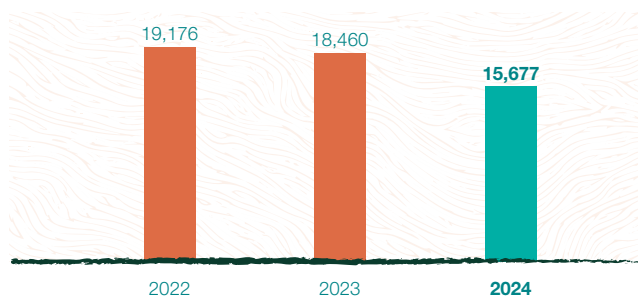
HK\$ million

Building Management and Other Services



Group's Net Asset Value

HK\$ million



CHAIRMAN'S STATEMENT

Dear Shareholders,

In the third quarter of 2024, the Federal Reserve began lowering interest rates, signaling the anticipated end of an almost two-year rate hike cycle. Yet with the inauguration of the new U.S. government and its America-first policies, global inflation risks are expected to resurface. As a result, the pace of interest rate cuts may slow further, prolonging high costs for businesses worldwide. Meanwhile, geopolitical instability and ongoing conflicts could continue to disrupt supply chains and market dynamics, exerting persistent pressure on the macroeconomy.

CHAIRMAN'S STATEMENT

During the year, the Group's major investment properties, Soundwill Plaza, Soundwill Plaza II — Midtown, and 10 Knutsford Terrace, maintained stable average rental returns for most lease renewals and new leases, supported by steady consumer traffic. Nonetheless, the uncertain recovery of the rental market and the time required for rental income to rebound led to a decline in the Group's overall rental revenue during the year. The property leasing income of the Group also remained under significant pressure, negatively affecting the Group's cash flow.

In response to changing consumption habits and patterns among local shoppers and tourists, the Group implemented targeted marketing strategies more aligned with Hong Kong's post-pandemic retail landscape. The group also set up a dedicated marketing team, which focused on different consumer segments, including young shoppers and Mainland tourists, and launched effective campaigns to expand the market reach of our properties, increase foot traffic and drive tenant sales.

For several years now, the Group has been expanding its mini-storage business in its existing properties to meet the growing demand for storage space. In 2024, we continued this expansion by introducing a mini-box service that offers a seamless, door-to-door storage solution. Featuring quick collection and delivery through a user-friendly booking system, it allows customers to access their storage space without leaving home. Moving forward, we continue to expand our market presence and improve operational revenue.

Due to economic uncertainties, the property market in Hong Kong has underperformed. The Group is currently facing the most challenging period in nearly two decades. The Group will commence construction projects on developable properties, thereby entering a cycle that requires significant capital investment. Additionally, with the anticipation of rising construction costs and capital

expenditures, and considering the difficulty of selling assets at near valuation in the market, projected returns may decline. Therefore, the Group will closely monitor market conditions in the upcoming year, seek more effective development strategies and explore opportunities for diversification into other business sectors to enhance the synergy among its various operations.

In closing, I would like to express my sincere appreciation to our staff, whose professionalism and dedication have been instrumental in maintaining efficient operations and delivering strong results. I am also deeply grateful to our shareholders, directors, customers, and business partners for their unwavering trust in us. Over the years, the Group has successfully executed its long-term strategies by leveraging a solid foundation, closely monitoring risks and utilising resources efficiently and sustainably. With the interests of all shareholders prioritized, I earnestly request all stakeholders to continue their trust and support.

CHAN Hing Tat

Chairman

Hong Kong, 20 March 2025



DIRECTORS' PROFILE

FOO KAM CHU GRACE



Aged 81, is the founder of the Group and an executive director of the Company and a director of certain subsidiaries of the Group. Madam Foo has extensive experience in the property market. She has been engaged in the property business in Hong Kong since early 1970s, particularly specialised in the acquisition of old buildings for redevelopment into commercial or residential buildings. Madam Foo is the mother of Ms. Chan Wai Ling, Deputy Chairman and executive director of the Company and Mr. Chan Hing Tat, Chairman and executive director of the Company.

CHAN WAI LING



Aged 54, is Deputy Chairman and executive director of the Company and a director of certain subsidiaries of the Group. She is in charge of the Hong Kong property department and is responsible for the property development and leasing of Hong Kong properties of the Group. She graduated from the University of Toronto, Canada with a bachelor degree in commerce and also obtained a Master of Business Administration Degree from University of Strathclyde, United Kingdom. Before joining the Group in September 1998, she had worked in an international property consultant firm and had operated her own property investment business. She is the daughter of Madam Foo, executive director of the Company and the sister of Mr. Chan, Chairman and executive director of the Company.

CHAN HING TAT



Aged 44, is Chairman and executive director of the Company and a director of certain subsidiaries of the Group. He joined the Group in 2004 and is mainly responsible for the Group's business development. He graduated from the Boston University, USA with a bachelor degree in psychology. Before joining the Group, he was engaged in his own IT business. He is the son of Madam Foo, executive director of the Company and the brother of Ms. Chan, Deputy Chairman and executive director of the Company.

TSE WAI HANG



Aged 59, was appointed as an executive director and company secretary of the Company on 1 September 2019 and 25 January 2019 respectively. He is the head of Legal Department of the Company and in charge of the legal and company secretarial department of the Group. He holds directorship in certain subsidiaries of the Group. Mr. Tse graduated from the University of Hong Kong with a bachelor's degree in laws. He is a qualified solicitor in Hong Kong. He has over 30 years working experience in the legal field.

CHAN KAI NANG

Aged 79, was appointed as an independent non-executive director of the Company on 11 March 2009, received a Postgraduate Diploma in Management Studies from The University of Hong Kong and Bachelor of Laws from the University of London. Mr. Chan is an associate member of The Chartered Institute of Management Accountants in the United Kingdom and The Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants in the United Kingdom. He is also a Chartered Global Management Accountant. Mr. Chan worked for more than 40 years as senior executive in major multinational and local corporations.

Mr. Chan was the executive director of Galaxy Entertainment Group Limited (formerly known as K. Wah Construction Materials Limited ("K. Wah Construction")) (0027.HK) from January 2003 to May 2008 and managing director of K. Wah Construction from April 2003 to May 2008. He served as an adviser of K. Wah Construction from May 2008 until his retirement in June 2014. The shares of the above-named company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Chan served as independent non-executive director of FDB Holdings Limited (1826.HK) from 16 September 2015 to 12 January 2018. The shares of the above-named company are listed on the Main Board of the Stock Exchange. He also served as independent non-executive director of Burwill Holdings Limited from 14 September 2020 to 11 August 2021 and Prosperity International Holdings (H.K.) Limited between 17 August 2010 to 26 September 2019. The shares of the above companies were delisted from the Stock Exchange on 13 August 2021 and 9 February 2023 respectively. He formerly was an independent non-executive director of Asian Capital Holdings Limited (now known as Kingwisoft Technology Group Company Limited) (8295.HK) and Steed Oriental (Holdings) Company Limited (8277.HK), the shares of both companies are listed on the GEM of the Stock Exchange.

Mr. Chan was an independent non-executive director of PanAsialum Holdings Company Limited (2078.HK) from 24 February 2017 until 24 January 2018, and has been re-appointed from 1 January 2020 as independent non-executive director. The shares of the above-named company are listed on the Main Board of the Stock Exchange.

DIRECTORS' PROFILE

PAO PING WING



Aged 77, was appointed as an independent non-executive director of the Company on 6 November 2009, received a Master of Science degree in Human Settlements Planning and Development from the Asian Institute of Technology in Bangkok, Thailand. Mr. Pao was elected as one of the Ten Outstanding Young Persons of Hong Kong in 1982 and one of the Ten Outstanding Young Persons of the World in 1983. He was also an ex-Urban Councillor. In the past years, he has been actively serving on government policy committees and statutory bodies, especially those of town planning, urban renewal, public housing, culture and arts and environment matters. Mr. Pao is an Honorary Fellow of The Hong Kong Institute of Housing. He is also an independent non-executive director of several other companies listed on the Main Board of the Stock Exchange including Capital Environment Holdings Limited (3989.HK), Maoye International Holdings Limited (0848.HK), Global International Credit Group Limited (1669.HK) and Sing Lee Software (Group) Limited (8076.HK), a company listed on the GEM of the Stock Exchange. He formerly was an independent non-executive director of Tonking New Energy Group Holdings Limited (formerly known as JC Group Holdings Limited) (8326.HK), which shares are listed on the GEM of the Stock Exchange. He formerly was also an independent non-executive director of Oriental Enterprise Holdings Limited (formerly known as Oriental Press Group Limited) (0018.HK), which shares are listed on the Main Board of the Stock Exchange and an independent non-executive director of Zhuzhou CRRRC Times Electric Co., Ltd. (formerly known as Zhuzhou CSR Times Electric Co., Ltd.), which shares are listed on both the Main Board of the Stock Exchange and the Science and Technology Innovation Board of the Shanghai Stock Exchange (3898.HK, 688187.SSE).

YOUNG CHUN MAN, KENNETH



Aged 61, was appointed as an independent non-executive director of the Company on 16 June 2023. Mr. Young received a Master's degree in Corporate Finance from The Hong Kong Polytechnic University and Bachelor of Arts in economics from University of Essex, United Kingdom. Mr. Young is a fellow member of The Institute of Chartered Accountant in England and Wales and a fellow member of the Hong Kong Institute of Certified Public Accountants. He has over 30 years of professional experience in audit and accounting fields. He was a partner at HLB Hodgson Impey Cheng from September 1994 to March 2011. Mr. Young is also the founder and was a director of AITIA (HK) CPA LIMITED, a member of TGS Global since January 2015, and resigned as a director with effect from April 2022.

Mr. Young is an independent non-executive director of Jacobson Pharma Corporation Limited (2633.HK) and was an independent non-executive director of Quam Plus International Financial Limited (formerly known as China Tonghai International Financial Limited) (952.HK) from September 2012 to February 2017. The shares of both companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Young is a member of the audit committee and a council member of SAHK.

OPERATIONS REVIEW AND PROSPECTS

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OPERATIONS REVIEW AND PROSPECTS

Overview

The Group's principal activities include property leasing, property development, and the provision of building management and other services. The investment properties of the Group are mainly composed of commercial and industrial buildings. As of 31 December 2024, the Group recorded total revenue of approximately HK\$1,229,732,000 (2023: approximately HK\$395,892,000), representing an increase of approximately 211% compared to last year. The increase in revenue was mainly due to the recognition of sales of property units from the sole property development project in Hong Kong in 2022 under favourable market conditions (please see the section headed "PROPERTY DEVELOPMENT" below for details). A loss attributable to owners of the Group of approximately HK\$2,491,851,000 is recorded in 2024 (2023: approximately HK\$646,511,000), representing an increase of 285% compared to last year. The increase in loss was mainly due to the increase in valuation loss losses on investment properties recorded as of 31 December 2024.

Below are the fair value changes of investment properties from 2020 to 2024:

	Year ended 31 December				
	2020	2021	2022	2023	2024
Net fair value loss on investment properties (HK\$ million)	453	1,077	464	1,213	2,901
Year-over-year change	245%	138%	-57%	161%	139%

During the year, Mainland China introduced various supportive measures benefiting Hong Kong, while the Hong Kong Government implemented policies aimed at stimulating financial market development and economic growth. However, these efforts were not sufficient to drive a rebound in the local economy, and a full recovery is not expected in the short to medium term. According to the Hong Kong Land Registry, the registered number of sales of non-residential building units and the total consideration thereof decreased by approximately 32% and 57% respectively from 2021 to 2024. Although the decrease in the number of sales stabilised in the recent two years, the total consideration dropped by about 10%.

OUR PROPERTIES

012



SOUNDWILL
PLAZA II —
MIDTOWN

1



SOUNDWILL
PLAZA



金湖中心



10 KNUTSFORD
TERRACE

4

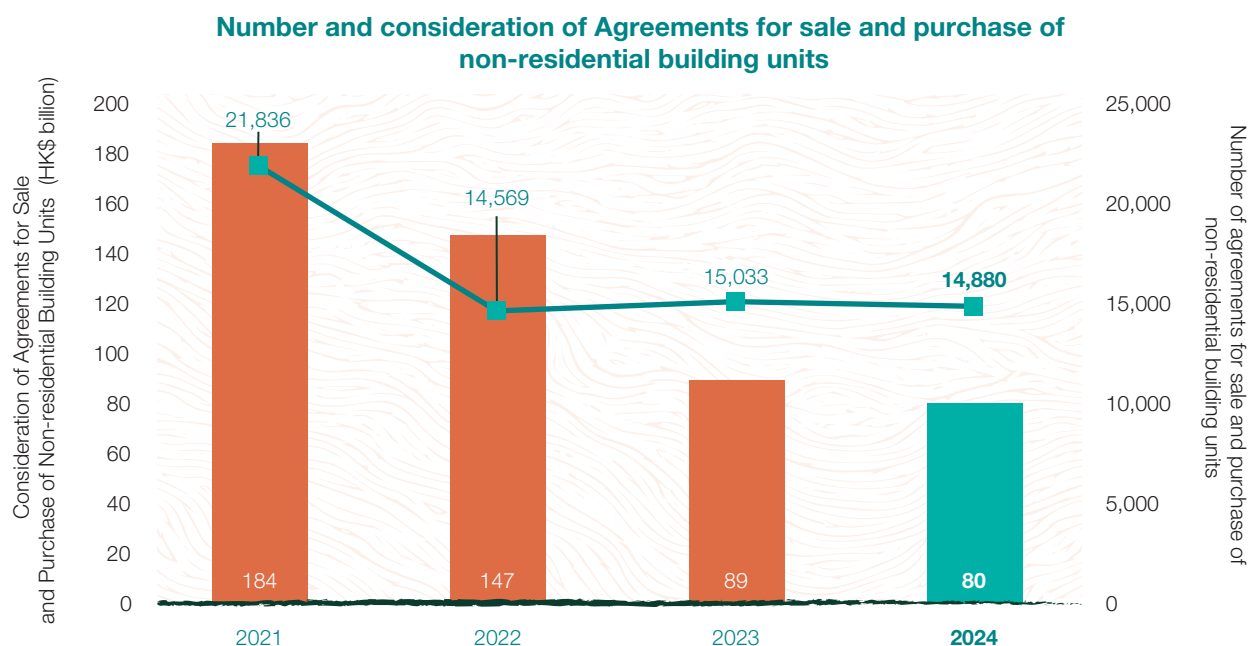
KAI KWONG
COMMERCIAL
BUILDING



THE
SHARP

5

OPERATIONS REVIEW AND PROSPECTS



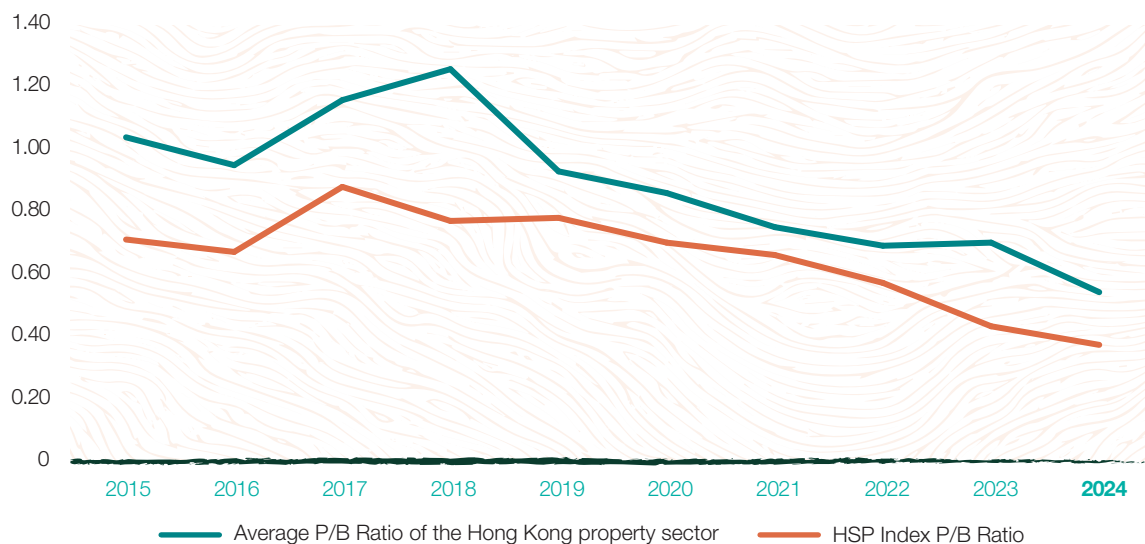
Source: The Land Registry (<https://www.landreg.gov.hk/en/monthly/agt.htm>)

This lack of liquidity is particularly evident in commercial and office property sector; and the core investment property portfolio of the Group is commercial and office properties. Given today's tight financing environment for real estate purchases, buyers are becoming increasingly cautious.

The changes brought by the gradual integration of Hong Kong into the Greater Bay Area could already be felt and is impacting Hong Kong economy. The trend to travel north of Lo Wu for leisure, shopping and purchasing daily groceries has already adversely impacted the retail and food and beverage sectors in Hong Kong. That, together with the willingness and even preference for consumers to purchase via delivery services have already much lessened market demand for prime retail spaces. In addition, incidental changes to the needs for manpower would reshape related businesses, and the value of commercial and retail properties could face further pressure in the near future.

In light of challenging market conditions, property developers in Hong Kong and Mainland China have been adversely impacted and face significant hurdles in the current economic landscape. There had been a consistent decline in the average price-to-book ratio (the "P/B Ratio") from 2018 to 2024 for both the Hang Seng Property Index constituents and property developers in Hong Kong and Mainland China. The Company also observes that over the past ten years, the average P/B Ratio of the property sector had dropped by around 48% from the end of 2015 to the end of 2024, showing a decoupling between stock market valuation and the valuation of net assets.

These metrics underscore the financial strain experienced across the industry due to the prevailing uncertainties and market challenges, and the persistent downward trend reflects a decoupling between market valuation and the valuation of net assets.

P/B Ratio of the Hong Kong property sector

Source: Bloomberg

Notes:

1. Property sector refers to the Hong Kong listed companies under the real estate owners and developers classification of Bloomberg Industry Classification Standard (BICS).
2. HSP is the Hang Seng Index — Property extracted from Bloomberg.

Property Leasing

Property leasing is the major and most significant source of recurring income for the Group. Over the past four consecutive years from 2020 to 2023, rental income accounted for more than 70% of the Group's total revenue. In 2024, total revenue from the property leasing segment was approximately HK\$331,379,000 (2023: approximately HK\$351,684,000), accounting for approximately 27% of the Group's total revenue for the year (2023: approximately 89%).

However, the Group's rental income has been declining. From 2020 to 2024, rental income has cumulatively decreased by over 30%.

Below is an overview of the rental income from 2020 to 2024:

	Year ended 31 December				
	2020	2021	2022	2023	2024
Property leasing revenue (HK\$ million)	478	419	376	352	331
Year-over-year change	-10%	-12%	-10%	-7%	-6%

OPERATIONS REVIEW AND PROSPECTS

Most of the Group's major investment properties are located in the Causeway Bay and Wan Chai areas. Although these areas have traditionally benefited from high pedestrian flow due to their status as retail and commercial centers, the retail sector has been severely impacted by various factors, including global geopolitical tensions, decline in global trade, high core inflation, intense competition from neighbouring cities in the Greater Bay Area, and the rise of online shopping.

Market indicators confirm the downward trend. According to data from the Rating and Valuation Department of Hong Kong, average monthly rent for private retail properties on Hong Kong Island — where most of the Group's major investment properties are located — has decreased by approximately 8%, from HK\$1,265 per square meter in 2021 to HK\$1,165 per square meter in 2024. The Real Residential Property Price Index (RRPPI) published by the Bank for International Settlements indicates that since the third quarter of 2021, the RRPPI for both Mainland China and Hong Kong has generally been on a downward trend. Mainland China's RRPPI dropped by nearly 14%, from approximately 146 in third quarter of 2021 to approximately 125 in third quarter of 2024, while Hong Kong's RRPPI fell by more than 31%, from approximately 194 to approximately 133 over the same period.

Additionally, a significant portion of the Group's investment properties is residential units in old buildings. If these units are reclassified as "basic housing units," their rental growth will be subject to regulations proposed by the Hong Kong Government. These basic housing units will also be subject to statutory minimum standards and regulations. While these measures may improve residents' living conditions, the Group anticipates that compliance with these new requirements will inevitably lead to temporarily high vacancy rate as the renovation will require the evacuation of tenants, and increased maintenance and renovation costs, negatively impacting the net rental income, cash flow, and revenue generated from these residential units of the Group.

Given these factors, the Group's leasing business may face increasing pressure in the coming years. It remains uncertain when the market and the Group's leasing business will achieve a significant recovery. This will negatively impact the Group's cash flow position, which in turn will adversely affect the Group's financial capacity.

Soundwill Plaza

Soundwill Plaza is located on Russell Street in the heart of Causeway Bay, one of Hong Kong's core shopping districts and a magnet for international flagship brands. As a premium Grade A commercial building, Soundwill Plaza enjoys high footfall and convenient transport links and remains a prime destination for shopping and leisure activities, featuring many famous fashion and beauty brands.

Soundwill Plaza II — Midtown

Soundwill Plaza II — Midtown, located at 1 Tang Lung Street, Causeway Bay, is a focal point for local food & beverage and leisure activities. To offer more diversified dining and leisure experiences, the Group has successfully attracted a number of trend-setting young brands and premium tenants to this property.

10 Knutsford Terrace

10 Knutsford Terrace is located at 10–11 Knutsford Terrace, Tsim Sha Tsui, a core tourist and leisure district, which offers a wide range of restaurants and lifestyle shops.

Kai Kwong Commercial Building

Kai Kwong Commercial Building is an integrated commercial project located at 332–334 Lockhart Road, Wan Chai.

OPERATIONS REVIEW AND PROSPECTS

The Sharp

Located at 11–13 Sharp Street East and 1–1A Yiu Wa Street in Causeway Bay, THE SHARP is an integrated commercial property project with space for retail, beauty, food & beverage and commercial businesses. The Group's rental properties are situated on the ground floor to the second floor.

One Storage Management Company Limited

One Storage, a wholly-owned subsidiary of the Group, offers secure and convenient storage space, with professional management and services. All of our storage facilities, which are strategically located in key areas of Hong Kong, are well equipped and comply with latest fire safety guidelines. During the year, new branches were opened in Tai Po, Kwai Chung and San Po Kong. As at 31 December 2024, One Storage had an overall occupancy rate of 80%, with around 30% of branches reaching close to 90% occupancy. Additional branches are planned for 2025.

We also introduced a new onsite mini-box service, which allows customers to enjoy a one-stop door-to-door storage service with fast collection and delivery through our convenient booking system, all without leaving home. During the year, the occupancy rate of mini-boxes exceeded 60%, with customers that included medical centres, the tourism industry, social welfare institutions, and accountancy and law firms.

Property Development

For the year ended 31 December 2024, revenues from the property development segment was approximately HK\$875,054,000 (2023: approximately HK\$22,729,000), accounting for approximately 71% of the Group's total revenue for the year (2023: approximately 6%).

Below is an overview of property development revenue since 2020:

	Year ended 31 December				
	2020	2021	2022	2023	2024
Property development revenue (HK\$ million)	190	127	79	23	875
Year-over-year change	5%	–33%	–38%	–71%	3,750%

In 2024, the Group's property development revenues primarily came from sales completion of iCITY units. It is worth noting that the agreements for the sale of most of these units were reached back in 2022, at a time when stamp duty measures were introduced by the HK Government to quell speculation on residential properties. Some of the iCITY units were offered at that time at below HK\$4 million, and was instantly well received by purchasers who took the opportunity to invest into property market without the burden of buyer stamp duty. It was only under these favourable conditions and relentless efforts of our team that sales of iCITY units could attain such satisfactory rates.

It is uncertain whether such positive market conditions can be repeated in the local market. According to the Rating and Valuation Department, price index of private flatted factories has decreased by 18%, from 880 in 2022 to 718 in 2024. In addition, the HK Government has also lifted stamp duty measures for local residential properties. Hence, sales for the remaining iCITY units shall face a lot more competition than in previous years. iCITY is the only completed development currently owned by the Group and located in Hong Kong that is ready and available for sale on a strata-title basis.

OPERATIONS REVIEW AND PROSPECTS

In 2024, the Mainland Chinese real estate market remained in an adjustment phase, with significant declines in new home sales in the first half of that year compared to the same period in the previous year. The Group's Greater Bay Area property development projects — Grand Capital in Doumen District, Zhuhai, and Lakeview Bay • VOGUE villa and high-rise complex project in Gaoyao District, Zhaoqing — are all completed developments. Grand Capital has only a few remaining units for sale, while Lakeview Bay • VOGUE still has a considerable number of units available. Given the current market conditions, the pace of sales has been slow.

Building Management and Other Services

For the year ended 31 December 2024, the revenues from the building management segment was approximately HK\$23,299,000 (2023: approximately HK\$21,479,000), accounting for approximately 2% of the Group's total revenue (2023: 5%).

Below is an overview of building management revenue since 2020:

	Year ended 31 December				
	2020	2021	2022	2023	2024
Building management and other services revenue (HK\$ million)	22	23	24	21	23
Year-over-year change	4%	4%	3%	–9%	8%

Goldwell Property Management Limited

Goldwell Property Management Limited, a subsidiary of the Group, specialises in high quality property management and maintenance services as well as facilities management for A-grade, large-scale commercial buildings, industrial buildings and small- to medium-sized estates. With a team of highly experienced and professionally certified members, the subsidiary holds ISO9001, ISO14001 and ISO45001 certifications, reflecting international recognition of its management systems. During the year, properties managed by the team received several accolades for the quality of their property management services. These included a Certificate of Merit in the Quality Property and Facility Management Award 2024, the Kowloon West Best Security Services Award, and recognition as a Hong Kong Green Organisation. To enhance service quality, the building management team conducts regular internal assessments and makes use of advanced technology to provide tailored services for owners and tenants. In addition to managing the Group's existing properties, the team bid on new property and facility management projects with the aim of expanding its business portfolio.

To reduce carbon emissions and align with government environmental policies, the Group has a dedicated team focused on environmental management and energy-saving. This team carries out optimisation works and implements measures to support long-term carbon reduction, achieve their energy-saving goals and fulfil the Group's vision of building a sustainable society. A waste management model has also been adopted, encouraging stakeholders to reduce, sort and recycle waste at source, contributing to environmental protection.

The building management team attaches great importance to risk management and has set up a high-tech centralised management centre equipped with an Internet of Things (IoT) system to protect operational equipment against theft and ensure operational stability and safety. The building management team also participates in community service projects and charitable activities, reinforcing its commitment to corporate social responsibility.

OPERATIONS REVIEW AND PROSPECTS

Soundwill Club

Soundwill Club is a membership reward programme for the Group's major investment properties. Serving as a one-stop shopping and discount leisure platform, the Soundwill Club regularly distributes marketing and promotional materials to customers. During the year, Soundwill Club actively enhanced the diversity of its leased properties by organising approximately 30 promotional campaigns of varying scales in different formats.

The Group's marketing team actively identifies the unique needs of its members and consumers, and takes advantage of opportunities to attract new customers and strengthen member loyalty. Throughout the year, the team promoted distinctive consumer experiences at the Group's properties through online and offline channels in Hong Kong and Mainland China to engage and interact with customers. Soundwill Club also expanded its partnerships with major brands to introduce popular mileage offers, with the aim of broadening its customer base and increasing member point circulation and utilisation. Besides, Soundwill Club introduced welcome rewards and spending incentive campaigns, with its year-end promotional event remaining a customer favourite. Membership in the Club grew by over 16% during the year, which contributed substantially to an increase in tenant sales. Service quality across the Group's properties was also enhanced through regular feedback collected from customers and tenants.

Corporate Citizenship

In line with societal expectations and global trends, the Group has a governance structure in place to support the implementation of sustainable development strategies across departments, reinforcing the Group's positive environmental and societal impact. The Group has also taken climate risks into account and made preparations enabling it to respond effectively to climate-related challenges and capture related opportunities in the near term.

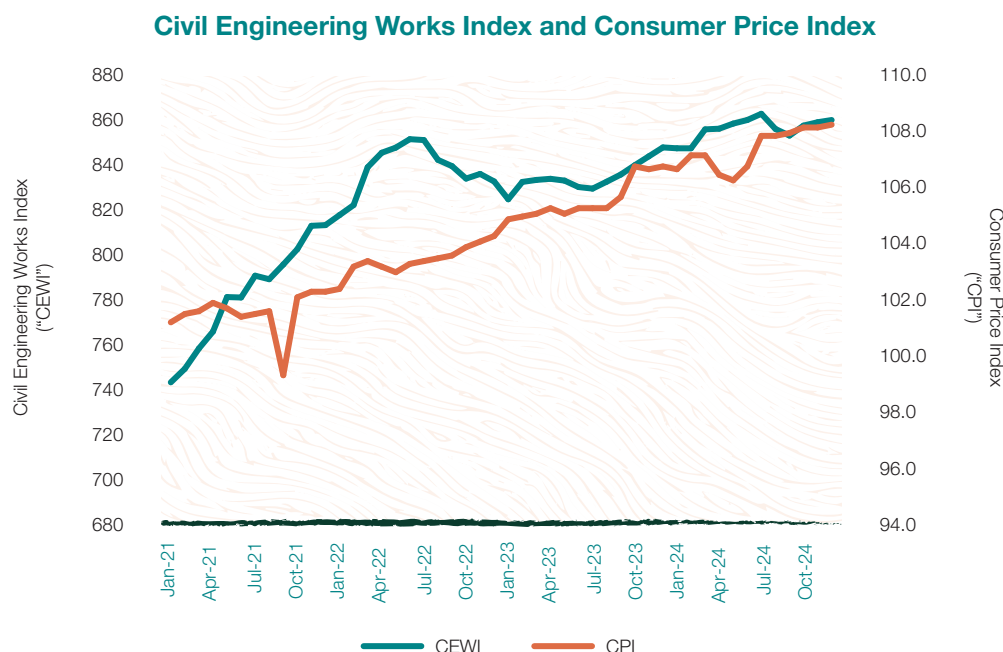
In accordance with its mission of "Operating with Heart," the Group uses its resources and expertise to contribute to social development and support underprivileged communities by leveraging its resources and expertise. During the year, the Soundwill Volunteer Team regularly took part in visits and assisted non-profit organisations in community empowerment activities. The Group also promoted recycling initiatives within the community and provided resources to families in need. Its environmental, social, and governance (ESG) performance and key indicators are disclosed in the Group's annual ESG report to provide investors and stakeholders with comprehensive insights into its sustainability commitments and objectives.

During the year, the Group and its subsidiaries received several ESG-related awards, including the Social Capital Builder Awards 2024 from the Home and Youth Affairs Bureau and the ESG Co-Creation Award 2024 from InnoESG Prize. These recognitions underscore the Group's notable achievements and dedication to advancing its ESG initiatives.

Capital Expenditure

The Group is about to enter a new long-term investment cycle for project development. Inflation, rising labour costs, and increasing prices of building materials will further drive up development costs. According to the Development Bureau and the Census and Statistics Department of the Hong Kong Government, both consumer price index and the civil engineering works index continued to rise from 2021 to 2024 by approximately 7% and 16% respectively.

OPERATIONS REVIEW AND PROSPECTS



Sources: Development Bureau (https://www.cedd.gov.hk/filemanager/eng/content_83/indices%20Dec%202024.pdf)

The Census and Statistics Department (<https://www.censtatd.gov.hk/en/scode270.html#section3>)

Construction costs for the development projects in the pipeline, including Yiu Wa Street Project, Wah Sing Street Project and Haven Street Project (and assuming the Group may succeed in unifying ownership in the future), are expected to exceed HK\$2.2 billion. Given the more efficient market conditions, the property development cycle is likely to be longer than what the Group has achieved in the past. It is expected that this extended development cycle for property development projects could be expected to reduce returns and increase both financing costs and financing requirements.

Yiu Wa Street Project

Located at 42, 44 Yiu Wa Street and 28–29 Canal Road East, Causeway Bay, with a site area of about 2,952 square feet, this project has been proposed for a commercial development with floor area of around 44,000 square feet. Construction of the foundation structure has been completed.

Wah Sing Street Project

Situated at 13–17 Wah Sing Street, Kwai Chung and currently known as the South China Cold Storage Building, this project is intended for industrial development. With a site area of approximately 19,134 square feet, it can be developed into a property with floor area of approximately 180,000 square feet.

OPERATIONS REVIEW AND PROSPECTS

Outlook

Based on the above factors, to turn the Group's non-cash generating projects into cash generating projects requires significant time and capital investment. Hence, the Group's cash flow may not be able to maintain previously strong levels. As a result, it may be difficult to sustain the same level of dividend distribution in the coming years, negatively impacting shareholder returns.

To navigate these challenges, the Group will continue to develop suitable investment projects and remain open to exploring other business opportunities. Enhancing operational synergies will also play a role, as the Group executes its long-term strategies.

Managed by a strong and professional executive team, the Group has been deeply rooted in Hong Kong for many years and has demonstrated resilience during difficult economic times. By maintaining a dual approach — practising prudent financial management while operating with creativity and flexibility — the Group will continue to drive long-term business growth through strategic initiatives. With a pragmatic focus on its long-term development goals, the Group remains committed to enhancing corporate value and strengthening its ability to overcome challenges.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

	Year ended 31 December	
	2024 HK\$ million	2023 HK\$ million
Revenue	1,230	396
Profit before income tax expense excluding net fair value loss on investment properties	493	589
Net fair value loss on investment properties	(2,901)	(1,213)
Loss before income tax expense	(2,408)	(624)
Loss attributable to owners of the Company	(2,492)	(647)
Basic loss per share (dollars)	HK\$(8.80)	HK\$(2.28)
Dividend per share (dollars)		
— proposed final dividend	—	HK\$0.20
— proposed special dividend	—	HK\$0.80

	At 31 December 2024 HK\$ million	At 31 December 2023 HK\$ million
Total assets	17,975	21,000
Net assets	15,677	18,460
Total borrowings	1,360	1,517
Gearing ratio	9%	8%
Net asset value per share (dollars)	HK\$55.3	HK\$65.2

Financial Review

Results of Operations

During the year, the Group recorded a revenue of approximately HK\$1,229,732,000 (2023: HK\$395,892,000), representing an increase of approximately HK\$833,840,000 as compared with last year. The increase in revenue was mainly due to the increase in income recorded from the property development project.

Loss Attributable to Owners of the Company

During the year, the Group has recorded a loss attributable to owners of the Company of approximately HK\$2,491,851,000 (2023: HK\$646,511,000), an increase in loss of 285% as compared with last year. The increase in loss was mainly due to valuation loss on investment properties of HK\$2,900,959,000 (2023: HK\$1,212,858,000) was recorded as of 31 December 2024.

Net Assets

The net assets of the Group as at 31 December 2024 amounted to HK\$15,676,741,000 (2023: HK\$18,459,862,000). Net asset value per share as at 31 December 2024 is HK\$55.3 (2023: HK\$65.2).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Resources and Liquidity

As at 31 December 2024, the Group's cash and bank balances (including short-term bank deposits and cash and cash equivalents) amounted to HK\$1,150,786,000 (2023: HK\$1,138,306,000). Total borrowings of the Group amounted to HK\$1,359,858,000 (2023: HK\$1,516,799,000) as at 31 December 2024.

As at 31 December 2024, the Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 9% (2023: 8%).

The Group mainly operates and invests in Hong Kong and the Mainland China with most of the transactions denominated and settled in Hong Kong Dollars and Renminbi respectively. Therefore, any Mainland China operations are translated from RMB into Hong Kong dollars at the year end date and the exchange differences will be reflected in the consolidated income statement at average rate and exchange reserve in other comprehensive income at closing rate. During the year, the Group did not engage in any derivative activities or use any financial instruments to hedge its balance sheet exposures.

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

Significant Investments Held

Save as those disclosed under the sections headed "Operations Review and Prospects" and "Management Discussion and Analysis", the Group did not have any significant investment during the financial year ended 31 December 2024.

Material Acquisition and Disposals of Subsidiaries, Associates and Joint Ventures

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

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

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

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

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

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

On 2 September 2024, the Court of Appeal published its judgment for the dismissal of the appeal. The Company will not seek to appeal against the judgment of the Court of Appeal and Every party will go back to the situation it was in before the making of the compulsory sale application.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the aforesaid possible transactions are set out in the announcements of the Company dated 2 April 2024, 17 April 2024, 24 April 2024, 29 April 2024, 14 May 2024, 22 May 2024, 30 May 2024, 31 May 2024, 14 June 2024, 26 June 2024, 13 August 2024 and 16 September 2024 and the circular of the Company dated 24 May 2024.

Save as disclosed above, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group for the year ended 31 December 2024.

Events After Reporting Period

On 7 March 2025, Earning Ease Limited (the “Offeror”) and the Company jointly published an announcement (the “Joint Announcement”). As disclosed in the Joint Announcement, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act involving the cancellation of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders of the Total Price of HK\$8.5, comprising (i) the Cancellation Price of HK\$7.5; and (ii) the Special Dividend of HK\$1.0 in cash for each Scheme Share cancelled. The implementations of the Proposal and the Scheme are subject to fulfillment or waiver (as applicable) of Conditions as set out in the Joint Announcement.

Unless otherwise defined, capitalised terms used in this section shall have the same meanings as those defined in the Joint Announcement. Details of the Joint Announcement are set out in the announcement of the Company dated 7 March 2025.

Pledge of Assets

As at 31 December 2024, certain investment properties and property, plant and equipment of the Group with a total carrying value of approximately HK\$9,335,969,000 (31 December 2023: approximately HK\$11,058,645,000) were pledged to secure banking facilities for the Group.

Contingent Liabilities

As at 31 December 2024, the Group provided guarantees amounted to approximately HK\$13,172,000 (2023: HK\$40,220,000) to banks with respect to mortgage loans procured by the purchasers of the Group’s properties. Such guarantees will be released by banks upon delivery of the properties to the purchasers and completion of the registration of the mortgage with the relevant mortgage registration authorities or settlement of the outstanding mortgage loan. In the opinion of the Directors, the fair value of the financial guarantee is not significant.

Employees Remuneration

The Group employed an annual average of 303 people and 45 people in Hong Kong and Mainland China respectively for the year (2023: 297 and 33 employees). Employees were remunerated on the basis of their performance, experience and market practice. Remuneration packages comprise salary, medical insurance, mandatory provident fund and year end discretionary bonus. Total salaries and wages incurred in 2024 were approximately HK\$160,552,000 (2023: HK\$160,542,000) and no share option expenses (2023: Nil) during the year.

CORPORATE GOVERNANCE REPORT

The board (the “Board”) of directors (the “Directors”) of Soundwill Holdings Limited (the “Company”) and its subsidiaries (the “Group”) is pleased to present this Corporate Governance Report for the year ended 31 December 2024 of the Company.

Corporate Governance Practices

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Board recognises that strong corporate governance is pivotal to the Group’s corporate success and long-term sustainable growth. The Company is committed to maintaining a high standard of corporate governance practices that are designed to enhance corporate image, boost Shareholders’ confidence, and reduce the risk of fraudulent practices and ultimately serve the long-term interests of our Shareholders.

The Company has complied with the applicable code provisions set out in the CG Code during the year ended 31 December 2024 in all other respects except for the following deviation:

Code Provision C.2.1

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

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

Corporate Purpose, Value, Strategy and Culture

The Board leads and promotes to establish and continually reinforce the desired corporate culture of the Company which is underpinned by our corporate values of committing high standard of business ethics and integrity. Our sound corporate culture reaches all levels of the Group, and aligns with the Company’s missions, corporate values and strategies.

Throughout the year of 2024, we continued to strengthen and focus on the following areas to achieve our corporate purpose and value: business expansion, customer satisfaction, operational safety and efficiency, environmental protection through various initiatives set out in the Chairman’s Statement, Operation Review and Prospects, Management Discussion and Analysis and Environmental, Social and Governance Report in this annual report.

Board of Directors

Responsibilities, Accountabilities and Contributions of the board and Management

The Board is responsible for overseeing the Group’s businesses, strategic decisions and performance. The management has been delegated the authority and responsibility by the Board for the operations of the Group. In addition, the Board has also delegated various responsibilities to the Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee. Further details of these committees are set out in this report. The Board is responsible for performing the corporate governance functions set out in code provision A.2.1 of the CG Code.

CORPORATE GOVERNANCE REPORT

All Directors shall ensure that they carry out duties in good faith, in compliance with the standards of applicable laws and regulations, and act in the interests of the Company and its shareholders at all times.

Board Composition

The Board is composed of the following Directors who, unless otherwise indicated, served throughout the year under review and up to the date of this report:

Executive Directors:

Madam Foo Kam Chu Grace
 Ms. Chan Wai Ling (*Deputy Chairman*)
 Mr. Chan Hing Tat (*Chairman*)
 Mr. Tse Wai Hang

Independent Non-Executive Directors:

Mr. Chan Kai Nang
 Mr. Pao Ping Wing
 Mr. Young Chun Man, Kenneth

Board Meetings and Attendance

During the year, the attendance records of each Director at the Board meetings and general meeting of the Company are as follows:

Directors	Attendance/ Number of Board meetings	Attendance/ Number of general meetings
<i>Executive Directors:</i>		
Madam Foo Kam Chu Grace	5/5	2/2
Ms. Chan Wai Ling (<i>Deputy Chairman</i>)	5/5	2/2
Mr. Chan Hing Tat (<i>Chairman</i>)	5/5	2/2
Mr. Tse Wai Hang	5/5	2/2
<i>Independent Non-Executive Directors:</i>		
Mr. Chan Kai Nang	4/4	2/2
Mr. Pao Ping Wing	4/4	2/2
Mr. Young Chun Man, Kenneth	4/4	2/2

The biographical information of the Directors and relevant relationships among the Directors are set out under “Directors’ Profile” on pages 6 to 9.

CORPORATE GOVERNANCE REPORT

Independent Non-Executive Directors

During the year, the Board has met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise as required under rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules.

The Company has received written annual confirmation of independence from each independent non-executive Director in accordance with rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are independent within the definition of the Listing Rules.

Appointment, Re-election and Removal of Directors

Code Provision B.2.2 of the CG Code stipulates that every director (including those appointed for a specific term) should be subject to retirement by rotation at least every three years. Each independent non-executive Director are not appointed for a specific term.

In accordance with the Bye-Laws, not less than one-third of the Directors for the time being will retire from office by rotation at each annual general meeting, provided that every director shall be subject to retirement by rotation at least once every three years. Any director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the following annual general meeting of the Company and shall then be eligible for re-election at such meeting.

Any further appointment of an independent non-executive Director, who has served the Board for more than nine years, shall be subject to a separate resolution to be approved by the shareholders of the Company in accordance with code provision B.2.3 of the CG Code.

Access to Information by Directors

In respect of regular Board meetings, and so far as practicable in all other cases, an agenda and accompanying Board papers are sent to all Directors in a timely manner. Notice of at least 14 days is given for a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings and Board committee meetings, reasonable notice is given.

All Directors are entitled to have access to Board papers, minutes and related materials at all times. During the year, all Directors have been provided with the Group's management information updates to keep them informed of the Group's affairs and facilitate them to discharge their duties under the Listing Rules.

Chairman and Chief Executive Officer

Currently, Mr. Chan Hing Tat is the Chairman of the Group and his responsibilities are clearly defined and set out in writing. No chief executive officer was appointed during the year.

CORPORATE GOVERNANCE REPORT

Board Committees

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Kai Nang, Mr. Pao Ping Wing and Mr. Young Chun Man, Kenneth. Mr. Chan Kai Nang and Mr. Young Chun Man, Kenneth possess professional accountancy qualifications.

The Audit Committee has specific written terms of reference which are of no less exacting terms than those stipulated in the code provisions. It is responsible for reviewing with management, the accounting principles and practices adopted by the Group and discuss auditing, internal control systems, risk management, internal audit and financial reporting including the interim and final results of the Company. It also acts as an important link between the Board and the Company's external and internal auditors in matters within the scope of the external and internal audit of the Group respectively. To enhance their right to access records and to be informed, and to have effective and direct communications with the Board and so to report their findings from time to time, the external and internal auditors would be invited to attend the meetings of the Audit Committee.

During the year, the Audit Committee met three times with attendance shown below. The final results for the year ended 31 December 2023, the interim results for the six months ended 30 June 2024, the internal audit plan and the report from the management on the Company's internal control systems and risk management have been reviewed by the Audit Committee during the year.

Audit Committee members	Attendance/ Number of meetings
Mr. Chan Kai Nang (<i>Chairman</i>)	3/3
Mr. Pao Ping Wing	3/3
Mr. Young Chun Man, Kenneth	3/3

Remuneration Committee

The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Chan Kai Nang and Mr. Pao Ping Wing, and Ms. Chan Wai Ling, Deputy Chairman and executive Director.

Its functions are to make recommendations to the Board on the Company's policy and structure for all Directors' remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy. The Remuneration Committee reviews and approves the Directors' remuneration proposals with reference to the Board's corporate goals and objectives, and also determines with delegated responsibility, the remuneration packages of individual executive directors and senior management. The Remuneration Committee reviews matters relating to share schemes under Chapter 17 of the Listing Rule, if necessary.

CORPORATE GOVERNANCE REPORT

The remuneration policy is to establish formal and transparent procedures for evaluation, determination and review of remuneration related matter of the Group. In determining the remuneration levels and packages of the Directors and senior management, the Company took into account of the market practices and trends to reflect on the time commitments, duties and responsibilities and performance of the Directors and senior management and their contributions to the Group. Long-term inducements in the form of share options and performance bonuses were also employed.

During the year, the Remuneration Committee held one meeting (attendance as shown below) to review and determine (with the relevant Directors where applicable abstained from voting as far as his/her own remuneration is concerned so that no Director would decide on his/her own remuneration) the remuneration package of individual executive Directors and make recommendations to Board on remuneration of non-executive Directors.

Remuneration Committee members	Attendance/ Number of meetings
Mr. Chan Kai Nang (<i>Chairman</i>)	1/1
Mr. Pao Ping Wing	1/1
Ms. Chan Wai Ling	1/1

Nomination Committee

The Nomination Committee comprises two independent non-executive Directors, namely Mr. Chan Kai Nang and Mr. Pao Ping Wing, and Mr. Chan Hing Tat, the Chairman and executive Director.

The responsibilities of the Nomination Committee include reviewing the structure, size and composition of the Board; identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on selection of individuals nominated for directorship; assessing the independence of independent non-executive directors; making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman; and determining the policy for nomination of Directors.

The Company has adopted a policy for nomination of directors ("Nomination Policy"). The Nomination Policy currently adopted by the Company sets out the guidelines and procedures for the Nomination Committee to identify and evaluate a candidate for nomination and recommendation to the Board for appointment or re-appointment of Directors of the Company. There are various factors and criteria, including but not limited to relevant skills, experience, professional expertise and qualification, breadth of relevant knowledge, integrity and reputation, willingness to commit and ability to devote sufficient time and to assume the fiduciary duties and responsibilities, the Nomination Committee will consider when evaluating a candidate with due regard to the requirements of Group, board succession planning, and relevant policies adopted by the Group. The ultimate responsibility for selection and appointment of Directors remains vested with the Board.

CORPORATE GOVERNANCE REPORT

The procedures for identifying and evaluating a candidate would be conducted by the Nomination Committee through a fair and objective process that complies with all applicable laws and regulations, with liberty for the Nomination Committee to make its own inquiries and verification. The Nomination Committee will make recommendation and proposal to the Board for consideration. The Nomination Committee is required to regularly review the Nomination Policy and to monitor the implementation and effectiveness of the Nomination Policy and report to the Board, and has done so during the year.

During the year, the Nomination Committee held one meeting with attendance shown below:

Nomination Committee members	Attendance/ Number of meetings
Mr. Chan Hing Tat (<i>Chairman</i>)	1/1
Mr. Chan Kai Nang	1/1
Mr. Pao Ping Wing	1/1

Training and Continuous Professional Development of Directors

Every newly appointed Director is ensured to have a proper understanding of the operations and business of the Group and that he/she is fully aware of his/her responsibilities under statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and governance policies of the Company. The Directors are continually updated with legal and regulatory developments, business and market changes and the strategic development of the Group to facilitate the discharge of their responsibilities.

As part of the ongoing process of Directors' training, the Company Secretary continuously updates all Directors on latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors. All Directors are encouraged to attend external forum or training courses on relevant topics which may count towards continuous professional development training.

All Directors confirmed that they have complied with the code provision C.1.4 of the CG Code on Directors' training. This is to ensure that their contribution to the Board remains informed and relevant. During the year, all Directors have participated in appropriate continuous professional development activities either by attending training courses or by reading materials relevant to the Company's business and to the Directors' duties and responsibilities.

Directors	Directors' continuous professional development	
	Attending training course(s)	Reading of relevant material(s)
Madam Foo Kam Chu Grace	N/A	✓
Ms. Chan Wai Ling (<i>Deputy Chairman</i>)	N/A	✓
Mr. Chan Hing Tat (<i>Chairman</i>)	N/A	✓
Mr. Tse Wai Hang	✓	✓
Mr. Chan Kai Nang	✓	✓
Mr. Pao Ping Wing	✓	✓
Mr. Young Chun Man, Kenneth	✓	✓

CORPORATE GOVERNANCE REPORT

Company Secretary

Company Secretary advises the Board on all corporate governance matters and facilitates professional development of Directors.

Mr. Tse Wai Hang ("Mr. Tse") was appointed as the Company Secretary of the Company on 25 January 2019. Mr. Tse graduated from the University of Hong Kong with a bachelor's degree in laws. He is a qualified solicitor in Hong Kong and has over 30 years working experience in the legal field. Mr. Tse undertook over 15 hours of relevant professional training during 2024.

Code for Securities Transactions of Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules. Having made specific enquiries with all Directors, the Company confirms that all of them have complied with the Model Code throughout the year.

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

Auditor's Remuneration

During the year ended 31 December 2024, the fee incurred for audit and non-audit services provided to the Group by the Company's auditor, Messrs. Deloitte Touche Tohmatsu, are approximately HK\$2,250,000 (2023: HK\$2,320,000) and HK\$520,000 (2023: Nil) respectively. The non-audit services relating to the Company's other review service.

Directors' Responsibility for Financial Statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group and presenting a balanced, clear and comprehensive assessment of the Group's performance and prospects. The Directors are not aware of any material events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

Risk Management and Internal Control

The Board is responsible for maintaining an appropriate and effective risk management and internal control systems to safeguard the Group's assets and shareholders' interests. In order to comply with the applicable code provisions set out in the CG Code, the Board reviewed the effectiveness of risk management and the internal control systems of the Group covering material controls, including financial, operational and compliance controls and risk management functions.

The Board has retained Crowe (HK) Risk Advisory Limited, an independent professional firm, to carry out the Group's internal audit function (the "Internal Auditor") as required by the Stock Exchange and to perform an annual review with a view to making a report to the Board about the evaluation on the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2024.

CORPORATE GOVERNANCE REPORT

During the year, the Group has reviewed the internal audit charter which defined the scope and the duties and responsibilities of the internal audit function and its reporting protocol. A Risk Management Working Group (the “RMWG”) has coordinated risk management activities and reported to the Board. The Group has evaluated the annual risk assessment which identified respective strategic risks, operational risks, financial risks and compliance risks of the Group. Based on the risk assessment results, an internal audit plan was devised which prioritized the risks identified into annual audit projects. The risk management and internal control systems provide reasonable, but not absolute, assurance against material misstatement or significant loss and they are designed to manage rather than eliminate the risk of failure in the Group’s operational systems to achieve the Group’s business objectives. The Group has reviewed by means of formally updating the internal control policies and procedures with the view to ensuring an appropriate internal control system in the Group. An internal audit review for financial year 2024 has been conducted by Internal Auditor. After their review as stipulated in the Internal Auditor’s report, the Group has taken further steps to enhance its risk management and internal control systems in response to Internal Auditor’s recommendations and to strengthen the implementation of the risk management and internal control systems. No significant or material finding/internal control weakness of the Group was identified for the year ended 31 December 2024.

The Company has established policy on handling and dissemination of inside information in an accurate and secure manner that can avoid possible mishandling of inside information within the Group.

Based on the results of the risk assessments of the RMWG and the Internal Auditor’s report, the Board is of the view that the Company has maintained adequate and effective risk management and internal control to safeguard shareholders’ investments and assets during the year, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company’s accounting, internal audit and financial reporting functions.

Board Diversity Policy

A board diversity policy (the “Board Diversity Policy”) has been adopted by the Company. Diversity of Board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In informing its perspective on diversity, the Company will also take into account aspects based on its own business model and specific needs from time to time.

As at 31 December 2024, the Board had 7 directors and a male to female gender ratio of 2.5 : 1.0. The gender diversity target set for the Board is to have at least one director of each sex when the total number of directors does not exceed 10. The Board will maintain such gender diversity through applying its Board Diversity Policy. The Company and its Nomination Committee would take into account diversity perspectives including gender diversity in assessing potential Board member candidates. The Board is also characterized by significant diversity, whether considered in terms of gender, age, educational background, professional experience, skills, knowledge and length of service.

As at 31 December 2024, the percentage of male and female in the workforce of the Group in Hong Kong (including the senior management) is 65% and 35%, respectively. The Company sets a gender diversity ratio of male to female at no greater than 3 : 1 in Hong Kong. The Company will continue to take into account of diversity perspectives including gender diversity in its recruitments, and so to attain and maintain such gender diversity target. Approximately 70% of the workforce of the Group is engaged for the building management business. In building management business, most practitioners are male. Consequentially, the gender ratio of the building management workforce of the Group would have materially impact on the gender ratio of the workforce of the Group.

The Nomination Committee reviews the Board Diversity Policy on an annual basis to ensure its continued effectiveness. During the year, the Nomination Committee has reviewed the structure, size and composition of the Board including the skills, knowledge and experience of Directors as well as role and function of each Director, assessed the independence of independent non-executive directors pursuant to rule 3.13 of the Listing Rules, assessed sufficiency of time spent by Directors on the matters of the Company and in discharging their duties and on the affairs of the Group, and reviewed the training and support to Directors and considered re-election of retiring Directors. The Nomination Committee has provided its assessments, findings and recommendations to the Board for it to make the relevant resolutions.

Shareholders' Rights

(I) Procedures for Shareholders to Convene a Special General Meeting

A special general meeting shall be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, not less than one-tenth of the paid-up capital of the Company. Such requisition shall be made in writing to the Board or the Company Secretary of the Company at the Company's head office and principal place of business in Hong Kong.

Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) may convene such meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company.

(II) Procedures for which enquiries may be put to the Board

Shareholders may at any time send their enquiries to the Board in writing at the Company's head office and principal place of business in Hong Kong.

(III) Procedures for Putting Forward Proposals by Shareholders at Shareholders' Meeting

The number of members necessary for a requisition for putting forward a proposal at a general meeting shall be:

- (a) any number of members representing not less than one-twentieth of the total voting rights of all the members having at the date of the requisition; or
- (b) not less than one hundred members.

A copy or copies of requisition signed by all requisitionists shall be deposited, with a sum reasonably sufficient to meet the Company's expenses in giving notice of the proposed resolution or circulating any necessary statement, at the Company's head office and principal place of business in Hong Kong in case of:

- (a) a requisition requiring notice of a resolution, not less than six weeks before the meeting; and
- (b) any other requisition, not less than one week before the meeting.

The Company will verify the requisition and upon confirming that the requisition is proper and in order, the Board will proceed with the necessary procedures.