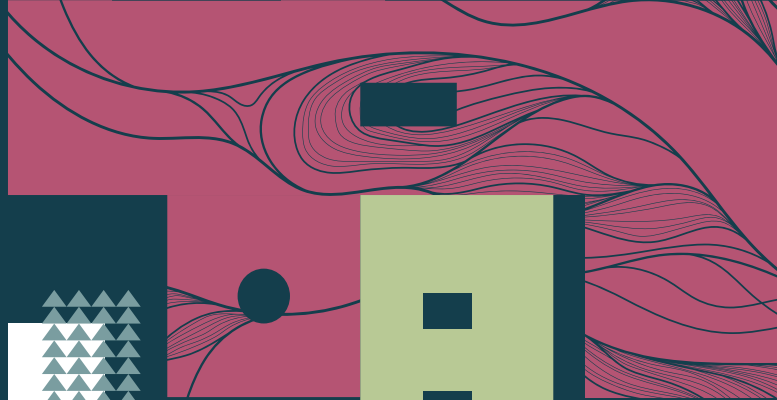
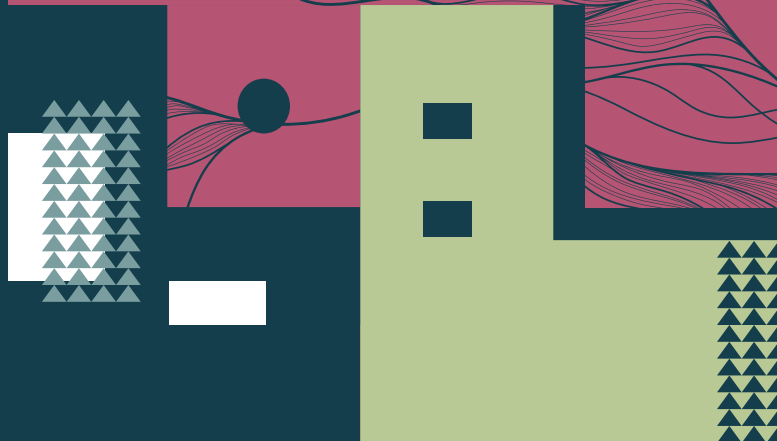


38

Knutsford
Terrace

* 僅供識別 / for identification only



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

2023

ANNUAL REPORT 年報

Soundwill 金·朝·陽·中·心 Plaza

38





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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

(appointed with effect from 16 June 2023)

NG Chi Keung (passed away on 8 March 2023)

Company Secretary

TSE Wai Hang

External Auditor

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditor

Internal Auditor

Crowe (HK) Risk Advisory Limited

Legal Advisors

Lo, Wong & Tsui

Conyers Dill & Pearman

Head Office and Principal Place of Business in Hong Kong

21/F, Soundwill Plaza

No. 38 Russell Street

Causeway Bay, Hong Kong

Registered Office

Clarendon House

2 Church Street

Hamilton HM 11, Bermuda

Principal Banks

Bank of China (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

Hang Seng Bank Limited

Bank of Communications Co., Ltd

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited

4th Floor North Cedar House

41 Cedar Avenue

Hamilton HM 12 Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Standard Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Share Information

Place of Listing

The Main Board of The Stock Exchange
of Hong Kong Limited

Stock Code

878

Board Lot

500 shares

Website

www.soundwill.com.hk

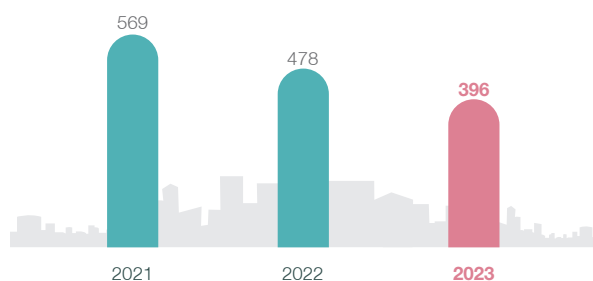
Investor Relations

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

FINANCIAL HIGHLIGHTS

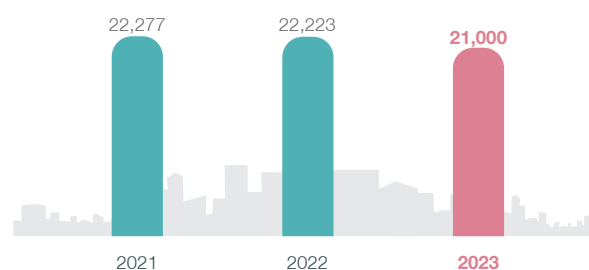
Group's Revenue

HK\$ million



Group's Total Asset

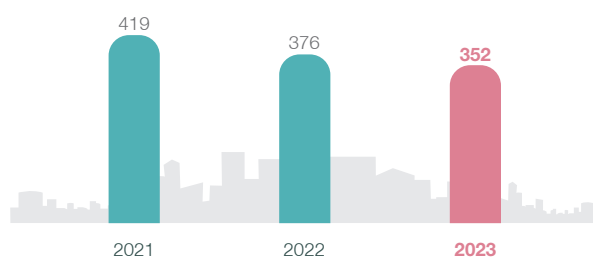
HK\$ million



Group's Revenue by Segments

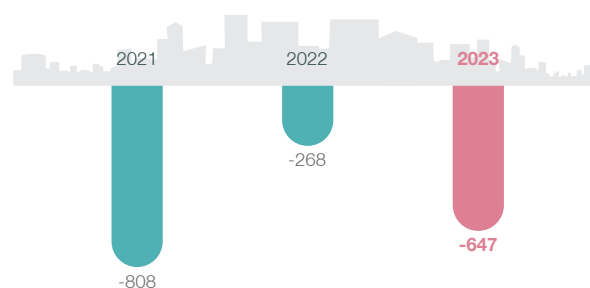
HK\$ million

Property Leasing



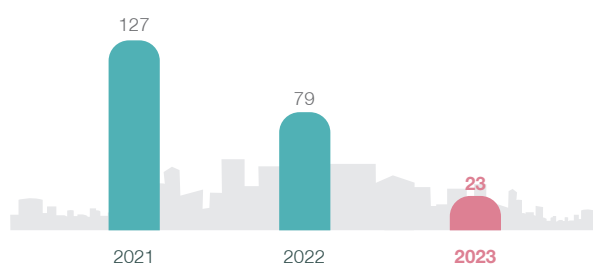
Loss Attributable to Owners of the Company

HK\$ million

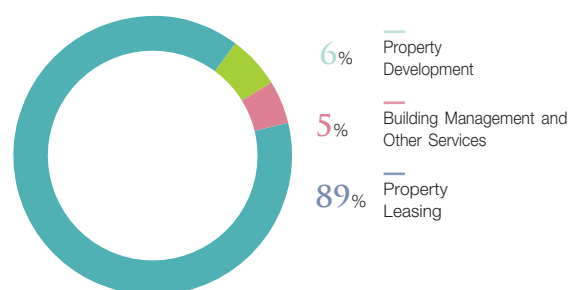


HK\$ million

Property Development

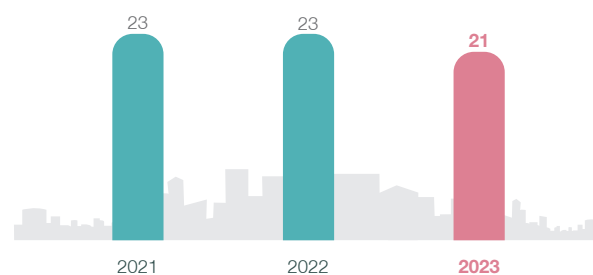


Group's Revenue Mix in Year 2023



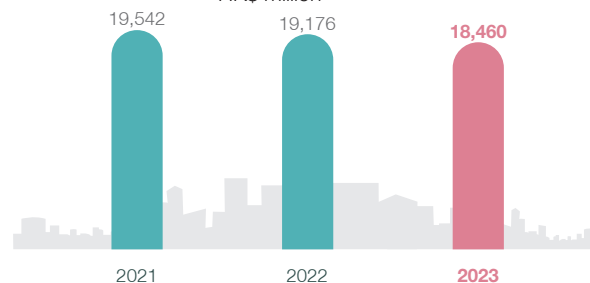
HK\$ million

Building Management and Other Services



Group's Net Asset Value

HK\$ million



CHAIRMAN'S STATEMENT

Dear Shareholders,

In 2023, global financial markets began returning to pre-pandemic levels. At the same time, however, the potential risk of inflation caused major central banks around the world to implement cautious monetary policies, as concerns among investors about a possible economic recession mounted. In Hong Kong, economic growth during the review period began to recover with the lifting of pandemic restrictions and resumption of normal travel arrangements to and from Mainland China and other countries. Nevertheless, the recovery was weaker than expected due to factors such as persistently high global interest rates and the unstable geopolitical situation.



CHAIRMAN'S STATEMENT

To promote a return to normalcy, the Government of Hong Kong introduced several targeted measures designed to support citizens and enterprises, consolidate the momentum of the economic recovery, promote economic vitality, revive the tourism and retail industries, and gradually restore investor confidence. The Group's major investment properties, including Soundwill Plaza, Soundwill Plaza II — Midtown and 10 Knutsford Terrace, made significant rebounds in consumer traffic leading to a stable occupancy rate. In 2023, we recorded an increase in the average rental return of most rent reviews and new rental contracts. Yet, due to the provision of rental support measures for potential tenants and the time required for the recovery of rental income, the overall rental income of the Group dropped during the year.

In line with the resurgence of the retail sector, and in response to the consumption patterns and habits of local shoppers and tourists, the Group initiated a number of promotional and marketing activities. All were geared towards elevating the competitiveness and appeal of our properties, thus stimulating increased tenant occupancy and driving sales. We also recognized the importance of our role as a responsible social stakeholder. Accordingly, we made a strong effort to improve the sustainability of our Group's operations and invested substantially in social welfare programmes that serve those in need.

iCITY, the Group's new industrial development project in Kwai Chung, was completed at the end of 2023, and occupation of the building followed successively. The Group will continue to prudently analyse trends in the property market and to acquire and restore ageing urban properties to strengthen its land reserve as and when it is practicable to do so. Concurrently, the Group's mini-storage business continued to expand its property blueprint by making long-term investments and expanding into areas with development potential. To meet customers' expectations, we are investing resources to strengthen our services, such as providing transportation services to customers and establishing a new one-stop onsite mini-box service. We believe this will have positive implications for our efforts to enhance market share and operating income.

Finally, I would like to take this opportunity to extend my appreciation to all our staff, whose hard work and dedication have been instrumental in maintaining the effectiveness of our operations. I would also like to express my sincere thanks to all our shareholders, directors, customers and business partners for their unwavering support and trust in us. As new opportunities and challenges emerge, we will continue to build on our successes, following prudent financial management principles. Our plan is to develop our core business and expand our asset portfolio based on careful analysis, our long-standing experience in property management, and robust operational strategies. In the year ahead and beyond, we will pursue excellence in all our endeavours and aim to create greater value for our investors and stakeholders.

CHAN Hing Tat

Chairman

Hong Kong, 20 March 2024

DIRECTORS' PROFILE

FOO KAM CHU GRACE

Aged 80, 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 53, 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 43, 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 58, 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.

DIRECTORS' PROFILE

CHAN KAI NANG

Aged 78, 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 76, 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 CRRC 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).

DIRECTORS' PROFILE

YOUNG CHUN MAN, KENNETH

Aged 60, 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



金朝陽中心
38 羅素街

OPERATIONS REVIEW AND PROSPECTS

Overview

At the beginning of 2023, measures to contain the pandemic were gradually removed. Despite the expectancy of a return to a state of normal, international trade and commerce did not fully recover in terms of speed and strength as the US Federal Reserve and central banks repeatedly raised interest rates throughout the year, which along with persistently high inflation dragged down the global economy.

In Hong Kong, the picture was relatively brighter owing to its internationalised platform connecting Mainland China and the world, an ideal international financial environment and abundant tourism resources. During the year, the Hong Kong Government was determined to revitalise the financial market and local retail tourism industry by vigorously promoting favourable policies. This helped the local retail tourism industry recover after full resumption of normal travel, which supported business enterprises and investors from all over the world.

With the full resumption of normal travel and the launch of the Consumption Voucher Scheme by the government, Hong Kong's economy was contributed to recovery in 2023. Although this stimulated consumer spending, the overall retail industry had not fully recovered by year end. We believe that the first retail stores to achieve normal pre-pandemic sales levels will be those located in high-traffic core shopping areas. The Group's major investment properties in the core consumer and tourist areas of Hong Kong, including Soundwill Plaza, Soundwill Plaza II — Midtown and 10 Knutsford Terrace, all recorded increases in foot traffic in 2023. Tenant turnover in these properties also benefited. However, the Group was compelled to offer rental support to individual tenants and required additional time to recover revenue from upward rental adjustments. As a result, overall rental income for the year decreased.

The Hong Kong retail market was further affected by changing consumption patterns among local shoppers and tourists. To meet changing consumer demand, we maintained close relationships with our tenants and customers to identify changes in purchasing behaviour, optimised the tenant portfolio and upgraded our properties. At the same time, we collaborated with our business partners on new marketing campaigns and strategies and stepped up promotional campaigns aimed at both Mainland China and overseas visitors through a variety of online and offline channels. We also introduced "experiential retailing" to provide a variety of diverse and innovative experiences in conjunction with the international events and mega-functions that took place in Hong Kong during the year.

In a global environment of high interest rates and other unfavourable factors, the local stock and property markets will likely remain weak and the asset market under pressure. This will make it difficult for capital market sentiment to heat up as investors maintain a cautious approach in their investment decisions. Accordingly, the Group will look for timely opportunities to replenish its land bank, albeit in a prudent manner, and make appropriate investments when the conditions are right. On a more optimistic note, the Group's new industrial project, iCITY, was completed in November and buyers are now moving in. This project has attracted local and overseas investors and end users, in large part due to its superior quality, and achieved impressive sales performance that contributed significantly to the Group's profits.

In addition to these developments during the year, the Group continued to focus on sustainable development and as a socially-responsible company, look for opportunities to give back to the community. In order to adhere to industry standards, the Group also actively monitors external marketing standards and internal processes.

OUR PROPERTIES

SOUNDWILL
PLAZA II — MIDTOWN ▼



SOUNDWILL
PLAZA ▼



2

1

OPERATIONS REVIEW AND PROSPECTS



▲ 10 KNUTSFORD

TERRACE



4

THE

SHARP



3

KAI KWONG

COMMERCIAL BUILDING



5

OPERATIONS REVIEW AND PROSPECTS

Property Portfolio

Last year's economic recovery did not meet expectations due to high interest rates and the prolonged pandemic, with no signs of improvement in the volume of completed transactions in Hong Kong's real estate market. Despite the government's efforts to support a return to full normalcy of the economy and external connectivity measures bringing favorable factors to the retail market, which have boosted consumer and investment sentiment and slightly improved the business environment, the rental earnings adjustments lagged in 2023, and the overall recovery of the property rental market was not significant.

Property Assembly

The Group identifies older properties with refurbishment potential in districts across Hong Kong to promote revitalisation, enhance the quality of old buildings and add value to them. However, in the high interest rate environment of 2023, the property trading market in Hong Kong remained weak, which affected the property assembly business. The Group will therefore take proactive measures and carefully analyse market conditions and property values in order to replenish its land bank in a timely manner and create new business opportunities for future development.

Property Leasing

For the year ended 31 December 2023, the Group's property leasing business segment recognised revenue of approximately HK\$351,684,000 (2022: HK\$376,134,000), representing approximately 89% (2022: 79%) of the Group's total revenue for the year.

The Group's major investment properties, including Soundwill Plaza, Soundwill Plaza II — Midtown and 10 Knutsford Terrace, recorded a decrease in overall rental income. Business performance also came under pressure, mainly due to lagging rental adjustments and rental support measures for tenants. On the other hand, oversupply in the market continued to exert pressure on rental performance, which is expected to continue, with valuations of investment properties yet to bottom out.

As international trade flows and the tourism industry recover, the retail market will initially be restored in core locations with high foot traffic. The Group's key investment properties in prime locations in Hong Kong will thus be the first to benefit. By identifying potential new tenants, the Group's leasing business will be poised for a steady upturn.

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 centre for international flagship brands. As a premium Grade A commercial building, Soundwill Plaza enjoys high footfall and convenient transport links. It is a hotspot for shopping and leisure activities, featuring many famous fashion and beauty brands.



OPERATIONS REVIEW AND PROSPECTS

Soundwill Plaza II — Midtown

Soundwill Plaza II — Midtown is located at 1 Tang Lung Street, Causeway Bay and is a focal point for local food and beverage and leisure activities. During the year, the Group introduced trend-setting young brands into the premises to give customers a more diversified dining and leisure experience.

10 Knutsford Terrace

10 Knutsford Terrace is located at 10–11 Knutsford Terrace, Tsim Sha Tsui, a core tourist and leisure district, where it 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.

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 ground floor to the second floor are the Group's rental properties.

One Storage Management Company Limited

One Storage, a wholly-owned subsidiary of the Group, offers secure and comfortable storage space with professional management and services to customers. The storage facility is well equipped and complies with the latest fire safety guidelines. The existing branches of One Storage are strategically located in key residential and industrial areas all over Hong Kong. By the end of 2023, the number of branches had grown to 40. During the year, One Storage launched a variety of promotional campaigns tailored to different service users and worked with several business partners to enhance brand awareness. By leveraging our mature marketing strategies and back-end management system, the team helped the Group strengthen its business synergy, enhance online brand penetration and increase revenue. One Storage is now investing resources to establish a new one-stop mini box service offering dedicated door-to-door collection, delivery and transportation. This will enable customers to conveniently pick up and store items indoors, and also make online bookings at any time to pick up their items.

In the year ahead, One Storage will continue to expand the blueprint of this owned property and make long-term investments to increase its branch coverage. It will also seek to increase market share by establishing retail outlets and launching new marketing strategies. What's more, One Storage will seek merger and acquisition opportunities, with plans to enter the Southeast Asian market to provide more customers with its high-quality storage services.



OPERATIONS REVIEW AND PROSPECTS

Property Development

For the year ended 31 December 2023, the Group's property development business segment recognised revenue of approximately HK\$22,729,000 (2022: HK\$78,611,000), representing approximately 6% (2022: 16%) of the Group's total revenue for the year.

Industrial Project

iCITY

iCITY is a brand new digital industrial landmark developed by the Group in Kwai Chung, at the junction of Wo Yi Hop Road and Ta Chuen Ping Street in Kwai Chung, a well-developed industrial, commercial and residential community with comprehensive ancillary facilities and convenient transportation. For easy access, the project provides a shuttle service to and from the MTR station.

In the first phase, this 20-storey building provides a total of 324 workshops for sale, each with a gross floor area ranging from 422 square feet to 510 square feet on a typical floor. The workshops also have a typical floor height of approximately 4.2 meters, which provides a high degree of flexibility in terms of space. In addition, the workshops are equipped with individual toilets, split type air-conditioners and electronic door locks, as well as approximately 18,000 square feet of landscaped terrace with a variety of facilities to provide interactive and social spaces.

At iCITY AI Delivery Robot and Smart Concierge service will be available, and features such as touchless entry and exit, automated studios with apps to control indoor temperature and lighting, and QR Code visitor passes will be provided. The project was completed at the end of 2023, and arrangements are now being made for the purchasers to move in.

Real Estate in Mainland China

At the beginning of 2023, the property market in Mainland China witnessed a release of backlog in demand for properties and a temporary restoration of confidence of the market. This surge in demand was driven in large part by the full lifting of pandemic prevention and control measures, as well as a reduction in down payment amounts and interest rates. At the same time, real estate in Mainland China was under renewed downward pressure in the second half of the year, despite optimisation measures by national ministries, commissions and local governments. The market sentiment continues to be sluggish, which is a reversal of the traditional "Golden September and Silver October".

The two projects of the Group's real estate business in Mainland China, namely Grand Capital (Shan Shui Xiang Ri Hao Ting) and Lakeview Bay•VOGUE, benefited from favourable market conditions in the first half of the year and a significant increase in transactions. Currently, only a few units are available for sale in Grand Capital. The Lakeview Bay•VOGUE project was completed and units were ready for moving in — a distinct advantage in the "guaranteed delivery" market. Sales performance for these projects was generally stable overall.

OPERATIONS REVIEW AND PROSPECTS

Building Management and Other Services

For the year ended 31 December 2023, the Group's building management business segment recognised revenue of approximately HK\$21,479,000 (2022: HK\$23,631,000), representing approximately 5% (2022: 5%) of the Group's total revenue for the year.

Goldwell Property Management Limited

Goldwell Property Management Limited, a subsidiary of the Group, specialises in high-quality property management and maintenance as well as property and facilities management services for A-Grade large-scale commercial buildings, industrial buildings and small-and medium-sized estates. Its experienced and professionally qualified building management team holds internationally recognised management certificates such as ISO9001, ISO14001 and ISO45001. During the course of their work, the building management team conducts regular internal assessments and makes improvements to the quality of its services using the latest technology. Owners and tenants are provided a full range of quality property management, customer and facility maintenance services. To further enhance the efficiency and safety of the property management services, the management team is planning to introduce artificial intelligence and Internet of Things technologies. During the year, the management team began bidding on different property and facility management projects for the expansion of its business portfolio.

To reduce carbon emissions and ensure compliance with government environmental policies, the Group has established an environmental management and energy saving team. This team is responsible for researching and implementing energy saving measures, conducting energy audits and recalibrations, and setting appropriate long-term strategies and annual targets for improving energy efficiency. The aim of these measures is to reduce Goldwell Property Management's carbon footprint towards a sustainable future. In future, the building management team will cooperate with the government to implement municipal solid waste charging. It has also pledged to promote recycling, assist all stakeholders in reducing their waste at source, and encourage sorting and recycling. Additionally, the team offers professional training for staff to improve their ability to respond to accidents and extreme weather conditions, with a view to providing a safe living and working environment for customers, tenants, business partners and employees.

OPERATIONS REVIEW AND PROSPECTS

Soundwill Club

Soundwill Club is a membership reward programme for the Group's major investment properties. It provides a one-stop shopping and discount leisure platform and regularly distributes marketing and promotional materials to customers.

The Group's marketing team based this programme on customers' needs and desires and identified ways to make improvements in Soundwill Club's offerings. During the year, the team precisely integrated the features of tenants with the current trends in marketing promotion and customer consuming habits to develop multi-platform activities such as interactive games, online livestreaming product introductions and sales, influencers and short video marketing, as well as consumer rewards. Through our interactions with customers, we have been able to expand our customer base and increase customer loyalty. The number of new members in our programme rose by 15% during the year, and the total consumption amount of our members grew by 60% as compared with last year. The online shopping platform of Soundwill Club was also optimised to enhance the customer experience and its competitiveness with a simpler, more convenient and faster online sales system. Soundwill Club also regularly collected customer feedback to improve our property services, including restaurant reservations and greater accessibility for customers with special needs to allow customers with different needs to enjoy the customer service that fits their needs.

Corporate Citizenship

The Group is committed to practising social responsibility in each of its business and promoting sustainability for its long-term development. To monitor its sustainable development strategies, the Group has established a governance structure and measures the performance of its departments against the long-term goals.

As a member of society, the Group has been actively facilitating its professional capabilities and resources to invest in society and needy groups. Our Soundwill Volunteer Team also participates in community care projects through activities such as visits to elderly people, offers of workplace experience for underprivileged students, and continuous support to non-profit organisations. Additionally, the Group is involved in recycling, reducing landfill waste and providing resources to families in need. The environmental, social and governance (ESG) performance and key performance indicators of the Group are disclosed in its ESG report, which shows the Group's ambitions and goals on related development and is published annually for investors and other stakeholders interested in the sustainable development of the Group.

During the year, the Group and its subsidiaries received the Caring Company award from the Hong Kong Council of Social Service, the Industry Cares Recognition Scheme award and BOCHK Corporate Environmental Leadership Awards. In addition to these awards, we received several environmental and accessibility certifications for our property projects, which recognise the Group's work of serving the community and giving back to society.

OPERATIONS REVIEW AND PROSPECTS

Prospects

In 2024, global financial markets will continue to be affected by geopolitical risks, inflation and high interest rates in a complex and dynamic global economic environment. Despite the market fluctuations, we foresee a number of development opportunities on the horizon. Determining how to seize these opportunities in a market filled with challenges will thus be the primary task of global enterprises in the year ahead.

Faced with all kinds of uncertain external factors, it is inevitable that Hong Kong will encounter challenges, such as the continuing weaker-than-expected economic recovery and growing competition from major cities in Southeast Asia for capital injection from global investors. However, with a solid infrastructure and financial system in place together with Hong Kong's business-friendly policies supported by Mainland China, we believe there is room for growth in the local financial environment and economy.

The market expects that the US Federal Reserve will cut interest rates in 2024 to balance the impact of inflation and financial development. In Hong Kong's property market, however, with the cancellation of all demand-side management measures for properties, we believe that demand will continue to fuel residential property transactions and the decline in property prices will slow down, helping the property market to secure soft landing. Capitalising on our many years of experience in property investment and mergers and acquisitions, we will assess the situation and increase our land reserve at an appropriate time to prepare for future development. The Group will also continue to strengthen its investments in industrial projects and make good use of its land resources in line with the government's policy of revitalising industrial buildings.

To consolidate the economic recovery, the government has been exploring initiatives to promote local economic growth. These include policies dedicated to attracting foreign experts and funds, as well as discussions with Mainland China on measures to attract mainland tourists to Hong Kong. With sustainable economic growth, we are confident that our leasing business and associated leasing profits will gradually increase.

Based on a solid foundation, an experienced management team and high-quality investment property portfolio, we believe we can overcome the challenges that lie ahead. In future, the Group will continue to promote its business development in a prudent and pragmatic manner, maintain its competitiveness, and make forward-looking decisions. At the same time, the Group will set long-term sustainable development goals as part of a flexible and innovative operating model. In this way, the Group will be able to enhance its corporate value, diversify its businesses and create rewarding returns for investors and stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

	Year ended 31 December	
	2023 HK\$ million	2022 HK\$ million
Revenue	396	478
Profit before income tax expense excluding net fair value loss on investment properties	589	282
Net fair value loss on investment properties	(1,213)	(464)
Loss before income tax expense	(624)	(182)
Loss attributable to owners of the Company	(647)	(268)
Basic loss per share (dollars)	HK\$(2.28)	HK\$(0.95)
Dividend per share (dollars)		
— proposed final dividend	HK\$0.20	HK\$0.20
— proposed special dividend	HK\$0.80	—
	At	
	31 December 2023 HK\$ million	31 December 2022 HK\$ million
Total assets	21,000	22,223
Net assets	18,460	19,176
Total borrowings	1,517	1,775
Gearing ratio	8%	9%
Net asset value per share (dollars)	HK\$65.2	HK\$67.7

Financial Review

Results of Operations

During the year, the Group recorded a revenue of approximately HK\$395,892,000 (2022: HK\$478,376,000), representing a decrease of approximately HK\$82,484,000 as compared with last year. The decrease in revenue was mainly due to the high interest rate environment and changes in market consumption habits that slowed down the retail industry's recovery, resulting in a decrease in rental income.

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\$646,511,000 (2022: HK\$268,201,000), an increase in loss of 141% as compared with last year. The increase in loss was mainly due to valuation loss on investment properties of HK\$1,212,858,000 (2022: HK\$464,274,000) was recorded as of 31 December 2023.

Net Assets

The net assets of the Group as at 31 December 2023 amounted to HK\$18,459,862,000 (2022: HK\$19,175,634,000). Net asset value per share as at 31 December 2023 is HK\$65.2 (2022: HK\$67.7).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Resources and Liquidity

As at 31 December 2023, the Group's cash and bank balances (including short-term bank deposits and cash and cash equivalents) amounted to HK\$1,138,306,000 (2022: HK\$1,394,944,000). Total borrowings of the Group amounted to HK\$1,516,799,000 (2022: HK\$1,774,527,000) as at 31 December 2023.

As at 31 December 2023, the Group's gearing ratio (which was expressed as a percentage of total borrowings over total equity) was 8% (2022: 9%).

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 2023.

Material Acquisition and Disposals of Subsidiaries, Associates and Joint Ventures

On 16 March 2023, the Group entered into a sale and purchase agreement with an independent third party for the disposal of the entire equity interest in a wholly-owned subsidiary of the Group, namely Data Chief Limited ("Data Chief") at a consideration of HK\$36,080,000. Data Chief is the sole shareholder of an investment holding company which holds investment properties located in Hong Kong. The disposal was completed on 31 March 2023.

On 9 August 2022, the Group entered into a sale and purchase agreement, which is subsequently varied by a supplemental agreement dated 19 January 2023 (collectively the "Agreement"), with independent third parties (the "Purchaser" and the "Purchaser Guarantor") and has conditionally agreed to sell and assign the entire issued share capital of an indirect subsidiary of the Company (the "Target Company") at a consideration of HK\$3,208,815,000. Details of the transaction, the Agreement and the Purchaser and the Purchaser Guarantor are set out in the announcement of the Company dated 11 August 2022, the circular of the Company dated 23 September 2022, and another announcement of the Company dated 19 January 2023.

On 9 August 2023, further deposit in the sum of HK\$320,881,500 (the "Further Deposit") was due and payable to the Group. The Purchaser, nonetheless, failed to pay the Further Deposit. In response, the Company has since sought legal advice and reviewed the options and recourse available, and made an announcement on 10 August 2023 to give progress update.

On 13 September 2023, the Group further entered into a settlement agreement with the Purchaser and the Purchaser Guarantor. A HK\$32,000,000 non-refundable settlement sum was paid to and received by the Group and the Agreement was terminated pursuant to the terms of the aforesaid settlement agreement. Details of the above are set out in the announcement of the Company dated 13 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

On 15 August 2023, One Storage (KC1) Company Limited (an indirect wholly-owned subsidiary of the Company) entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) with the General of the Salvation Army to disposal of a property located in Kwai Chung, New Territories, Hong Kong at a total consideration of HK\$122,000,000 (the “Disposal”).

On 10 November 2023, the Disposal was completed in accordance with the terms and conditions of the Sale and Purchase Agreement. Details of the Disposal are set out in the announcements of the Company dated 3 October 2023 and 10 November 2023.

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 2023.

Events After Reporting Period

The Group owns a number of units and has been the majority owner of Nos. 2–30 Haven Street and Nos.128–138 Leighton Road, Haven Court, Causeway Bay, Hong Kong (the “Haven Properties”). In July 2019, the Group lodged an application under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong) to the Lands Tribunal against the minority owners of Haven Court for an order for sale of the entire Haven Court (the “Lot”). The Haven Properties comprise approximately 88.79% of the entire Lot.

On 29 February 2024, the Lands Tribunal issued a judgment and ordered the sale of the Lot through public auction with reserve price of HK\$2,425,000,000 (the “Auction”). The Auction is scheduled to take place on 17 April 2024.

If the Group is the successful bidder in the Auction, the Group will acquire the remaining interest in the Lot and a discloseable transaction under Chapter 14 of the Listing Rules will be constituted. If an independent third party shall become the successful highest bidder in the Auction, the Haven Properties will be disposed of by the Group and a very substantial disposal under Chapter 14 of the Listing Rules will be constituted and hence an ordinary resolution will be proposed at a special general meeting of the Company to approve such disposal by the Group.

Details of the aforesaid potential transactions are set out in the announcement of the Company dated 2 April 2024.

Pledge of Assets

As at 31 December 2023, certain investment properties and property, plant and equipment of the Group with a total carrying value of approximately HK\$11,058,645,000 (31 December 2022: approximately HK\$12,661,647,000) were pledged to secure banking facilities for the Group.

Contingent Liabilities

As at 31 December 2023, the Group provided guarantees amounted to approximately HK\$40,220,000 (2022: HK\$51,166,000) 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 297 people and 33 people in Hong Kong and Mainland China respectively for the year (2022: 308 and 36 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 2023 were approximately HK\$160,542,000 (2022: HK\$141,455,000) and no share option expenses (2022: 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 2023 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 2023 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. Madam Foo Kam Chu Grace, founder of the Group was the Chairman of the Group until 30 January 2023 when Mr. Chan Hing Tat was appointed 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 2023, 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 (ceased as Chairman on 30 January 2023)
 Ms. Chan Wai Ling (*Deputy Chairman*)
 Mr. Chan Hing Tat (*Chairman*) (appointed as Chairman on 30 January 2023)
 Mr. Tse Wai Hang

Independent Non-Executive Directors:

Mr. Chan Kai Nang
 Mr. Pao Ping Wing
 Mr. Young Chun Man, Kenneth (appointed on 16 June 2023)
 Mr. Ng Chi Keung (passed away on 8 March 2023)

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 (ceased as Chairman on 30 January 2023)	4/5	1/1
Ms. Chan Wai Ling (<i>Deputy Chairman</i>)	5/5	1/1
Mr. Chan Hing Tat (<i>Chairman</i>) (appointed as Chairman on 30 January 2023)	5/5	1/1
Mr. Tse Wai Hang	5/5	1/1
<i>Independent Non-Executive Directors:</i>		
Mr. Chan Kai Nang	5/5	1/1
Mr. Pao Ping Wing	5/5	1/1
Mr. Young Chun Man, Kenneth (appointed on 16 June 2023)	1/1	N/A
Mr. Ng Chi Keung (passed away on 8 March 2023)	2/2	N/A

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

Following the passing away of Mr. Ng Chi Keung, an independent non-executive Director, chairman of the Audit Committee and a member of the Remuneration Committee on 8 March 2023, the Company did not fulfill the Rules 3.10(1) and 3.21 of the Listing Rules. On 16 June 2023, the Company appointed Mr. Young Chun Man, Kenneth as an independent non-executive Director and a member of the Audit Committee. From which, the Company complied with the requirements under Rules 3.10(1) and 3.21 of the Listing Rules.

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

Upon Madam Foo Kam Chu Grace ceasing to be the Chairman of the Group, Mr. Chan Hing Tat has held the position of the Chairman of the Group with effect from 30 January 2023 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

Following the passing away of Mr. Ng Chi Keung on 8 March 2023, the Company failed to meet the composition requirement of the Audit Committee under Rule 3.21 of the Listing Rules. Subsequent to the appointment of Mr. Young Chun Man, Kenneth on 16 June 2023, the Company has fully complied with the composition requirement of the audit committee under Rule 3.21 of the Listing Rules. The Audit Committee currently 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 2022, the interim results for the six months ended 30 June 2023, 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 (appointed on 16 June 2023)	1/1
Mr. Ng Chi Keung (passed away on 8 March 2023)	1/1

Remuneration Committee

Following the passing away of Mr. Ng Chi Keung on 8 March 2023, the Remuneration Committee currently 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 three meetings (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>)	3/3
Mr. Pao Ping Wing	3/3
Ms. Chan Wai Ling	3/3
Mr. Ng Chi Keung (passed away on 8 March 2023)	2/2

Nomination Committee

Upon Madam Foo Kam Chu Grace ceasing to be chairman of the Nomination Committee, Mr. Chan Hing Tat has held the position of chairman of the Nomination Committee with effect from 30 January 2023. The Nomination Committee currently 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 two meetings with attendance shown below:

Nomination Committee members	Attendance/ Number of meetings
Mr. Chan Hing Tat (<i>Chairman</i>) (appointed as Chairman on 30 January 2023)	1/1
Mr. Chan Kai Nang	2/2
Mr. Pao Ping Wing	2/2
Madam Foo Kam Chu Grace (ceased as Chairman on 30 January 2023)	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 (ceased as Chairman on 30 January 2023)	N/A	✓
Ms. Chan Wai Ling (<i>Deputy Chairman</i>)	N/A	✓
Mr. Chan Hing Tat (<i>Chairman</i>) (appointed as Chairman on 30 January 2023)	N/A	✓
Mr. Tse Wai Hang	✓	✓
Mr. Chan Kai Nang	✓	✓
Mr. Pao Ping Wing	N/A	✓
Mr. Young Chun Man, Kenneth (appointed on 16 June 2023)	N/A	✓
Mr. Ng Chi Keung (passed away on 8 March 2023)	N/A	✓

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 2023.

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, the fee incurred for audit and non-audit services for the Group are approximately HK\$3,236,000 (2022: HK\$3,086,000) and HK\$600,000 (2022: HK\$1,250,000) respectively. The non-audit services relating to the Company's tax advisory 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 2023.

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 2023 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 2023.

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 2023, 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 2023, the percentage of male and female in the workforce of the Group in Hong Kong (including the senior management) is 67% and 33%, 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 68% 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.

CORPORATE GOVERNANCE REPORT

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.

CORPORATE GOVERNANCE REPORT

Communication with Shareholders and Investor Relations

The Group believes that effective communication with shareholders is key for improving investor relations and will ultimately assist the investment community in understanding the Group's business performance and strategies. Through regular, comprehensive, and interactive communication, we strive to enhance communication with investors through various communication channels. These include in-person meetings, telephone conferences, overseas roadshows, and project-site visits organised for the community. The Group seeks to establish a trusting and productive relationship with its shareholders and investors. The annual general meeting of the Company was held in May 2023. The Group organised briefings and media interviews for results announcements and maintained regular contact with the media through press releases, announcements, and other promotional materials. The Group is committed to enhancing corporate transparency and providing timely disclosure of information on the Group's developments to help shareholders and investors make informed investment decisions. The Group is dedicated to enhancing corporate governance practices on business growth and strives to attain a balance between corporate governance requirements and performance. The Board believes that sound corporate governance is essential to the success of the Group and will enhance shareholders' values.

During the year, the Company's bye-laws were amended and the new bye-laws were adopted by the shareholders of the Company at the annual general meeting held on 25 May 2023. The purposes of making the amendments were to, among others, conform with latest amendments to the Listing Rules. For details, please refer to the circular of the Company dated 21 April 2023 and the announcements of the Company dated 23 March 2023 and 25 May 2023. Consolidated version of the Company's constitutional documents is available on the websites of the Stock Exchange and the Company.

Dividend Policy

The Company has adopted a dividend policy and aims to allow its shareholders to share Company's profits and for the Company to retain adequate reserves for business needs and growth.

The recommendation and declaration of dividends are subject to the discretion of the Board. The Board shall take into account various factors the Board may deem relevant, including but not limited to the Group's actual and expected financial performance, working capital requirements, capital expenditure requirements and commitments, operations and business strategies, liquidity position, retained earnings and distributable reserves, etc., and market conditions and external factors.

The Company is inclined to maintain a stronger liquidity position for its relatively capital intensive site assembly business operation, and makes no assurance that dividend will be paid for any given period or will be paid in any particular amount.

[illegible]

MESSAGE FROM THE CHAIRMAN

Dear Valued Stakeholders,

As the Chairman of the Board of Directors, I am proud and humbled to present our Group's 2023 Environmental, Social, and Governance (ESG) report. This year, we've faced significant global changes, most notably climate change, which has profoundly impacted our lives and business.

In 2023, Hong Kong experienced one of the warmest years on record, with an average temperature of 24.5 degrees. This shift is part of a larger global change, moving from global warming to what United Nations Secretary-General António Guterres calls "global boiling".

In response to the escalating global climate emergency, the Group has adopted a proactive approach in identifying and managing ESG risks and opportunities. Recognizing the urgent need for sustainable practices, we have amplified our pledge towards managing long-term sustainability risks. This involves the modernization of our existing policies, setting ambitious yet achievable goals, and amplifying our efforts towards fulfilling our corporate social responsibilities. Furthermore, we have placed a special focus on advocating for a low-carbon transformation and aimed to improve our carbon emission performance.



In Hong Kong, buildings account for 90% of the city's total electricity consumption, leading to 60% of the city's total carbon emissions. This understanding has led us to promote energy-saving retrofit technologies, as a practical and effective solution to reduce our carbon footprint. We believe that these measures will substantially contribute to the fight against climate change, while also ensuring our sustained growth in the future. By integrating forward-thinking and environmentally responsible practices into our operations, we anticipate not only contributing to fighting against climate change, but also enhancing our position within the competitive marketplace.

At the same time, we have also enhanced our talent management strategies to meet changing business needs by recruiting diverse talent, reviewing our employment, remuneration, and welfare policies, and offering training in business ethics and occupational health and safety.

We continue to prioritize customer privacy, product quality, and cybersecurity, building customer satisfaction and trust. We're also dedicated to corporate social responsibility, especially supporting underprivileged and low-income families.

As we look to the future, we remain committed to sustainable development and dedicated to improving our practices through open dialogue and cooperation with our partners, consumers, and the communities we serve. We believe in the power of collective action to create meaningful change. With our shared vision and unwavering commitment, I am confident that our combined efforts will significantly contribute to a healthier and more sustainable living environment for the entire Hong Kong community.

Finally, I want to express my gratitude to our professional team for their dedication and exceptional performance in 2023. We will continue to use our agile operating model and innovative spirit to meet future challenges.

Chan Hing Tat

Chairman

Hong Kong, 20 March 2024



ABOUT THIS REPORT

Soundwill Holdings Limited and its subsidiaries (“Soundwill” or the “Group”) are pleased to present the 2023 Environment, Social and Governance Report (the “Report”). The Report outlines the Group’s management approaches, policies and practices in environmental, social and governance (“ESG”) aspects for its key stakeholders.

Reporting Boundary

The Report highlights the material ESG performance from 1 January 2023 to 31 December 2023 (the “reporting period” or “year”) of the principal operations of the Group’s building management business, leasing business and property development business in Hong Kong. The reporting boundary remains the same as the previous year. Environmental and social key performance indicators (“KPIs”) are reported for the Group’s principal operating properties. The properties covered in this Report include:

Commercial buildings

- Soundwill Plaza (including Headquarter Office)
- Soundwill Plaza II — Midtown
- 10 Knutsford Terrace
- THE SHARP

Residential buildings

- Park Haven
- Warrenwoods

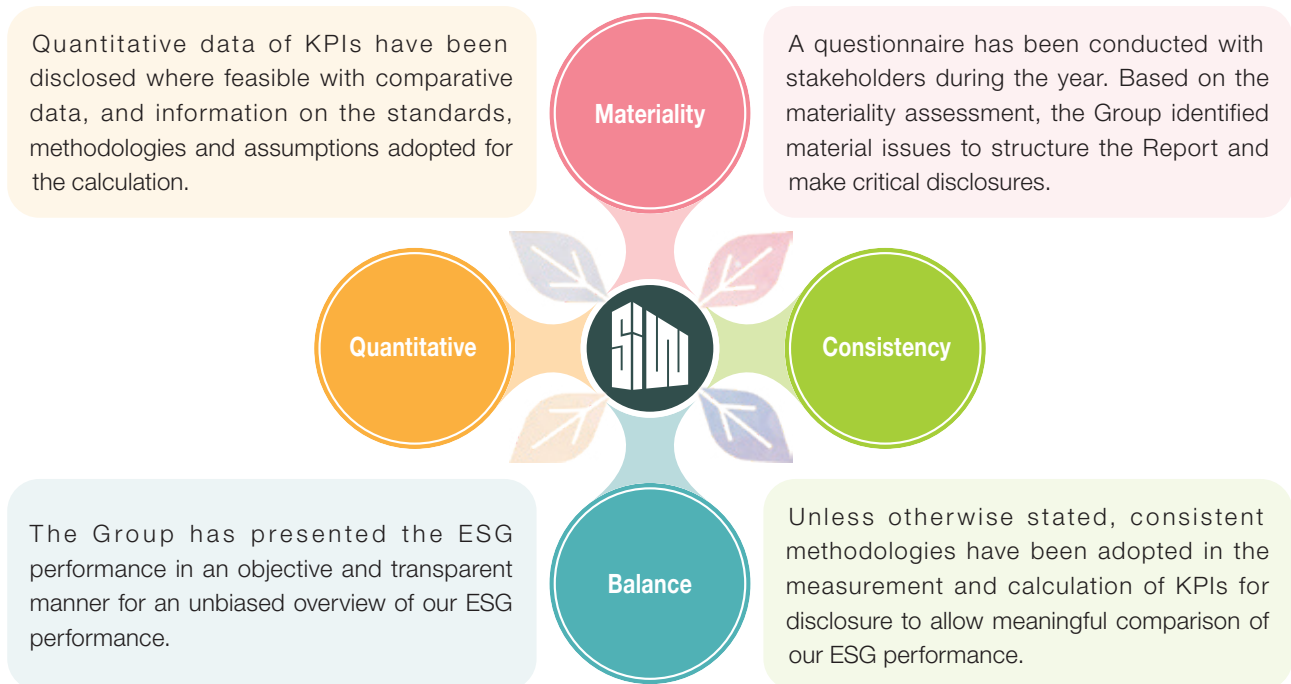
Industrial buildings

- iPLACE
- iCITY



Reporting Standards

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Four reporting principles, including materiality, consistency, quantitative and balance, in the ESG Guide were applied during the preparation of the Report.



Report Approval

The Group acknowledges its responsibility to ensure the accuracy and reliability of the Report. All information in this Report has been sourced from the internal policy documents and statistical data of the Group. The Board has reviewed and approved this ESG Report in April 2024.

Report Publication and Contact

The Report is prepared in both Chinese and English and is available on the websites of Hong Kong Exchanges and Clearing Limited (the “HKEX”) (www.hkexnews.hk) and the Group (www.soundwill.com.hk).

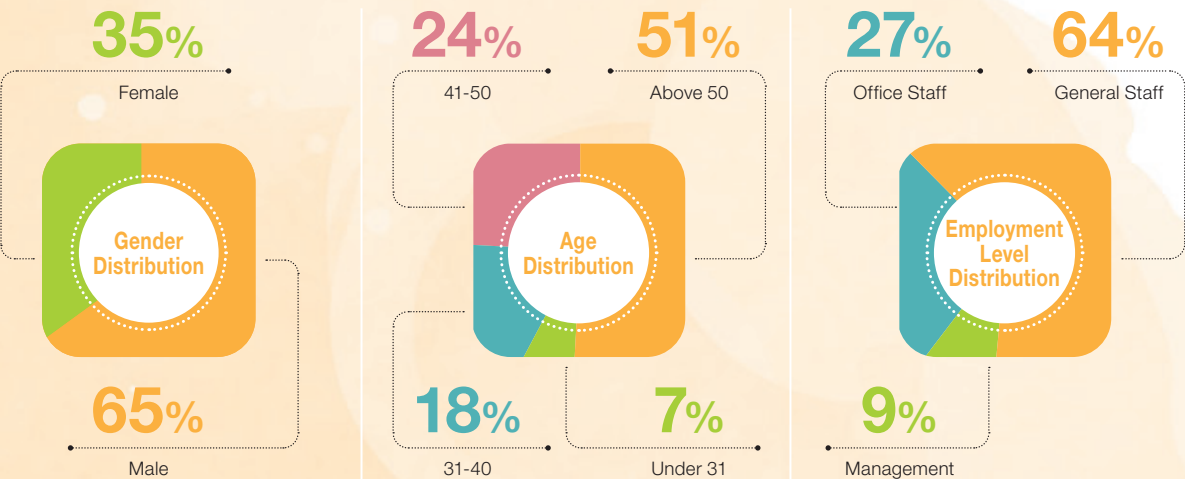
The Group welcomes and values all feedback and suggestions on the Report or its sustainability performance.

Email: sw.pr@soundwill.com.hk
 Tel: 2916 2823
 Address: 21/F, Soundwill Plaza, 38 Russell Street, Causeway Bay, Hong Kong

2023 AT A GLANCE

EMPLOYMENT

Workforce distribution



Occupational health and safety



Work-related injuries:

1



Fatalities for 3 consecutive years:

0

CUSTOMERS

Customer Service



Satisfied with tidiness of public area:

98.8%



Satisfied with the overall customer service:

97.6%

ENVIRONMENT

Targets (Base year: 2022)



GHG and air emissions:

- To ensure their emissions are well-aligned with its business growth by 2027



Wastes:

- To ensure its consumption is well-aligned with its business growth by 2027



Energy consumption:

- To reduce the Group's energy consumption intensity by 6% by 2027
- To take energy-saving measures into account as one of the selection criteria for new suppliers and investment by 2027

Performances Highlights



GHG and air emissions:

3,990.38 tCO₂e



Wastes:

7,764.53 tonnes



Energy consumption:

6,675.69 MWh

COMMUNITY

Targets

Focused in



Caring for the underprivileged



Sponsoring NGOs



Engaging the community

Performances Highlights



Engaged with **12** charitable organisations,
and contributed **454** volunteer hours,
over HK\$ **140,000** cash donations and in-kind donations

Contributed on the areas of "Conserving the Environment", "Caring for the Needy", "Aiding the Development of Children and Youth" and "Supporting Social Enterprises and Community Organisations"

OUR APPROACH TO ESG

ESG Governance

As a responsible corporate, the Group is dedicated to pursuing sustainable business growth and supporting the interests of various stakeholders. The Group acknowledges the importance of an effective ESG management system in facilitating its strategic and long-term progress and seeks to enhance its ESG performance.

Governance Structure



The Board

The Board, being the highest governance body of the Group, has the overall responsibility for sustainability and climate-related matters, ensuring they are embedded into governance, strategy, risk management and reporting. The Board oversees sustainability and climate-related matters and approves the relevant major decisions.

The Environmental, Social and Governance Committee

With the stewardship of the Board, the Environmental, Social and Governance Committee (the “ESG Committee”) is responsible for managing the Group’s sustainability and climate-related matters. It comprises the management from the Finance & Accounts Department, Legal Department, Property Management Department, Administration & Human Resources Department and Corporate Communications Department. Its roles and responsibilities include:

- monitoring the Group’s ESG performance
- identifying and reviewing the relevancy and materiality of the ESG issues for the Board’s oversight
- formulating policies and measures for managing ESG and climate-related issues
- conducting regular discussions and reviews of the progress and effectiveness of the work
- provide updates to the Board on key matters

The Energy Saving Team and Building Management Team

The Energy Saving Team is in charge of implementing energy-related ESG policies and measures, as well as gathering relevant data for analysing the impacts of these implementations. Additionally, it collaborates with the Building Management Team to assess and report on important ESG trends, comparing them to industry peers in terms of ESG risks, opportunities, and new advancements in order to progressively improve the Group’s ESG performance.

Overview of Work Conducted by the ESG Committee in 2023

Focus	Jun 2023	Sep 2023
ESG Performance Review	✓	✓
ESG Reporting	✓	✓
Climate Change		✓
Energy	✓	✓
Employee Training	✓	✓
Occupational Health and Safety	✓	
Anti-corruption	✓	✓

Training for Enhanced ESG Knowledge and Expertise

To enhance the overall knowledge, skills, and expertise of the Board on sustainable development, the Board has been undergoing regular training on ESG issues and business ethics. This ensures that the Board remains updated and well-informed about the current strategic matters and business developments that could potentially affect the company and its operating market.

ESG Policies

As part of our dedication, we have implemented a set of ESG policies and have put in place a thorough system for monitoring and reporting. All business operations and employees at all levels are expected to adhere to these policies. These policies are reviewed from time to time by the ESG Committee. For example, the Board has approved the Health and Safety Policy after carefully review to further enhance the employees' working environment and conditions.

ESG Strategy

We are dedicated to incorporating the ESG into all aspects of our business and operations. A ESG strategy with targets that align our key ESG focuses on People, Community, Customers, and Environment have been established across 4 aspects: "Retaining talents with heart", "Protecting the environment with heart", "Building communities with heart", and "Serving the Public with heart". This serves as a roadmap that guides the Group and its employees on constant ESG improvement and resources allocation.

Environment — Protecting the Environment with Heart

Focus areas:

- Energy
- Waste
- Supply chain risk management

Target:

- Closely monitor the market trend to reduce waste and promote waste production
- Timely review the procedure and criteria of procurement and assessment of suppliers

Strategy:

- Gradually reduce carbon footprint
- Promote green lifestyle through public channels
- Continue to develop mobile application and implement e-marketing strategies
- Maintain a high standard management system of suppliers

Highlights:

- Air emissions decreased more than 70% in 2023, compared with that in 2022.

People — Retaining Talents with Heart**Focus areas:**

- Health, safety, and well-being
- Training and development

Target:

- Gradually expand the scale of e-learning

Strategy:

- Promote a self-enriching working atmosphere to boost the work quality and performance
- Maintain a healthy and safe working environment

Highlights:

- Frequently provided online self-training materials to employees platforms
- The Board has been undergoing regular training on ESG issues and business ethics

Customers — Serving the Public with Heart**Focus areas:**

- Customer satisfaction and safety

Target:

- Achieve high satisfaction in major buildings

Strategy:

- Provide high standard of customer service

Highlights:

- In 2023, a customer satisfaction survey at Soundwill Plaza and Midtown yielded 590 valid responses. Around 98% strongly agreed on the cleanliness of public areas and overall satisfaction with customer service.

Community — Building Communities with Heart**Focus areas:**

- Business ethics and integrity
- Whistleblowing
- Community investment

Target:

- Annually review the strategy and status of community investment

Strategy:

- Engage with charitable organizations to organize events for supporting underprivileged families and advocating environmental protection
- Strategically contribute resources to community
- Regularly review the whistle-blowing policy

Highlights:

- Continued to work with different NGOs to help the needy in the community
- Reviewed the Group's community investment strategies to ensure positive impacts can be brought to the community effectively

ESG Risk Management

The Board is responsible for maintaining an appropriate and effective risk management and internal control systems to sustain the Group's business operations. With the support of the Audit Committee, the Board has evaluated the annual risk assessment which identified respective strategic risks, operational risks, financial risks, compliance risks, as well as ESG risks, of the Group. The ESG risks identified during the year include:

Risk Factors	Potential Impact	Our Response
Natural Disaster Risk	The risk of extensive damage in properties and facilities caused by extreme weather phenomenon, such as storm, flood, landslide, due to climate change may impact the Group's ability to manage and sustain operation.	The Group has created contingency plans for business continuity and secured suitable insurance coverage for various disaster scenarios. This is to manage and maintain its property management and construction businesses.
Employees' health and safety	There are different safety hazards in offices and on sites, which could result in employee injuries or, in severe cases, permanent injury or death especially if a safety incident occurs during the construction process.	The Group has established an Occupational Safety and Health Policy Statement to ensure that employees' working environments meet its health and safety standards. Regular due diligence surveys are conducted to assess environmental and social risks such as working hours, temperature, toxic and hazardous substances, noise, and dust. Additionally, public liability insurance is in place to protect employees against legal liability for bodily injuries.
Cyber and data security	Our daily operation involves a large amount of confidential information, including financial information, customer personal data, etc., also increases the risks of our systems being attacked by viruses or hackers' networks.	The Group has implemented a robust system for managing and assessing cyber and data security risks. The Group utilises cyber security defense tools such as network monitoring, hacker detection, and hardware firewalls. These measures are designed to prevent corporate data or customer privacy data from being leaked as a result of network incidents.
Supply chain management	Overreliance on a single supplier and a limited selection of suppliers may lead to unreasonable purchase prices of the building materials, building services equipment and higher cost of sales.	The Group has established a diverse and comprehensive tender and supplier selection process to reduce supply chain risks. Moreover, expanding the tender list and re-tendering could promote fair competition.
Environmental legislation related risks	If the Group violates the relevant legal and regulatory requirements, it may face penalties, such as suspension of works, fines, imposed by the government, resulting in financial losses to the Group.	The Group consistently ensures compliance with relevant laws and regulations. As an example, they have obtained a Water Pollution Control Ordinance license. This ensures that their sewage discharge process aligns with the requirements of the Water Pollution Control Ordinance.

Please refer to the Annual Report's "Corporate Governance Report" section for more information on the Group's corporate governance practices.

Stakeholder Engagement

We believe in engaging stakeholders to enhance its ESG performance and risk management, and to advance our business and sustainable development. We consistently involve our stakeholders to comprehend their aspirations, needs, and concerns, and to take their opinions into account in our daily operations. With this in mind, we can refine our strategic priorities and current practices to align with our business practices. Throughout the year, the Group maintained interaction and communication with key stakeholder groups through the different channels.



Shareholders and Investors

- Annual and interim reports, financial statements, and announcements
- Annual General Meeting
- Corporate website
- Investor relations enquiry hotline and email
- Press releases



Employees

- Annual performance review
- Regular meetings
- Surveys
- Employee activities
- Intranet
- Internal publications and newsletters



Customers

- Surveys
- Communication with frontline employees
- Customer service hotline and email
- The Soundwill Club mobile application
- Social media platforms



Tenants

- Meetings
- Surveys
- Customer service hotline and email
- Communication with frontline employees



Suppliers, Vendors and Service Providers

- Surveys
- Continuous direct communication
- Performance review and assessment



Media

- Interviews
- Press releases and conferences
- Media enquiry hotline and email

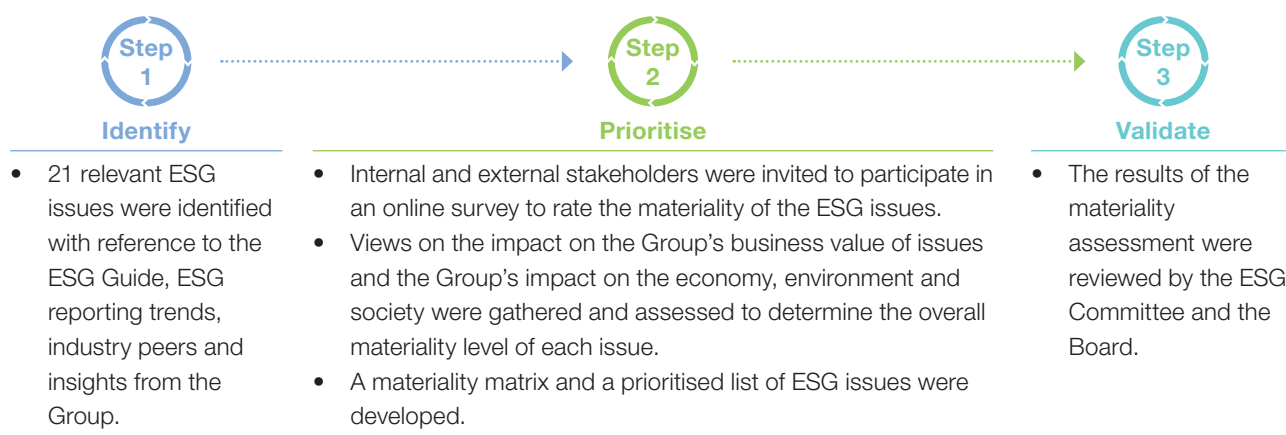


Community and Non-governmental Organisations

- Community investment initiatives
- Events, activities and exhibitions
- Press releases and conferences
- Corporate website
- Social media platforms

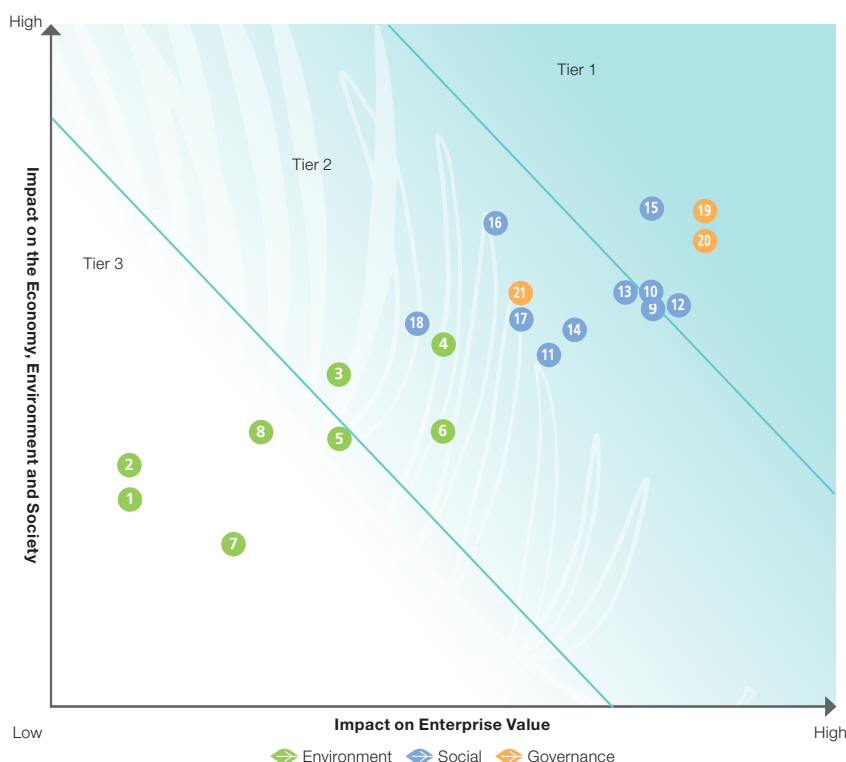
Materiality Assessment

In this year, we adopted a three-step approach to materiality assessment, which was facilitated by an independent third-party consultancy. The approach was refined and applied the concept of double materiality, which takes into account both financial and impact materiality. The results assist us in identifying the ESG issues that are important to our business strategy and decision making.



The matrix below illustrates the overall materiality level of the 21 ESG issues by plotting the views on the impact on the Group's business value of issues and the Group's impact on the economy, environment and society. The issues in the top right corner were considered as most material to the Group, and thus were focused for reporting in this Report.

Materiality Matrix



With the new materiality assessment approach, 5 issues were identified as material this year. Business Ethics and Integrity, Compliance Management, Privacy and Data Security, Occupational Health, Safety and Well-being, and Training and Development, were the most material issues.

Issue (in descending order of materiality)		Tier	Materiality
19	Business Ethics and Integrity	1	Material
20	Compliance Management	1	
15	Privacy and Data Security	1	
12	Occupational Health, Safety and Well-being	1	
10	Training and Development	1	
9	Employment Practices	2	Moderate
13	Human Rights and Labour Standards	2	
16	Responsible Marketing and Labelling	2	
14	Product and Service Quality and Safety	2	
21	Protection of Intellectual Property Rights	2	
17	Responsible Supply Chain Management	2	
11	Diversity and Equal Opportunity	2	
4	Energy	2	
18	Community Engagement and Investment	2	
6	Materials	2	
3	Waste	2	
5	Water	3	Monitored
8	Climate Change and Resilience	3	
7	Biodiversity	3	
2	Greenhouse Gas Emissions	3	
1	Air Emissions	3	

Material Issue	Relevant Section in the Report
Business Ethics and Integrity	Business Ethics
Compliance Management	
Privacy and Data Security	Customer
Occupational Health, Safety and Well-being	People
Training and Development	

ENVIRONMENT



With the ongoing global and local environmental movement, the Group is committed to assessing its role and planning for the significant sustainability challenges faced by the environment. To achieve a sustainable future, the Group pledges to continuously explore solutions to tackle and resolve environmental issues, as outlined in our Environmental Policy Statement. We have implemented several environmental policies and initiatives to address areas such as greenhouse gas emissions (“GHGs”), natural resource usage, and climate change mitigation.

The Group set environmental targets covering a range of aspects to demonstrate and drive its commitment to improving its environmental performance. The environmental targets and progress are shown below:

Aspect	Target	Progress in 2023
GHG and air emissions	<ul style="list-style-type: none"> To achieve 6% reduction in the Group's GHG emissions intensity by 2027 To closely monitor the amount of GHG and air pollutants generated to ensure their emissions are well-aligned with its business growth by 2027 To incorporate “low carbon” elements into the Group's investment strategies and criteria by 2027 	<ul style="list-style-type: none"> Air emissions decreased more than 70% in 2023, compared with that in 2022 The total GHG emissions, waste generation and energy consumptions in 2023 are resulted in slight increases, primarily due to the intensive construction activities carried out during the year when construction was at its peak. This is temporary and is expected to decrease in the future
Wastes	<ul style="list-style-type: none"> To closely monitor the amount of waste generated (e.g., paper) to ensure its consumption is well-aligned with its business growth by 2027 	
Energy consumption	<ul style="list-style-type: none"> To reduce the Group's energy consumption intensity by 6% by 2027 To take energy-saving measures into account as one of the selection criteria for new suppliers and investment by 2027 	

Carbon and Energy Management

According to Hong Kong's Climate Action Plan 2050, electricity consumption is responsible for over 60% of carbon ("greenhouse gas" or "GHG") emissions in Hong Kong, with buildings being the major contributor, accounting for 90% of this consumption. Given the urgency of addressing carbon emissions in the face of climate change, the Group recognises the need for immediate action in tackling the emissions from buildings.

Harnessing Technology for Carbon and Energy Reduction

The Group is committed to implementing a wide range of energy efficiency strategies, initiatives, and actions aimed at reducing energy consumption, carbon emissions, and air emissions.



Lighting System Upgrade

We are continually improving energy efficiency by upgrading the lighting systems at our properties to LED lights. Upgrades for the Year include:

- Staircase lightings at Soundwill Plaza and Midtown
- Staircase lightings at 10 Knutsford Terrace
- Common corridor lighting of Soundwill Plaza and Midtown



Retro-commissioning (RCx)

To enhance our buildings operates as efficiently as possible, we strive to identify performance issues in the existing buildings and improve the operation, maintenance, and energy efficiency of building systems.

- Install variable frequency drive (VFD) for chillers at Soundwill Plaza
- Undergo investigation for replacing existing passenger lift with high-efficiency model
- Explore and perform pilot energy enhancement upgrades for HVAC System



Energy Efficiency Improvements

- Employ Building Management System (BMS) to individually control the chilled water zone valves on the office floor of Soundwill Plaza
- Adopt timer and occupancy sensor for lighting
- Make use of heat-insulated film for windows in Park Haven to minimise heat absorption and energy consumption
- Apply waterproof coating to windows to reduce the frequency of cleaning and water and energy usage
- Explore the use of Internet of Things (IoT) and Integrated BMS to further improve the energy efficiency and quality of property management

Influencing Our Customers and Tenants

The Group acknowledges the significant importance of improving its energy efficiency and educating employees, customers, tenants, and the public about the profound impact of their daily choices and behaviors. We firmly believe that by implementing energy-saving initiatives, we can encourage and motivate stakeholders to adopt energy conservation practices.

The Group's carbon and energy performance:

Greenhouse Gas Emissions				
Property	Unit	2023	2022	% Change
Soundwill Plaza	tCO ₂ e	1,948.83	1,697.43	14.81%
Soundwill Plaza II — Midtown	tCO ₂ e	807.05	860.05	-6.16%
10 Knutsford Terrace	tCO ₂ e	395.12	369.89	6.82%
THE SHARP	tCO ₂ e	78.05	81.32	-4.02%
Park Haven	tCO ₂ e	252.72	252.33	0.15%
Warrenwoods	tCO ₂ e	233.14	226.37	2.99%
iPLACE	tCO ₂ e	121.01	122.11	-0.90%
iCITY	tCO ₂ e	154.47	187.99	-17.83%
Total GHG emissions	tCO ₂ e	3,990.38	3,797.48	5.08%
GHG intensity	tCO ₂ e/m ²	0.044	0.042	5.08%

Energy Consumption (Electricity)				
Property	Unit	2023	2022	% Change
Soundwill Plaza	MWh	2,846.28	2,372.59	19.97%
Soundwill Plaza II — Midtown	MWh	1,186.84	1,211.33	-2.02%
10 Knutsford Terrace	MWh	1,013.12	999.70	1.34%
THE SHARP	MWh	114.77	114.53	0.21%
Park Haven	MWh	371.64	355.40	4.57%
Warrenwoods	MWh	342.85	318.84	7.53%
iPLACE	MWh	310.29	330.01	-5.98%
iCITY	MWh	320.26	157.57	103.25%
Total energy consumption	MWh	6,506.05	5,859.98	11.03%
Energy intensity	MWh/m ²	0.072	0.064	11.03%

The energy consumption of iCITY has significantly increased compared to 2022. This rise is primarily due to the intensive construction activities carried out during the year when construction was at its peak. This high energy consumption is temporary and is expected to decrease in the future.

Looking into the future, the Energy Saving Team will continue to review the Group's energy efficiency measures and conduct regular inspections to prevent unnecessary energy wastage.

Resources Conservation

Water

Recognising the growing demand for water resources, the Group is actively seeking opportunities to enhance its initiatives in water conservation. To minimise water consumption and encourage the responsible utilisation of water, the Group implemented water-saving strategies and consistently monitored its water management practices.

Strengthening Water-saving Efforts

We employ water-saving mechanisms by installing self-closing water taps with sensor-activated devices and monitoring all drainage systems through regular maintenance to effectively save water and prevent any water leakage. We will consistently track the data and promptly initiate investigations and maintenance as necessary to continually strengthen our water-saving efforts.

Promoting Water-saving Habits

In addition to monitoring water consumption in our properties, we actively engage and educate our employees and tenants on water conservation practices by conducting training sessions and posting informative notices on reducing water usage.

The Group's water performance:

Water Consumption				
Property	Unit	2023	2022	% Change
Soundwill Plaza	m ³	28,040.43	20,558.62	36.39%
Soundwill Plaza II — Midtown	m ³	3,245.14	3,006.30	7.94%
10 Knutsford Terrace	m ³	12,180.73	12,102.53	0.52%
THE SHARP	m ³	N/A	N/A	N/A
Park Haven	m ³	1,425.86	1,866.03	-23.59%
Warrenwoods	m ³	464.39	955.22	-51.38%
iPLACE	m ³	7,557.35	9,068.69	-16.67%
iCITY	m ³	2.63	3.00	-12.34%
Total water consumption	m ³	52,916.52	47,560.39	11.23%
Water intensity	m ³ /m ²	0.58	0.52	11.23%

The Group sourced potable water from municipal supplies and did not encounter any issue in sourcing water that is fit for purpose during the year.

Waste

The Group is dedicated to the promotion and development of sustainable waste management in its managed properties. We firmly adhere to the waste hierarchy principles, known as the “4Rs” (i.e., Reduce, Reuse, Recycle and Replace) principles, with the goal of achieving waste reduction. We actively explore various strategies to encourage reuse and optimise recycling, and ensure that our used materials and resources are effectively reintegrated into nature or the appropriate market for reuse, repair, or recycling. The Group has hired qualified contractors to collect the waste and recyclables for proper disposal and handling.

Leveraging Technologies

Digital technologies play a vital role in enabling the shift towards a net-zero emissions future. Keeping this in mind, the Group has implemented proactive steps to enhance waste management practices and optimize resource utilisation. This involves reducing dependence on paper-based communication and embracing digital transformation initiatives.

Improving Resource Utilisation

“Paper Saving” notices are put on around the printing area to promote double-sided printing among employees. In addition, we distribute e-coupons and offer exclusive updates on the Group’s latest events and promotions through our Soundwill Club application, and purchase FSC-certified products where applicable.

Promoting Recycling

To enhance recycling efforts, we have implemented waste collection facilities in our buildings to incentivise our employees, tenants, and other stakeholders to effectively discard their recyclable materials, including paper, cardboard, plastic bottles, aluminum cans, etc.

The Group’s waste performance:

Non-hazardous Waste Disposal				
Property	Unit	2023	2022	% Change
Soundwill Plaza	tonne	1,030.93	1,138.11	–9.42%
Soundwill Plaza II – Midtown	tonne	961.74	889.27	8.15%
10 Knutsford Terrace	tonne	643.19	643.19	0.00%
THE SHARP	tonne	45.34	27.95	62.22%
Park Haven	tonne	487.57	486.86	0.15%
Warrenwoods	tonne	410.40	317.80	29.14%
iPLACE	tonne	407.33	413.14	–1.41%
iCITY	tonne	3,778.03	1,524.80	147.77%
Total waste generated	tonne	7,764.53	5,441.12	42.70%
Waste intensity	tonne/m ²	0.085	0.060	42.70%

Waste Recycling				
Property	Unit	2023	2022	% Change
Soundwill Plaza	kg	622.00	946.00	-34.25%
Soundwill Plaza II — Midtown	kg	197.70	165.35	19.56%
10 Knutsford Terrace	kg	1,312.00	1,312.00	0.00%
THE SHARP	kg	230.00	415.50	-44.65%
Park Haven	kg	223.80	328.30	-31.83%
Warrenwoods	kg	258.00	619.20	-58.33%
iPLACE	kg	505.00	557.00	-9.34%
iCITY	kg	0.00	0.00	N/A
Total waste recycled	kg	3,348.50	4,343.35	-22.91%
Waste Intensity	kg/m ²	0.037	0.048	-22.91%

The non-hazardous waste produced by iCITY has seen a substantial increase compared to 2022, largely as a result of heightened construction activities during the year when construction was at its highest. This surge in non-hazardous waste is temporary and is anticipated to reduce in the future.

Climate Action and Resilience

The Group believes that decarbonisation and climate resilience contribute to the long-term sustainability of its business. With this in mind, we aim to continuously improve our management approach and practices for addressing climate risks and opportunities and enhancing resilience.

We disclose our actions on managing climate risks and opportunities following the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) in 4 major areas, including “Governance”, “Strategy”, “Risk Management”, and “Metrics and Targets”. Moving ahead, we will continue to improve our TCFD reporting to match our performance more closely with what our stakeholders expect.

Governance



Disclose the organisation's governance around climate-related risks and opportunities.

The Board assumes overall responsibility for supervising the management of climate-related risks and opportunities. This includes guiding strategies that propel actions for climate mitigation and adaptation. The ESG Committee, Energy Saving Team, and Building Management Team assist the Board to identify, assess and manage material climate-related matters. Please refer to “Our Approach to ESG — ESG Governance” for more details.

Strategy



Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

The Group firmly believes that climate adaptation and resilience play a crucial role in ensuring the long-term sustainability of its business. Keeping this in mind, we are determined to conduct a more comprehensive assessment to identify climate-related risks and opportunities that are relevant and material to our business operations, and the associated actual and potential impacts. Additionally, we will formulate appropriate responses and implement effective mitigation measures to address these risks and capitalise on the opportunities.

Risk Management



Disclose how the organisation identifies, assesses, and manages climate-related risks.

The Board takes on the responsibility of maintaining an appropriate and effective risk management system and internal controls, essential for the ongoing operations of the Group. Reporting to the Board, the Audit Committee assesses and monitors the risks of the Group, including ESG and climate-related risks.

Climate-related risks identified for the property leasing and management segment:

Climate Risk	Potential Impact	Response
Physical risk More frequent extreme weather events, such as heat waves, typhoons, heavy rains, floods, and rise in average temperature	<ul style="list-style-type: none"> • Depreciation of equipment • Increase in the use of air-conditioning for cooling and operational cost for charge of utilities • Higher risk of work injury due to heat stress-related illnesses of employees (i.e., heat stroke and heat rash) • Temporary suspension or closure of operations • Increased investment on upgrading or reinforcing equipment to withstand extreme weather events • Drop in business performance due to operation disruption and loss of reputation 	<ul style="list-style-type: none"> • Introduce energy-efficient equipment and carry out retrofitting for buildings • Implement practices to prevent water damage, such as installing flood gates and alarm systems • Formulate an emergency plan and guidelines for extreme weather events • Enhance staff preparedness by conducting regular emergency drills • Regularly review occupational health and safety guidelines and practices in offices and construction sites for improvement
Climate Risk	Potential Impact	Response
Transition risk Tightened regulatory requirements on energy management	<ul style="list-style-type: none"> • Sudden and unexpected increase in energy costs • Loss of competitive edge comparing to more sustainable competitors • Higher operational and energy costs caused by early retirement of equipment and additional costs in developing low-carbon practices/processes • Loss of ability to achieve the market share target and/or sales revenue target in the future 	<ul style="list-style-type: none"> • Plan for and implement energy-efficient practices and equipment in operations • Formulate and implement a comprehensive sustainability strategy • Explore and invest in low-carbon practices and equipment

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Our climate-related metrics primarily include Scope 1 and 2 GHG emissions, waste generation and energy consumption figures, as well as our environmental goals and reduction strategies. Looking ahead, we strive to extend our disclosure of GHG emissions to Scope 3.

For more details on the environmental KPIs, targets and reduction strategies, please refer to the “Carbon and Energy Management”, “Resources Conservation”, and “Appendix — Key Performance Indicators Summary”.



Umbrella Bags Reduction Accreditation Program — Diamond Level
Greener Action



Indoor Air Quality Certificate (Good Class)
Environmental Protection Department



Energywi\$e Certificate (Basic Level)
Environmental Campaign Committee

PEOPLE



Having a capable team is vital to the Group's success. We credit our forward-thinking and sustainable growth to our employees' hard work and dedication. With this in mind, the Group is committed to fostering an inclusive, diverse, safe, and healthy work environment where respect and care are paramount. We also provide our team with opportunities to learn and enhance new skills, promoting professional growth.

Safeguarding Health and Safety

As a property developer, we place a high importance on the health and safety of our employees, customers, and site workers. It is our aim to ensure a secure and healthy environment for everyone involved, as outlined in our Health and Safety Policy.

Management System

The Group is committed to upholding a high-standard safety management system, in line with the necessary regulatory requirements. Our property management subsidiary, Goldwell Property Management Limited ("Goldwell"), is certified under ISO 45001 Occupational Health and Safety Management Systems. This helps us to prevent work-related injuries and ill health, while also actively enhancing our health and safety performance.

Our Health and Safety Committee meets monthly to bolster our commitment to employee health. We regularly track work-related injuries, develop and put into action plans for boosting workplace safety, and work on increasing awareness among our workforce.

Risk and Awareness Management

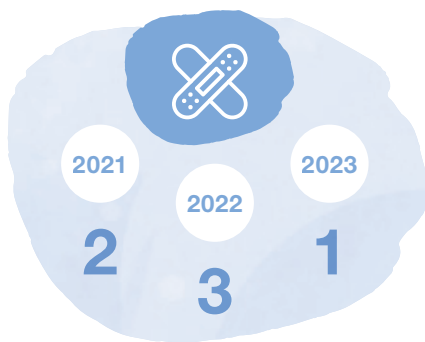
Our construction subsidiary, Rich Trend Construction Engineering Limited ("Rich Trend"), carries out emergency plans, risk assessments, safety plans, and heat stroke assessments for construction projects. We ensure that our employees and site workers are well-informed about potential occupational disease risks. Additionally, we provide comprehensive safety training and essential protective equipment to mitigate any hazards. The Group routinely conducts evacuation drills to ensure preparedness and maintain vigilance.

Employee Well-being

Mental health is a key priority for us — we believe in fostering a positive work environment. As part of this commitment, we have implemented a five-day work week, and any extra hours worked are compensated with time off. We are also dedicated to the physical health of our team. To this end, we have joined the Smoking Cessation Program, offering support to those who wish to quit smoking and lead healthier lives.

There were no work-related fatalities recorded in the past three reporting years.

Work-related injuries



Work-related fatalities



Valuing Our People

The sustained success of the Group depends greatly on the commitment and hard work of its employees. Therefore, it is crucial to prioritise the safeguarding of employees' rightful rights and interests. We have implemented a set of human resources policies, procedures and practices pertaining to compensation and dismissal, recruitment, and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, labour standards, and benefits and welfare. Human resources arrangements are clearly stated in the Employee Handbook and Code of Conduct and communicated to all our employees.

Talent Attraction and Retention

Talent Recruitment

Recruitments are conducted through a fair and transparent employment system, where decisions are made based on objective selection criteria such as personal capability and qualifications. The Group strictly adheres to appropriate and lawful procedures for resignation and termination to ensure equitable treatment of employees.

Talent Compensation and Retention

We evaluate and modify our compensation packages based on individual performance and capabilities. We offer compensation packages that are tailored to each position, taking into account factors such as employee performance and the Group's overall performance. These packages include a basic salary, allowances, and contributions to the Mandatory Provident Fund (MPF). We also provide various benefits to our employees. In addition to statutory holidays, our employees are entitled to a range of paid leave options, such as compassionate leave, paternity leave, and marriage leave.

Diversity, Equity and Inclusion

A diverse team is essential in successfully navigating obstacles and capitalising on opportunities. We are dedicated to promoting equal opportunity in all aspects of employment, including recruitment, termination, training, compensation, advancement, and disciplinary actions, taking into account employees' skills, abilities, performance, attitude, and other relevant factors. We strive to establish an equitable work environment with a strong stance against any types of discrimination and harassment, such as gender, race, nationality, and religious belief.

Labour Standards

The Group values and upholds human rights, strictly prohibiting any involvement or acceptance of child labour or forced labour in its operations. We have implemented an employment system that complies with local labour standards. To ensure compliance and eligibility for work, all applicants and new recruits are required to provide their identification documents for inspection and verification. To safeguard both the employees and the Group's interests, detailed terms and conditions of employment are outlined in the legal contracts for all positions.

Employee Engagement

The Group strives to promote a positive and balanced work atmosphere. We value our employees' thoughts, suggestions, and feedback. To foster open, transparent, and prompt communication, we have established a range of communication channels, such as regular meetings, surveys, and annual reviews to capture our employees' perspectives.

If employees have any feedback regarding their work, they are encouraged to share it with the Group through our established reporting channel. In our ongoing effort to improve, we'll responsibly track the results, handle feedback in an unbiased manner, and identify opportunities for advancement.

We share the latest happenings and trends via internal emails and our company intranet. Additionally, we publish a quarterly staff newsletter to keep everyone updated on green practices, community service initiatives, wellness tips, and employee activities.

Throughout the year, we organised a variety of engagement activities, such as monthly employee birthday parties and festive parties. These events not only served as great social gatherings, but also boosted our overall employee engagement.

Unleashing Employee Potential

The Group is committed to creating a workplace that empowers its employees to drive their career progression and achieve personal growth. We strive to provide equal opportunities to all of our employees when it comes to training, as outlined in the Employee Handbook. We actively invest in employee development by offering a variety of learning opportunities, and training and development programs. We encourage our employees to leverage these resources to enhance their value and abilities, preparing them to effectively handle future challenges and opportunities. The Group also promotes the idea of its employees participating in workshops, industry events, and seminars. This is to enhance and build upon their work-related knowledge and skills outside the Group.



Long Service Award Ceremony



Staff Workshop

Program and Activity	Audience	Objectives	Focus
Orientation Training	New employees	<ul style="list-style-type: none"> Provide understanding of the Group's mission, vision, values, and culture Familiarise new employees with their job roles, responsibilities, the expectations set, and business ethics 	<ul style="list-style-type: none"> Corporate policies and procedures Employee benefits and resources Anti-corruption and business ethics
Themed Training	All employees	<ul style="list-style-type: none"> Enhance employees' skills and competencies related to their job roles Increase employee productivity, efficiency, and job satisfaction Ensure employees understand and adhere to the Group's policies and guidelines 	<ul style="list-style-type: none"> Occupational health and safety Information technology Product and service ESG Anti-corruption and business ethics
Management Training	Managers and employees of other management-relevant positions	<ul style="list-style-type: none"> Prepare future leaders for higher management roles Enhance the skills and competencies of managers to effectively lead their teams Provide managers with the tools and knowledge to make strategic decisions 	<ul style="list-style-type: none"> Management skills and tactics Decision making

In addition to the training provided by the Group, our construction subsidiary, Rich Trend, encourages both employees and sub-contractors to participate in weekly safety training and toolbox talks. These sessions cover a range of topics, including emergency response during extreme weather, safe practices for working at height, bamboo or metal scaffolding techniques, and proper lighting and ventilation. The goal of these trainings is to minimise work-related injuries.

Awards



Happiness at Work Promotion Scheme 2023 — Happy Company
Hong Kong Productivity Council



Good MPF Employer 5 Years+
Mandatory Provident Fund Schemes Authority



Smoking Cessation Programme in Workplace
The Lok Sin Tong Benevolent Society, Kowloon

CUSTOMER



We are keen on making a positive contribution in business, holding ourselves accountable, and aiming for the best in product and service responsibility and customer engagement. We are dedicated to delivering top-notch professionalism and customer service in our field. We are focused on generating public value by boosting customer satisfaction and safety, guaranteeing quality and data privacy, and practising responsible marketing and advertising. We will regularly review and, when necessary, adjust our internal policies and procedures to better serve our customers.

Delivering Quality Services

We believe that upholding the high quality of our buildings and services is key to preserving our reputation and earning the trust of our customers over the long haul. We have implemented quality checks at various stages of construction. Each procedure's quality is measured in real-time, and we provide targeted recommendations for improvement. This allows contractors to make necessary adjustments promptly, mitigating any potential risks to quality.

Our skilled handover team is committed to maintaining quality assurance. This involves a thorough inspection and evaluation of the buildings' quality and safety before handover to owners and tenants. In addition, new customers benefit from a reliable maintenance warranty and post-sales service. Under the oversight of the building management team, we maintain a strict control of building quality, striving for ongoing improvement.