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SOUNDWILL HOLDINGS LIMITED

金朝陽集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

DISCLOSEABLE TRANSACTION SHARE EXCHANGE INVOLVING AN ACQUISITION AND A DISPOSAL

On 28 April 2021 (after trading hours), Able Best (a wholly-owned subsidiary of the Company) and Loyal Nice (a wholly-owned subsidiary of the Company) entered into the Share Exchange Agreement with Mr. Tang and Ace Baron, pursuant to which (i) Able Best has conditionally agreed to purchase the Sale (MH) Shares and the Shareholder's (MH) Loans from Mr. Tang at the Acquisition Consideration and (ii) Able Best has conditionally agreed to sell the Sale (YG) Shares and the Shareholder's (YG) Loans to Ace Baron, which is a company solely owned by Mr. Tang, at the Disposal Consideration.

Upon Completion, Able Best will hold the entire equity interest in Mainway Holdings and Ace Baron will hold the entire equity interest in Year Glory.

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transactions is more than 5% but less than 25%, the Transactions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Transactions are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

* *For identification purpose only*

SHARE EXCHANGE AGREEMENT

On 28 April 2021 (after trading hours), Able Best (a wholly-owned subsidiary of the Company) and Loyal Nice (a wholly-owned subsidiary of the Company) entered into the Share Exchange Agreement with Mr. Tang and Ace Baron, pursuant to which (i) Able Best has conditionally agreed to purchase the Sale (MH) Shares and the Shareholder's (MH) Loans from Mr. Tang and (ii) Able Best has conditionally agreed to sell the Sale (YG) Shares and the Shareholder's (YG) Loans to Ace Baron, which is a company solely owned by Mr. Tang. Upon Completion, Able Best will hold the entire equity interest in Mainway Holdings and Ace Baron will hold the entire equity interest in Year Glory.

Set out below are the principal terms of the Share Exchange Agreement:

Date : 28 April 2021 (after trading hours)

Parties : (i) Able Best
(ii) Loyal Nice
(iii) Mr. Tang
(iv) Ace Baron

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of Mr. Tang and Ace Baron and its ultimate beneficial owner is an Independent Third Party.

THE ACQUISITION & THE DISPOSAL

Subject matters of the Acquisition

Pursuant to the Share Exchange Agreement, Able Best has conditionally agreed to purchase and Mr. Tang has conditionally agreed to sell the Sale (MH) Shares, representing the entire issued share capital of Mainway Holdings, free from all encumbrances and with all rights attached or accrued to the Sale (MH) Shares as at the Completion. Mr. Tang has further conditionally agreed to assign and transfer to Able Best the Shareholder's (MH) Loans with effect from the Completion.

Upon Completion, Mainway Holdings will become a wholly-owned subsidiary of the Company and the financial information of Mainway Holdings will be consolidated into the accounts of the Company.

Subject matters of the Disposal

Pursuant to the Share Exchange Agreement, Able Best has conditionally agreed to sell and Ace Baron has conditionally agreed to purchase the Sale (YG) Shares, representing the entire issued share capital of Year Glory, free from all encumbrances and with all rights attached or accrued to the Sale (YG) Shares as at the Completion. Able Best has further conditionally agreed to assign and transfer to Ace Baron the Shareholder's (YG) Loans with effect from the Completion.

Upon Completion, Year Glory will cease to be a subsidiary of the Company and the financial information of Year Glory will not be consolidated into the accounts of the Company.

Considerations

The Acquisition Consideration

The Acquisition Consideration (the “**Pre-Adjustment Acquisition Consideration**”) (subject to adjustment as detailed in the sub-paragraphs headed “Adjustment to the Acquisition Consideration” below) shall be:

- (i) HK\$135,000,000; and
- (ii) plus the amount of Net Asset (MH) Value as set out in the MH Pro-Forma Completion Accounts (if it is a positive amount) or minus the absolute value of the amount of the Net Asset (MH) Value as set out in the MH Pro-Forma Completion Accounts (if it is a negative amount). In any event the absolute value of the amount of Net Asset (MH) Value shall not be more than HK\$400,000.

The Acquisition Consideration shall be apportioned as follows:

- (i) an amount equal to the face value of the Shareholder's (MH) Loans shall be applied for the Shareholder's (MH) Loans; and
- (ii) the remaining balance of the Acquisition Consideration (after adjustment) shall be applied as consideration for the Sale (MH) Shares.

As at 15 March 2021, the Shareholder's (MH) Loans amounted to approximately HK\$87.4 million.

The Acquisition Consideration has been determined after arm's length negotiation between Able Best and Mr. Tang with reference to, among other things, the appraised value of the MH Properties, which is estimated to be HK\$138 million as at 15 March 2021 as indicated by an independent qualified valuer.

Adjustment to the Acquisition Consideration

The Acquisition Consideration is subject to the following adjustments following agreement or determination of the MH Completion Accounts:

- (i) there shall be added to the Pre-Adjustment Acquisition Consideration the amount (if any) by which the Net Asset (MH) Value (determined by reference to the MH Completion Accounts) is more than the Net Asset (MH) Value (as set out in the MH Pro-Forma Completion Accounts); and
- (ii) there shall be deducted from the Pre-Adjustment Acquisition Consideration the amount (if any) by which the Net Asset (MH) Value (determined by reference to the MH Completion Accounts) is less than the Net Asset (MH) Value (as set out in the MH Pro-Forma Completion Accounts).

The Disposal Consideration

The Disposal Consideration (the “**Pre-Adjustment Disposal Consideration**”) (subject to adjustment as detailed in the sub-paragraphs headed “Adjustment to the Disposal Consideration” below) shall be:

- (i) HK\$70,000,000; and
- (ii) plus the amount of Net Asset (YG) Value as set out in the YG Pro-Forma Completion Accounts (if it is a positive amount) or minus the absolute value of the amount of the Net Asset (YG) Value as set out in the YG Pro-Forma Completion Accounts (if it is a negative amount). In any event the absolute value of the amount of Net Asset (YG) Value shall not be more than HK\$400,000.

The Disposal Consideration shall be apportioned as follows:

- (i) an amount equal to the face value of the Shareholder’s (YG) Loans shall be applied for the Shareholder’s (YG) Loans; and
- (ii) the remaining balance of the Disposal Consideration (after adjustment) shall be applied as consideration for the Sale (YG) Shares.

As at 15 March 2021, the Shareholder’s (YG) Loans amounted to approximately HK\$46.6 million.

The Disposal Consideration has been determined after arm’s length negotiation between Able Best and Ace Baron with reference to, among other things, the appraised value of the YG Properties, which is estimated to be HK\$68 million as at 15 March 2021 as indicated by an independent qualified valuer.

Adjustment to the Disposal Consideration

The Disposal Consideration is subject to the following adjustments following agreement or determination of the YG Completion Accounts:

- (i) there shall be added to the Pre-Adjustment Disposal Consideration the amount (if any) by which the Net Asset (YG) Value (determined by reference to the YG Completion Accounts) is more than the Net Asset (YG) Value (as set out in the YG Pro-Forma Completion Accounts); and
- (ii) there shall be deducted from the Pre-Adjustment Disposal Consideration the amount (if any) by which the Net Asset (YG) Value (determined by reference to the YG Completion Accounts) is less than the Net Asset (YG) Value (as set out in the YG Pro-Forma Completion Accounts).

Settlement

Settlement of the pre-adjusted considerations

Able Best shall settle the Pre-Adjustment Acquisition Consideration as follows:

- (i) an amount equivalent to the Pre-Adjustment Disposal Consideration shall be deemed to be paid by Able Best to Mr. Tang in full at Completion by way of set-off against the Pre-Adjustment Acquisition Consideration payable by Able Best to Mr. Tang (the “**Set-off**”); and
- (ii) the balance of the consideration shall be paid by Able Best in favour of Mainway Holdings’ lender, which is a licensed money lender in Hong Kong and an Independent Third Party, as part payment towards the sum equal to the outstanding amount owed by Mainway Holdings to its lender, or such other person as the lender may direct.

The Pre-Adjustment Disposal Consideration shall be satisfied and paid in full by Ace Baron at Completion by way of the Set-off against the Pre-Adjustment Acquisition Consideration.

Settlement of the adjusted considerations

The payment of the adjusted Acquisition Consideration shall be made within 10 Business Days after agreement or determination of the MH Completion Accounts in accordance with the terms of the Share Exchange Agreement:

- (i) if the Acquisition Consideration is increased pursuant to the adjustment set out above, Able Best shall pay to Mr. Tang the amount of such increase by cash or other method as Able Best and Mr. Tang may agree; or

- (ii) if the Acquisition Consideration is decreased pursuant to the adjustment set out above, Mr. Tang shall repay to Able Best the amount of such deduction by cash or other method as Able Best and Mr. Tang may agree.

The payment of the adjusted Disposal Consideration shall be made within 10 Business Days after agreement or determination of the YG Completion Accounts in accordance with the terms of the Share Exchange Agreement:

- (i) if the Disposal Consideration is increased pursuant to the adjustment set out above, Ace Baron shall pay to Able Best the amount of such increase by cash or other method as Able Best and Mr. Tang (on behalf of Ace Baron) may agree; or
- (ii) if the Disposal Consideration is decreased pursuant to the adjustment set out above, Able Best shall repay to Ace Baron the amount of such deduction by cash or other method as Able Best and Mr. Tang (on behalf of Ace Baron) may agree.

Conditions precedent

Completion of the Acquisition is conditional upon the following conditions being satisfied (or waived by Able Best in accordance with the Share Exchange Agreement):

- (i) Mainway Holdings being able to provide and give a good title of the MH Properties;
- (ii) there having been no breach of warranties by Mr. Tang according to the Share Exchange Agreement;
- (iii) there being no notice or order in relation to the resumption of any MH Properties under applicable laws of Hong Kong on or before the Completion; and
- (iv) the Disposal being completed simultaneously.

Able Best can waive all the conditions (other than condition (iii) above).

Completion of the Disposal is conditional upon the following conditions being satisfied (or waived by Ace Baron in accordance with the Share Exchange Agreement):

- (i) Year Glory being able to provide and give a good title of the YG Properties;
- (ii) there having been no breach of warranties by Able Best according to the Share Exchange Agreement;
- (iii) there being no notice or order in relation to the resumption of any YG Properties under applicable laws of Hong Kong on or before the Completion; and
- (iv) the Acquisition being completed simultaneously.

Ace Baron can waive all the conditions (other than condition (iii) above).

Completion

Completion shall take place on the Completion Date.

Guarantee by Loyal Nice

Pursuant the Share Exchange Agreement, Loyal Nice has guaranteed to Ace Baron the due observance and performance by Able Best under the Share Exchange Agreement and shall indemnify and keep Ace Baron fully indemnified against all losses, costs, expenses and damage whatsoever by reason of or in connection with any failure of Able Best's obligations. Such guarantee shall cease and be discharged of later of (i) 24 months after Completion or (ii) the discharge of Able Best of its agreements, obligations, commitments and undertakings under the Share Exchange Agreement.

Other material terms

Delivery of the MH Pro-Forma Completion Accounts and the YG Pro-Forma Completion Accounts

On or before 10 days prior to (but excluding) the Completion Date, Mr. Tang shall deliver the MH Pro-Forma Completion Accounts to Able Best and Able Best shall deliver the YG Pro-Forma Completion Accounts to Ace Baron.

Delivery of the MH Completion Accounts and the YG Completion Accounts

No later than 60 Business Days after (and exclusive of) the Completion Date, Mr. Tang shall deliver the statement of financial position of Mainway Holdings (the "**Draft MH Completion Accounts**") to Able Best and Able Best shall deliver the statement of financial position of Year Glory (the "**Draft YG Completion Accounts**") to Ace Baron.

If, following review, Able Best disagrees with the Draft MH Completion Accounts or Ace Baron disagrees with the Draft YG Completion Accounts, it may serve a notice in writing to that effect on Mr. Tang or Able Best (as the case may be) (the "**Dispute Notice**") as soon as reasonably practicable and in any event within 20 Business Days of the date on which the Draft MH Completion Accounts or the Draft YG Completion Accounts were delivered to Able Best or Ace Baron (as the case may be).

If within the 20 Business Days described above (or such other period as Able Best and Mr. Tang and/or Ace Baron (as the case may be) may agree in writing):

- (i) neither Able Best nor Ace Baron serves the Dispute Notice; or
- (ii) Able Best notifies Mr. Tang and Ace Baron notifies Able Best in writing that it accepts the Draft MH Completion Accounts or the Draft YG Completion Accounts (as the case may be),

the Draft MH Completion Accounts or the Draft YG Completion Accounts (as the case may be), shall in either such case, constitute the MH Completion Accounts or the YG Completion Accounts (as the case may be).

INFORMATION OF YEAR GLORY

Year Glory is a limited liability company incorporated in Hong Kong. It is principally engaged in property investment and owns the YG Properties. The financial information of Year Glory is the following:

	For the year ended 31 December	
	2020	2019
	<i>HK'000</i>	<i>HK'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Net profit before taxation	366	1,134
Net profit after taxation	235	1,095

As at 31 December 2020, Year Glory had a net liabilities of approximately HK\$9.0 million.

INFORMATION OF MAINWAY HOLDINGS

Mainway Holdings is a limited liability company incorporated in Hong Kong. It is principally engaged in property investment for long term holding and owns the MH Properties. The financial information of Mainway Holdings is the following:

	For the year ended 31 December	
	2020	2019
	<i>HK'000</i>	<i>HK'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Net loss before taxation	14,980	15,887
Net loss after taxation	14,980	15,887

As at 31 December 2020, Mainway Holdings had a net liabilities of approximately HK\$30.9 million.

INFORMATION OF MR. TANG AND ACE BARON

Mr. Tang is an experienced investor in the property investment and development in Hong Kong. As at the date of this announcement, Mr. Tang held the Sale (MH) Shares and the Shareholder's (MH) Loans.

Ace Baron is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding. The entire equity interest of Ace Baron is held solely by Mr. Tang.

INFORMATION OF THE GROUP AND REASONS FOR THE TRANSACTIONS

The Company is principally engaged in investment holding and the Group is principally engaged in various lines of business including property assembly, property leasing, property development and provision of building management services in Hong Kong and property development in the PRC. As at the date of this announcement, both of Able Best and Loyal Nice are subsidiaries of the Company. Able Best is principally engaged in investment holding and property investment. Loyal Nice is principally engaged in property investment.

The Directors undertake strategic reviews of the Group's assets and property portfolio from time to time with a view to maximising returns to the Shareholders. The MH Properties are industrial premises located in Kwai Chung, New Territories, Hong Kong. The Directors consider that the Acquisition represents a good opportunity for the Group to expand its investment in industrial properties and improve the Group's property portfolio so as to steadily expand the business scale. Moreover, the Directors consider that the Disposal provides an opportunity for the Group to reduce cash flow outlay for the Acquisition and to realise its long term investment. Given that the Disposal Consideration will be applied to set off part of the Acquisition Consideration, the Directors are of the view that the Disposal, if completed, will reduce the impact on the Group's cash flow from the Acquisition.

Assuming that no adjustment will be made to the Disposal Consideration, it is expected that an unaudited gain arising from the Disposal of approximately HK\$2.0 million will be recorded upon Completion. Such an estimated gain was calculated with reference to (i) the Disposal Consideration; and (ii) the market value of the YG Properties as at 15 March 2021 as indicated in the valuation report, without taking into account the expenses to be incurred in connection with the Transactions, including the legal and professional fees. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to review and final audit by auditors of the Company.

The Board considers that the Acquisition and the Disposal and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transactions is more than 5% but less than 25%, the Transactions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Transactions are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless otherwise defined, terms used shall have the following meanings:

“Able Best”	Able Best International Investment Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Ace Baron”	Ace Baron Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and the entire equity interest of which is held solely by Mr. Tang
“Acquisition”	the acquisition of the Sale (MH) Shares and the Shareholder’s (MH) Loans pursuant to the Share Exchange Agreement
“Acquisition Consideration”	the aggregate consideration payable by Able Best to Mr. Tang in respect of the Acquisition
“Board”	the board of Directors
“Business Day”	a day (except a Saturday, Sunday or public holiday in Hong Kong or a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks operating in Hong Kong are generally open for ordinary business (excluding internet banking business) in Hong Kong
“Company”	Soundwill Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 878)
“Completion”	the completion of the Transactions
“Completion Date”	5 July 2021 (or such other date as Mr. Tang, Ace Baron and Able Best may agree in writing on which Completion takes place, but in any case no earlier than 30 June 2021)
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale (YG) Shares and the Shareholder’s (YG) Loans pursuant to the Share Exchange Agreement

“Disposal Consideration”	the aggregate consideration payable by Ace Baron to Able Best in respect of the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party which is independent of and not connected with the Company and its connected persons and not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loyal Nice”	Loyal Nice Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Mainway Holdings”	Mainway Holdings Limited, a company incorporated in Hong Kong with limited liability, the entire issued shares of which are held by Mr. Tang
“MH Completion Accounts”	the statement of financial position of Mainway Holdings as at the close of business on the Completion Date prepared in accordance with the Share Exchange Agreement
“MH Pro-Forma Completion Accounts”	the pro-forma statement of financial position of Mainway Holdings as at the close of business on the Completion Date prepared in accordance with the Share Exchange Agreement
“MH Properties”	the basement, lower ground floor and the portions of the flat roof on the 3rd floor of South China Cold Storage Building, Kwai Chung, New Territories, Hong Kong
“Mr. Tang”	Mr. Tang Shing Bor, an Independent Third Party
“Net Asset (MH) Value”	the total assets of Mainway Holdings (other than the value of MH Properties, any intangible assets, other fixed assets and deferred tax assets) minus total liabilities of Mainway Holdings (other than the liability in respect of the loan owed by MH and any deferred tax liabilities and the Shareholder’s (MH) Loans)

“Net Asset (YG) Value”	the total assets of Year Glory (other than the value of YG Properties, any intangible assets, other fixed assets, payment for property redevelopment project, deferred tax assets and rental receivables) minus total liabilities of Year Glory (other than the liability in respect of any deferred tax liabilities and the Shareholder’s (YG) Loans)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Sale (MH) Shares”	1 ordinary share of Mainway Holdings, being the total number of issued share of Mainway Holdings
“Sale (YG) Shares”	10,000 ordinary shares of Year Glory, being the total number of issued shares of Year Glory
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Exchange Agreement”	the share exchange agreement dated 28 April 2021 entered into between Able Best, Loyal Nice, Mr. Tang and Ace Baron in relation to the Transactions
“Shareholder(s)”	the holder(s) of Share(s)
“Shareholder’s (MH) Loans”	all of the outstanding loans being owed by Mainway Holdings to Mr. Tang as at Completion
“Shareholder’s (YG) Loans”	all of the outstanding loans being owed by Year Glory to Able Best as at Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the Acquisition and the Disposal
“Year Glory”	Year Glory Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“YG Completion Accounts”	the statement of financial position of Year Glory as at the close of business on the Completion Date prepared in accordance with the Share Exchange Agreement
“YG Pro-Forma Completion Accounts”	the pro-forma statement of financial position of Year Glory as at the close of business on the Completion Date prepared in accordance with the Share Exchange Agreement

“YG Properties” 10 residential units on the 4th and 5th floor in Tai Wah Building,
Nos 3–13 Nga Tsin Long Road, Kowloon City, Kowloon, Hong
Kong

“%” per cent

By order of the Board
SOUNDWILL HOLDINGS LIMITED
Foo Kam Chu Grace
Chairman

Hong Kong, 28 April 2021

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