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# **SOUNDWILL HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock code: 878)**

## **TOP-UP PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES RESUMPTION OF TRADING**

**PLACING AGENT**



**SUN HUNG KAI INTERNATIONAL LIMITED**

On 10 January 2005, the Vendor entered into the Top-Up Placing Agreement and the Top-Up Subscription Agreement with the Placing Agent and the Company respectively.

Pursuant to the Top-Up Placing Agreement, the Vendor agreed to place, through the Placing Agent, an aggregate of 10,000,000 existing Shares, on a best effort basis, to the independent individual, corporate and/or institutional investors, and who and whose ultimate beneficial owners (i) are not connected persons (as defined in Listing Rules) of the Company; and (ii) are independent of the Company, its connected persons and other placees at a price of HK\$2.70 per Share.

Pursuant to the Top-Up Subscription Agreement, the Vendor conditionally agreed to subscribe for an aggregate of 10,000,000 Shares at a price of HK\$2.70 per Shares.

The Top-Up Placing Shares (or the Top-Up Subscription Shares) of 10,000,000 Shares represent (i) about 8.22% of the existing issued share capital of the Company of 121,585,891 Shares; and (ii) about 7.60% of the issued share capital of the Company of 131,585,891 Shares as enlarged by the Top-Up Subscription.

The Top-Up Placing Price is fixed on 7 January 2005, being the Last Full Trading Day. The Top-Up Placing Price (or the Top-Up Subscription Price) of HK\$2.70 represents:

- (i) a discount of about 9.24% to the closing price of HK\$2.975 per Share as quoted on the Stock Exchange on the Last Full Trading Day;
- (ii) a discount of about 10.15% to the average closing price per Share of HK\$3.005 as quoted on the Stock Exchange for the last five full trading days up to and including the Last Full Trading Day; and
- (iii) a premium of about 0.56% over the average closing price per Share of HK\$2.685 as quoted on the Stock Exchange for the last ten full trading days up to and including the Last Full Trading Day.

The Top-Up Placing Price (or the Top-Up Subscription Price) of HK\$2.70 represents:

- (i) a discount of about 6.09% to the closing price of HK\$2.875 per Share as quoted on the Stock Exchange on the Last Half Trading Day;
- (ii) a discount of about 11.48% to the average closing price per Share of HK\$3.05 as quoted on the Stock Exchange for the last four full trading days and the Last Half Trading Day; and
- (iii) a discount of about 1.1% to the average closing price per Share of HK\$2.73 as quoted on the Stock Exchange for the last nine full trading days and the Last Half Trading Day.

The Top-Up Subscription is conditional upon, among other things, (1) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-Up Subscription Shares and (2) the completion of the Top-Up Placing. The net proceeds from the Top-Up Subscription of about HK\$26,000,000.00 will be applied (i) approximately HK\$8,000,000.00 for future business development of the Group; (ii) approximately HK\$16,000,000.00 for repayment of part of the short term borrowings; and (iii) approximately HK\$2,000,000.00 for use as general working capital.

The Top-Up Placing will not result in any adjustment to the subscription price of the Warrants.

With regard to the bonus issue of Shares by the Company in June 2004, the Company has sought legal opinion which advised that such bonus issue of Shares was “in lieu of a cash dividend” and fell within the exception to the subscription price adjustment mechanism provided in clause 4(A)(2) of the terms and conditions of the warrant instrument dated 18 August 2003, which exception is in addition to the script dividend scheme exception provided in clause 4(C)(iv) of the said warrant instrument. Accordingly, no adjustment to the subscription price of the Warrants is required for the bonus issue of Shares by the Company in June 2004.

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 2:30 p.m. on Monday, 10 January 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 12 January 2005.

## **THE TOP-UP PLACING AGREEMENT**

### **Date**

10 January 2005

### **Parties involved**

The Placing Agent and the Vendor

### **Placing Agent**

Sun Hung Kai International Limited is the Placing Agent and will receive a placing commission of 2.0% on the gross proceeds of the Top-Up Placing paid by the Company, which was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owners are not connected persons (as defined in Listing Rules) of the Company and are third parties independent of the Company and its connected persons.

## **Placees**

Not less than six placees who are independent individual, corporate and/or institutional investors, and who and whose ultimate beneficial owners (i) are not connected persons (as defined in Listing Rules) of the Company; and (ii) are independent of the Company, its connected persons and other placees.

## **Top-Up Placing Price**

The Top-Up Placing Price is fixed on 7 January 2005, being the Last Full Trading Day. The Top-Up Placing Price (or the Top-Up Subscription Price) of HK\$2.70 represents:

- (i) a discount of about 9.24% to the closing price of HK\$2.975 per Share as quoted on the Stock Exchange on the Last Full Trading Day;
- (ii) a discount of about 10.15% to the average closing price per Share of HK\$3.005 as quoted on the Stock Exchange for the last five full trading days up to and including the Last Full Trading Day; and
- (iii) a premium of about 0.56% over the average closing price per Share of HK\$2.685 as quoted on the Stock Exchange for the last ten full trading days up to and including the Last Full Trading Day.

The Top-Up Placing Price (or the Top-Up Subscription Price) of HK\$2.70 represents:

- (i) a discount of about 6.09% to the closing price of HK\$2.875 per Share as quoted on the Stock Exchange on the Last Half Trading Day;
- (ii) a discount of about 11.48% to the average closing price per Share of HK\$3.05 as quoted on the Stock Exchange for the last four full trading days and the Last Half Trading Day; and
- (iii) a discount of about 1.1% to the average closing price per Share of HK\$2.73 as quoted on the Stock Exchange for the last nine full trading days and the Last Half Trading Day.

(24 December 2004 and 31 December 2004 are considered as full trading day for the purpose of this announcement)

The Top-Up Placing Price is negotiated on an arm's length basis amongst the Vendor, the Company and the Placing Agent. The Directors consider that the terms of the Top-Up Placing are fair and reasonable based on the current market conditions and in the interests of the Company and its Shareholders as a whole.

## **Top-Up Placing Shares**

The Top-Up Placing Shares of 10,000,000 Shares represent (i) about 8.22% of the existing issued share capital of the Company of 121,585,891 Shares; and (ii) about 7.60% of the issued share capital of the Company of 131,585,891 Shares as enlarged by the Top-Up Subscription.

## **Condition of the Top-Up Placing**

The Top-Up Placing is unconditional.

## **Completion**

The Top-Up Placing is to be completed on 13 January 2005 or on such other date as may be agreed between the Vendor and the Placing Agent.

# **THE TOP-UP SUBSCRIPTION AGREEMENT**

## **Date**

10 January 2005

## **Parties involved**

The Company and the Vendor

## **Top-Up Subscription Price**

The Top-Up Subscription Price is HK\$2.70 per Share. The Top-Up Subscription Price is the same as the Top-Up Placing Price and is determined after arm's length negotiation amongst the Company, the Vendor and the Placing Agent with reference to the Top-Up Placing Price of the Top-Up Placing Shares.

## **Number of Top-Up Subscription Shares**

The number of Top-Up Subscription Shares is equivalent to the number of Top-Up Placing Shares, being 10,000,000 Shares.

## **Ranking of Top-Up Subscription Shares**

The Top-Up Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with Shares in issue at the time of issue and allotment of the Top-Up Subscription Shares.

## **Conditions**

The Top-Up Subscription is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-Up Subscription Shares and (ii) completion of the Top-Up Placing.

Application will be made to the Stock Exchange to grant the listing of, and permission to deal in, the Top-Up Subscription Shares.

## **Completion**

Under the Listing Rules, the Top-Up Subscription must be completed within 14 days after the date of the Top-Up Subscription Agreement, that is, on or before 24 January 2005.

In the event that the conditions to the Top Up Subscription Agreement are not fulfilled by 20 January 2005 (or such later date as the parties thereto may mutually agree), the rights and obligations of the parties under the Top Up Subscription Agreement shall lapse and be of no further effect, in which event the parties thereto shall be released from such obligations without any liability save as to any antecedent breach and provided that any right or remedies which shall have accrued shall not be prejudiced or affected.

## EFFECTS ON SHAREHOLDING STRUCTURE

Name of Shareholders	Existing no. of shares held	Approximate %	No. of shares held after Top-up Placing but before Top-up		No. of shares held after Top-up Placing and Subscription	
			Subscription	Approximate %	Subscription	Approximate %
Vendor	81,482,505	67.02	71,482,505	58.79	81,482,505	61.92
Mrs. Chan	96,000	0.08	96,000	0.08	96,000	0.07
Mr. Kwan	75,000	0.06	75,000	0.06	75,000	0.06
Mr. Tse	6,723	0.01	6,723	0.01	6,723	0.01
COSCO	7,937,664	6.53	7,937,664	6.53	7,937,664	6.03
Public	31,987,999	26.31	41,987,999	34.53	41,987,999	31.91
Total	121,585,891	100.00	121,585,891	100.00	131,585,891	100.00

## REASONS FOR THE TOP-UP PLACING AND TOP-UP SUBSCRIPTION AND USE OF PROCEEDS

The Directors considered various ways of raising funds and consider that the Top-Up Placing and Top-Up Subscription represents an opportunity to raise capital for the Company while broadening the shareholder base and the capital base of the Company.

The gross proceeds from the Top-Up Subscription is HK\$27,000,000.00. The net proceeds from the Top-Up Subscription of approximately HK\$26,000,000.00 will be applied for (i) approximately HK\$8,000,000.00 for future business development of the Group; (ii) approximately HK\$16,000,000.00 for repayment of part of the short term borrowings; and (iii) approximately HK\$2,000,000.00 for use as general working capital.

The net proceeds raised per Top-Up Subscription Shares will be about HK\$2.60 per Shares. The Company will bear an aggregate expenses and costs of about HK\$1,000,000.00 incurred in relation to the Top-Up Placing and the Top-Up Subscription.

# EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD

Date of announcement	Event	Counterparty	Discount/premium to the market price	Net proceeds (approximate)	Intended use of proceeds (approximate)	Actual use of proceeds as at the date of this announcement (approximate)
13 February 2004	Placing of 5,500,000 existing Shares at HK\$2.20 per Share and subscription of 13,939,688 new Shares at HK\$2.20 per Share	the Vendor	a discount of around 5.58% to the closing price of HK\$2.33 per Share as quoted on the Stock Exchange on 13 February 2004 and a premium of around 1.85% over the average closing price of HK\$2.16 per Share for the last 10 trading days up to and including 13 February 2004.	HK\$30.67 million. The proceeds was satisfied partly by offsetting against part of the unsecured interest-bearing loan owed by the Company to the Vendor for an amount of around HK\$18.57 million and the balance of approximately HK\$12.10 million by cash payment	HK\$18.57 million was used for repayment of shareholder's loan owed to the Vendor and the remaining balance would be applied for future business development and as general working capital of the Group	HK\$18.57 million has been used for repayment of shareholder's loan owed to the Vendor. The net cash proceeds of around HK\$11 million has been used as to approximately HK\$5,500,000 for the property and urban infrastructure businesses of the Group and the remaining balance of approximately HK\$5,500,000 has been applied as general working capital of the Group
18 March 2004	Loan capitalization agreement whereby the Vendor agreed to subscribe for 17,000,000 Shares at HK\$2.55 each	the Vendor	The same as the closing price of HK\$2.55 per Share quoted on the Stock Exchange on 17 March 2004 and represents a premium of approximately 0.29% to the average closing prices per Share for the 10 trading days ended 17 March 2004	HK\$43,350,000	For partial repayment of the principal amount of loan (with accrued interest) owed to the Vendor by HK\$43,350,000	For partial repayment of the principal amount of loan (with accrued interest) owed to the Vendor by HK\$43,350,000
23 June 2004	Convertible Bond Issue whereby the Vendor agreed to subscribe for convertible bonds with the principal amount of approximately HK\$148,500,000	the Vendor	The conversion price is HK\$1.68, which is equivalent to approximately 6.3% over the average of the closing prices per Share for the ten trading days ending on 17 June 2004.	Approximately HK\$148,500,000	For repayment of the shareholder loan granted by the Vendor to the Company	Repayment of the shareholder loan granted by the Vendor to the Company (the "Loan"). The Loan was fully set off by the issue of the convertible bond. Accordingly, as at the date of this announcement, save for the convertible bond, there is no outstanding amount owed by the Company to the Vendor. The total outstanding principal amount under the convertible bond is approximately HK\$148,500,000. None of the convertible bond has been exercised yet.

Save as aforesaid, the Company has not conducted any equity fund raising activities in the past twelve-month period immediately before the date of this announcement.



## **GENERAL MANDATE**

The Top-Up Subscription Shares will be issued under the general mandate (“General Mandate”) to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting (the “AGM”) of the Company held on 31 May 2004 subject to the limit up to 20% of the issued share capital of the Company as at the date of passing the resolution at the AGM (i.e. 20,253,971 Shares). As at the date of this announcement, no Share has been issued under the General Mandate.

## **GENERAL**

The principal activities of the Group are property development, property leasing and provision of building management services.

The Company will submit an application to the Stock Exchange for the listing of, and permission to deal in the Top-Up Subscription Shares pursuant to the Top-up Subscription Agreement.

### **Clarification on the adjustment of subscription price of the Warrants**

The Top-Up Placing will not result in any adjustment to the subscription price of the Warrants.

With regard to the bonus issue of Shares by the Company in June 2004, the Company has sought legal opinion which advised that such bonus issue of Shares was “in lieu of a cash dividend” and fell within the exception to the subscription price adjustment mechanism provided in clause 4(A)(2) of the terms and conditions of the warrant instrument dated 18 August 2003, which exception is in addition to the script dividend scheme exception provided in clause 4(C)(iv) of the said warrant instrument. Accordingly, no adjustment to the subscription price of the Warrants is required for the bonus issue of Shares by the Company in June 2004.

### **Resumption of trading**

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 2:30 p.m. on Monday, 10 January 2005 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 12 January 2005.

## **TERMS AND DEFINITION**

“Board”	The board of directors of the Company
“COSCO”	China Ocean Shipping (Group) Company
“Company”	Soundwill Holdings Limited, the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Existing Shares”	An aggregate of 121,585,891 existing Shares, of which 81,482,505 existing Shares are beneficially owned by the Vendor
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Last Full Trading Day”	7 January 2005, being the last full trading day for the Shares prior to this announcement
“Last Half Trading Day”	10 January 2005, being the last half trading day for the Shares prior to this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mrs. Chan”	Foo Kam Chu Grace, chairman of the Company
“Mr. Kwan”	Kwan Chai Ming, executive Director of the Company
“Mr. Tse”	Tse Chun Kong Thomas, executive Director of the Company
“Placing Agent”	Sun Hung Kai International Limited, a deemed licensed corporation to carry out types 1,4,6 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top-Up Placing”	the placing of 10,000,000 existing Shares beneficially owned by the Vendor pursuant to the terms of Top-Up Placing Agreement
“Top-Up Placing Agreement”	the placing agreement between the Vendor and the Placing Agent dated 10 January 2005 in relation to the Placing
“Top-Up Placing Price”	HK\$2.70 per Share
“Top-Up Placing Shares”	An aggregate of 10,000,000 existing Shares beneficially owned by the Vendor and to be placed pursuant to the Top-Up Placing Agreement
“Top-Up Subscription”	the subscription of 10,000,000 new Shares pursuant to the terms of Top-Up Subscription Agreement
“Top-Up Subscription Agreement”	the subscription agreement between the Vendor and the Company dated 10 January 2005 in relation to the Top-Up Subscription
“Top-Up Subscription Price”	HK\$2.70 per Share
“Top-Up Subscription Shares”	a total of 10,000,000 new Shares to be subscribed for by the Vendor pursuant to the Top-Up Subscription Agreement



“Vendor”	Ko Bee Limited, a company incorporated in British Virgin Islands, the registered office of which is at the Offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, the British Virgin Islands and the entire issued share capital of which is beneficially owned by Madam Foo Kam Chu Grace, the Chairman of the Company
“Warrants”	Warrants issued by the Company as per the circular sent by the Company to its shareholders on 16 August 2003
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Soundwill Holdings Limited**  
**Kwan Chai Ming**  
*Executive Director*

Hong Kong, 11 January 2005

*As at the date of this announcement, the Board comprises of (1) Executive Directors : Foo Kam Chu, Grace, Chan Wai Ling, Tse Chun Kong, Thomas; Kwan Chai Ming; (2) Non-Executive Directors : Liu Hanbo, Meng Qinghui; and (3) Independent Non-Executive Directors : Heng Kwo Seng, Kwan Kai Cheong and Ho Suk Yin.*

*Please also refer to the published version of this announcement in the (**The Standard**)*