

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Soundwill Holdings Limited (the “Company”), you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or to the transferee or to the bank, the licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



## **SOUNDWILL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 878)**

### **PROPOSALS FOR GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES AND AMENDMENTS TO THE BYE-LAWS AND INFORMATION ON DIRECTORS TO BE RE-ELECTED**

---

A letter from the board of directors of Soundwill Holdings Limited is set out in pages 3 to 5 of this circular.

A notice convening the annual general meeting (the “AGM”) of Soundwill Holdings Limited (the “Company”) to be held at Unit 06, 19th Floor, Soundwill Plaza, 38 Russell Street, Causeway Bay, Hong Kong at 3:30 p.m. on Monday, 29 May 2006, at which the above proposals will be considered, is contained in the 2005 Annual Report of the Company accompanying this circular.

If you are not able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the head office and principal place of business of Soundwill Holdings Limited in Hong Kong at 21st Floor, Soundwill Plaza, 38 Russell Street, Causeway Bay, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

# CONTENTS

---

	<i>Pages</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
1. Introduction .....	3
2. Granting of the Share Issue Mandate, the Share Repurchase Mandate and the Extension of Share Issue Mandate .....	4
3. Amendments to the Bye-laws .....	4
4. Annual General Meeting .....	4
5. Re-election of Directors .....	5
6. Procedure for Demanding a Poll .....	5
7. Recommendation .....	5
<b>Appendix I — Explanatory Statement</b> .....	6
<b>Appendix II — Details of Directors proposed to be re-elected</b> .....	9

## DEFINITIONS

---

*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held at Unit 06, 19th Floor, Soundwill Plaza, 38 Russell Street, Causeway Bay, Hong Kong at 3:30 p.m. on Monday, 29 May 2006;
“AGM Notice”	the notice convening the AGM as contained in the 2005 Annual Report of the Company accompanying this circular;
“Board”	the board of Directors;
“Bye-laws”	the bye-laws of the Company, as amended from time to time;
“Company”	Soundwill Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange;
“Director(s)”	the director(s) of the Company;
“Extension of Share Issue Mandate”	the extension of the Share Issue Mandate by the addition thereto of an amount representing the aggregate number of Shares repurchased by the Company under the authority granted pursuant to the Share Repurchase Mandate provided that such extended amount shall not exceed 10 per cent. of the number of Shares in issue at the date of passing of resolution no. 5C set out in the AGM Notice;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Latest Practicable Date”	25 April 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the law of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Share Issue Mandate”	a general mandate to the Directors to exercise the power of the Company to allot and issue Shares during the relevant period up to 20 per cent. of the issued share capital of the Company as at the date of passing of resolution no. 5B set out in the AGM Notice;

## DEFINITIONS

---

“Share Registrar”	Standard Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, being the Hong Kong branch share registrar and transfer office of the Company;
“Share Repurchase Mandate”	the general mandate to the Directors to exercise the power of the Company to repurchase Shares during the relevant period up to 10 per cent. of the issued share capital of the Company as at the date of passing of the resolution no. 5A set out in the AGM Notice;
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing of their own securities on the Stock Exchange;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Repurchases.



# SOUNDWILL HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 878)**

*Executive Directors:*

FOO Kam Chu, Grace, *Chairman*  
CHAN Wai Ling  
TSE Chun Kong, Thomas  
KWAN Chai Ming

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non Executive Directors:*

LIU Hanbo, *Non Executive Vice Chairman*  
MENG Qinghui

*Head Office and Principal*

*Place of Business:*  
21st Floor, Soundwill Plaza  
38 Russell Street  
Causeway Bay  
Hong Kong

*Independent Non Executive Directors:*

HENG Kwoo Seng  
KWAN Kai Cheong  
HO Suk Yin

28 April 2006

*To the Shareholders*

Dear Sir or Madam,

**PROPOSALS FOR  
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES  
AND AMENDMENTS TO THE BYE-LAWS  
AND  
INFORMATION ON DIRECTORS TO BE RE-ELECTED**

**1. INTRODUCTION**

The Directors are proposing to seek the approvals of the Shareholders at the AGM in relation to:

- (a) the granting of the Share Issue Mandate and the Share Repurchase Mandate;
- (b) the Extension of Share Issue Mandate;
- (c) the amendments to the Bye-laws; and
- (d) the re-election of Director(s).

# LETTER FROM THE BOARD

---

The purpose of this circular is to provide you with information in respect of the granting of the Share Issue Mandate and the Share Repurchase Mandate, the Extension of Share Issue Mandate, the proposed amendments to the Bye-laws and the information on directors to be re-elected at the forthcoming AGM.

## **2. GRANTING OF THE SHARE ISSUE MANDATE, THE SHARE REPURCHASE MANDATE AND THE EXTENSION OF SHARE ISSUE MANDATE**

The general mandates given at the annual general meeting of the Company on 30 May 2005 to the Directors to exercise the powers of the Company to issue Shares to repurchase its own Shares and to extend the authority to issue Shares by the amount of Shares repurchased will lapse at the conclusion of the AGM.

To facilitate future allotment and issue of Shares by the Directors on behalf of the Company, the Directors will seek the approval of the Shareholders for the grant of the Share Issue Mandate and the Extension of Share Issue Mandate at the AGM.

The Directors will also seek the approval of the Shareholders at the AGM for the grant of the Share Repurchase Mandate in accordance with the requirements set out in the Listing Rules. Pursuant to the requirements of the Listing Rules, Appendix I to this circular sets out the explanatory statement to provide the Shareholders with the requisite information reasonably necessary to enable the Shareholders to make an informed decision in considering the voting on the grant of the Share Repurchase Mandate.

Details of the Share Repurchase Mandate, the Share Issue Mandate and the Extension of Share Issue Mandate are set out in resolutions nos. 5A, 5B and 5C in the AGM Notice.

## **3. AMENDMENTS TO THE BYE-LAWS**

Following the Code on Corporate Governance Practices of the Listing Rules which came into effect on 1 January 2005 and taking into account of the latest changes to the requirement of the Listing Rules, a special resolution will be proposed to amend the Bye-laws, details of the proposed amendments are set out in the AGM Notice.

## **4. ANNUAL GENERAL MEETING**

The AGM Notice is set out in the 2005 Annual Report of the Company accompanying this circular. At the AGM, ordinary resolutions will be proposed to approve the Share Issue Mandate, the Share Repurchase Mandate and the Extension of Share Issue Mandate a special resolution will be proposed to approve the amendments to the Bye-laws.

A form of proxy for use at the AGM is enclosed with this circular. If you are not able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the head office and principal place of business of the Company in Hong Kong at 21st Floor, Soundwill Plaza, 38 Russell Street, Causeway Bay, Hong Kong not less than 48 hours before the time appointed for holding the AGM. Completion and return of the proxy form will not preclude Shareholders from attending and voting at the AGM if they so wish.

**5. RE-ELECTION OF DIRECTORS**

Pursuant to Bye-law 87(1), Ms. Chan Wai Ling and Mr. Liu Hanbo, existing directors of the Company, will be retiring from office at the AGM. They all are eligible and will be proposed for re-election at the AGM. Details of these Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

**6. PROCEDURE FOR DEMANDING A POLL**

Pursuant to bye-law 66 of the Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members of the Company present in person (or in the case of a member of the Company being a corporation by its duly authorised representatives) or by proxy for the time being entitled to vote at the meeting; or
- (c) by any member or members of the Company present in person (or in the case of a member of the Company being a corporation by its duly authorised representatives) or by proxy and representing not less than one-tenth of the total voting rights of all the members of the Company having the right to vote at the meeting; or
- (d) by any member or members of the Company present in person (or in the case of a member of the Company being a corporation by its duly authorised representatives) or by proxy and holding shares in the company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

**7. RECOMMENDATION**

The Directors believe that the Share Repurchase Mandate, the Share Issue Mandate, the Extension of Share Issue Mandate and the proposed amendments to the Bye-laws are in the interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

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

This Appendix I serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to Shareholders for consideration of the Share Repurchase Mandate and should be read in conjunction with the Letter from the Board hereinbefore appearing.

## **1. LISTING RULES**

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange or on any other stock exchange on which the shares of the companies may be listed and recognised for the purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

- (a) The shares proposed to be purchased by the company are fully-paid up.
- (b) The company has previously sent to its shareholders an explanatory statement complying with the Listing Rules.
- (c) The shareholders of the company have given a specific approval or a general mandate to the directors of the company to make such purchase, by way of an ordinary resolution which complies with the Listing Rules and which has been passed at a general meeting of the company duly convened and held and the company has delivered a copy of such resolution, together with the necessary supporting documentation, to the Stock Exchange in accordance with the Listing Rules.

## **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 222,507,816 Shares. Subject to the passing of the ordinary resolution to approve the Share Repurchase Mandate and on the assumption that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Share Repurchase Mandate to repurchase up to a limit of 22,250,781 Shares.

## **3. REASON FOR REPURCHASES**

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per Share.

## **4. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its Bye-laws, the laws of the jurisdiction in which the Company is incorporated and the Listing Rules.

The Companies Act 1981 of Bermuda provides that the amount of capital repaid in connection with a share repurchase may only be paid out of either the capital paid up on the relevant Shares or the funds of the Company which would otherwise be available for dividend or distribution or the proceeds of a fresh issue of Shares made for the purpose. The amount of premium payable on



repurchase may only be paid out of the funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company before the Shares are repurchased.

## 5. FINANCIAL EFFECT OF REPURCHASE OF SHARES

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Annual Report for the year ended 31 December 2005) in the event that the proposed repurchase of Shares was to be carried out in full at any time during the proposed repurchase period. However, the Directors have no current intention to exercise the Share Repurchase Mandate to an extent as would, having regard to the relevant circumstances, have a material adverse effect on the working capital or gearing position of the Company.

## 6. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	Shares	
	Highest HK\$	Lowest HK\$
<b>2005</b>		
April	2.700	2.325
May	2.350	2.075
June	2.500	2.175
July	2.500	2.250
August	2.700	2.250
September	2.675	2.200
October	2.325	1.890
November	2.025	1.750
December	2.100	1.760
<b>2006</b>		
January	1.940	1.840
February	2.050	1.870
March	2.850	1.980
April (up to the Latest Practicable Date)	2.850	2.300

## 7. GENERAL

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise Share Repurchase Mandate in accordance with the Listing Rules, the Bye-laws of the Company and the applicable laws of Bermuda.

If as a result of a share repurchase pursuant to the Share Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the interest of such Shareholder(s), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Ko Bee Limited was beneficially interested in 156,783,709 Shares representing approximately 70.46 per cent. of the issued share capital of the Company. In the event that the Share Repurchase Mandate was exercised in full, the shareholding of Ko Bee Limited would be increased to approximately 78.29 per cent. of the issued share capital of the Company. In the opinion of the Directors, such increase would not give rise to a mandatory offer in accordance with the Takeovers Code. However the Directors have no current intention to exercise the Share Repurchase Mandate in full.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), presently intend to sell any Shares to the Company under the Share Repurchase Mandate in the event that the Share Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any connected persons (as defined in the Listing Rules) that they have a present intention to sell any Shares, or that they have undertaken not to sell any Shares held by them to the Company in the event that the Share Repurchase Mandate is approved by the Shareholders.

## **8. SHARE REPURCHASE MADE BY THE COMPANY**

During the six months preceding the Latest Practicable Date, there was no repurchase of its Shares made by the Company (whether on the Stock Exchange or otherwise).

The following are the particulars of the Directors proposed to be re-elected at the Annual General Meeting to be held on 29 May 2006:

1. **Ms. Chan Wai Ling**, aged 35, is the executive director of the Company and the director of various subsidiaries of the Company. She is also the daughter of the Group's Chairman. She is responsible for the property development of the Group and is in charge of the property department. 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 for more than five years. Ms. Chan has not held directorships in other listed public companies in the last three years.

Save as mentioned above, Ms. Chan does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Ms. Chan has been granted share options for a total of 300,000 Shares, representing approximately 0.13% interest in shares of the Company within the meaning of Part XV of the SFO, details of which are set out in note 36 to the financial statements in the 2005 Annual Report of the Company accompanying this circular.

Ms. Chan has not entered into a service contract with the Company. Ms. Chan's appointment is not for a specific term but subject to retirement by rotation and re-election in accordance with the Bye-laws. The emoluments of Ms. Chan is determined by reference to the Company's remuneration policy and guidelines adopted by the remuneration committee of the Company. The total emoluments of Ms. Chan for the year ended 31 December 2005 amounts to HK\$752,000.

There is no information that is required to be disclosed pursuant to any of the requirements of Rules 13.51(2) (h) to (w) of the Listing Rules.

Finally, there is no other matter that needs to be brought to the attention to the Shareholders in respect of Ms. Chan's appointment.

2. **Mr. Liu Hanbo**, aged 46, joined the Company on 24 January 2002 as a Non-Executive Director and was appointed as the non-executive vice-chairman of the Company on 22 April 2003. He is also a Vice-President of COSCO (Hong Kong) Group Limited and the executive director and managing director of COSCO International Holdings Limited, which is listed on the Stock Exchange. Mr. Liu graduated from Dalian Maritime University with a Master's degree in Communication and Transportation Management and Planning and has been awarded senior engineer and senior economist qualifications by the Ministry of Communication of the PRC. Mr. Liu had been general manager of COSCO Dalian Enterprises Development Company, general manager of the Development Division and Head of Asset Operating Centre of COSCO, as well as general manager of COSCO (Hong Kong) Industry & Trade Holdings Limited. Mr. Liu has extensive experience in corporate management and capital market operations.

Mr. Liu does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. Save as mentioned herein, Mr. Liu has not held directorships in other listed public companies in the last three years.

As at the Latest Practicable Date, Mr. Liu has been granted share options for a total of 240,000 Shares, representing approximately 0.11% interest in shares of the Company within the meaning of Part XV of the SFO, details of which are set out in note 36 to the financial statements in the 2005 Annual Report of the Company accompanying this circular.

There is no service contract between Mr. Liu and the Company. Mr. Liu's appointment is not for a specific term but subject to retirement by rotation and re-election in accordance with the Bye-laws. Save as the share options mentioned above, Mr. Liu does not receive any emoluments for the year ended 31 December 2005.

There is no information that is required to be disclosed pursuant to any of the requirements of Rules 13.51(2) (h) to (w) of the Listing Rules.

Finally, there is no other matter that needs to be brought to the attention to the Shareholders in respect of Mr. Liu's appointment.

The Board is not aware of any other matter relating to the proposed re-election of the abovenamed Directors that need to be brought to the attention of the Shareholders.