
IMPORTANT

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.

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SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

PROPOSAL FOR GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES 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 Units 05-06, 3rd Floor, Soundwill Plaza, 38 Russell Street, Causeway Bay, Hong Kong at 3:30 p.m. on Tuesday, 29 May 2007, at which the above proposal will be considered, is contained in the 2006 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 Company’s principal office 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 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> |
|--|--------------|
| Definitions | 1 |
| Letter from the Board | |
| 1. Introduction | 3 |
| 2. Granting of the Share Repurchase Mandate, the Share Issue Mandate and the Extension of Share Issue Mandate | 4 |
| 3. Annual General Meeting | 4 |
| 4. Re-election of Directors | 4 |
| 5. Procedure for Demanding a Poll | 5 |
| 6. Recommendation | 5 |
| Appendix I — Explanatory Statement | 6 |
| Appendix II — Details of Directors proposed to be re-elected | 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 Units 05-06, 3rd Floor, Soundwill Plaza, 38 Russell Street, Causeway Bay, Hong Kong at 3:30 p.m. on Tuesday, 29 May 2007; |
| “AGM Notice” | the notice convening the AGM as contained in the 2006 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; |
| “Designated Stock Exchange” | a stock exchange which is an appointed stock exchange for the purposes of the Companies Act 1981 of Bermuda in respect of which the shares of the Company are listed or quoted and where such appointed stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company; |
| “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 2007, 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 laws 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; |
| “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; |

DEFINITIONS

| | |
|----------------------------|---|
| “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. |

LETTER FROM THE BOARD



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:

LIANG Yanfeng, *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 Kwo Seng
KWAN Kai Cheong
HO Suk Yin

30 April 2007

To the Shareholders

Dear Sir or Madam,

PROPOSAL FOR GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES 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; and
- (c) 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 Repurchase Mandate, the Share Issue Mandate, the Extension of Share Issue Mandate and the information on directors to be re-elected at the forthcoming AGM.

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

The general mandates given at the annual general meeting of the Company on 29 May 2006 to the Directors to exercise the powers of the Company to repurchase its own Shares, issue Shares and 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. ANNUAL GENERAL MEETING

The AGM Notice is set out in the 2006 Annual Report of the Company accompanying this circular. At the AGM, ordinary resolutions will be proposed to approve the Share Repurchase Mandate, the Share Issue Mandate and the Extension of Share Issue Mandate and to re-elect Directors.

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 accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's principal office in Hong Kong at 21st Floor, Soundwill Plaza, 38 Russell Street, Causeway Bay, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the AGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting at the AGM if they so wish.

4. RE-ELECTION OF DIRECTORS

Pursuant to Bye-law 86(2) & 87(1), Madam Foo Kam Chu, Grace, Mr. Tse Chun Kong, Thomas, Mr. Meng Qinghui and Mr. Liang Yanfeng, 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. Information on these Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

LETTER FROM THE BOARD

5. 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 required by the rules of the Designated Stock Exchange or (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; or
- (e) if required by the rules of the Designated Stock Exchange, by the chairman of the meeting and/or any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

6. RECOMMENDATION

The Directors believe that the Share Repurchase Mandate, the Share Issue Mandate, the Extension of Share Issue Mandate and the re-election of Directors 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 222,797,816 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 22,279,781 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 effect 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 2006) 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 <i>HK\$</i> | Lowest <i>HK\$</i> |
| 2006 | | |
| April | 2.850 | 2.300 |
| May | 2.775 | 2.250 |
| June | 2.400 | 1.900 |
| July | 2.250 | 2.020 |
| August | 2.300 | 2.130 |
| September | 2.340 | 2.060 |
| October | 2.950 | 2.050 |
| November | 2.700 | 2.420 |
| December | 2.830 | 2.450 |
| 2007 | | |
| January | 2.830 | 2.520 |
| February | 3.200 | 2.640 |
| March | 2.880 | 2.470 |
| April (up to the Latest Practicable Date) | 3.450 | 2.850 |

7. GENERAL

The Directors have undertaken to the Stock Exchange that, 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 70.37 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 78.19 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).

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

The following are the particulars of the Directors proposed to be re-elected at the Annual General Meeting to be held on 29 May 2007:

1. **FOO Kam Chu, Grace**, aged 63, is the founder and Chairman of the Group and Executive Director of the Company. Madam Foo has extensive experience in 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 mother of Ms. Chan Wai Ling, Executive Director of the Company. Madam Foo is currently responsible for the Group's overall development direction and strategies. Furthermore, she serves as a standing committee member of Guangzhou Committee of the Chinese People's Political Consultative Conference and has been elected as an honorary citizen of Guangzhou. She is familiar with the political and economic affairs in the PRC. Madam Foo has not held directorships in other listed public companies in the last three years.

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

As at the Latest Practicable Date, Madam Foo has the following interests in shares of the Company within the meaning of Part XV of the SFO, details of which are set out in the Report of the Directors and note 35 to the financial statements in the 2006 Annual Report of the Company accompanying this circular:

(i) Long Position in shares

| Number of Shares | Approximate Percentage of Shareholding |
|-------------------------|---|
| 156,783,709 | 70.37 |

(ii) Long Position in underlying shares of equity derivatives — share options granted and outstanding

| Number of Share Options | Approximate Percentage of interest in Shares |
|--------------------------------|---|
| 600,000 | 0.27 |

(iii) Long Position in underlying shares of equity derivatives — interests in convertible bonds, each of which is convertible into one share at the conversion price of HK\$1.66

| Principal Amount of Convertible Bonds | Number of Underlying Shares | Approximate Percentage of interest in Shares |
|--|------------------------------------|---|
| HK\$23,499,490 | 14,156,319 | 6.35 |

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Madam Foo has not entered into a service contract with the Company. Madam Foo'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 Madam Foo is determined in accordance with prevailing market conditions and her role and responsibility. The total emoluments of Madam Foo for the year ended 31 December 2006 amounts to HK\$1,742,000.

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 of the Shareholders in respect of Madam Foo's appointment.

2. **TSE Chun Kong, Thomas**, aged 45, is the Executive Director in charge of the Group's property investment. Mr. Tse graduated from McMaster University, Canada with a bachelor degree in Civil Engineering, and also obtained his master degree of Business Administration from the City University of New York, USA. He joined the Company in 1997 and has over 15 years experience in the Hong Kong and Mainland property market. Mr. Tse has not held directorships in other listed public companies in the last three years.

Mr. Tse does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Tse has the following interests in shares of the Company within the meaning of Part XV of the SFO, details of which are set out in the Report of the Directors and note 35 to the financial statements in the 2006 Annual Report of the Company accompanying this circular:

(i) Long Position in shares

| Number of Shares | Approximate Percentage of Shareholding |
|-------------------------|---|
| 6,723 | 0.00 |

(ii) Long Position in underlying shares of equity derivatives — share options granted and outstanding

| Number of Share Options | Approximate Percentage of interest in Shares |
|--------------------------------|---|
| 330,000 | 0.15 |

Mr. Tse has not entered into a service contract with the Company. Mr. Tse'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 Mr. Tse is determined in accordance with prevailing market conditions and his role and responsibility. The total emoluments of Mr. Tse for the year ended 31 December 2006 amounts to HK\$1,643,000.

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

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 of the Shareholders in respect of Mr. Tse's appointment.

3. **MENG Qinghui**, aged 51, was appointed as a Non-Executive Director of the Company on 22 April 2003. He is also an Executive Director of COSCO International Holdings Limited which is listed on the Stock Exchange and general manager of Finance Division of COSCO (Hong Kong) Group Limited. Mr. Meng graduated from Central South University and has PRC accountant qualification. Mr. Meng has extensive experience in corporate financial management and accounting and is also familiar with corporate financial planning. Save as mentioned above, Mr. Meng has not held directorships in other listed public companies in the last three years.

Mr. Meng does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. Meng has been granted share options for a total of 330,000 Shares, representing approximately 0.15% interest in shares of the Company within the meaning of Part XV of the SFO, details of which are set out in note 35 to the financial statements in the 2006 Annual Report of the Company accompanying this circular.

There is no service contract between Mr. Meng and the Company. Mr. Meng'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. Meng does not receive any emoluments for the year ended 31 December 2006.

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 of the Shareholders in respect of Mr. Liang's appointment.

4. **LIANG Yanfeng**, aged 41, joined the Company on 5 December 2006 as a Non-Executive Director and the non-executive vice-chairman. Mr. Liang is also the executive director and managing director of the Board of COSCO International Holdings Limited and had been the executive director of COSCO Pacific Limited, both of which are listed on the Stock Exchange. Mr. Liang has a Master's degree in laws and an Executive Master of Business Administration from the Department of Social Science and the School of Economics and Management of Tsinghua University and the Senior Economist qualification awarded by the Ministry of Communications of China. He has extensive experience in corporate management and capital market operation. Save as mentioned above, Mr. Liang has not held directorships in other listed public companies in the last three years.

Mr. Liang does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

APPENDIX II DETAILS OF DIRECTORS PROPOSED TO BE RE-ELECTED

As at the Latest Practicable Date, Mr. Liang has been granted share options for a total of 90,000 Shares, representing approximately 0.04% interest in shares of the Company within the meaning of Part XV of the SFO, details of which are set out in note 35 to the financial statements in the 2006 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. Liang does not receive any emoluments for the year ended 31 December 2006.

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 of the Shareholders in respect of Mr. Liang'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.