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## **SOUNDWILL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 878)**

### **CONNECTED TRANSACTION**

The Board is pleased to announce that on 24 December 2009, Shan Shui Management, a subsidiary held by the Company through Soundwill Real Estate, entered into the Agreement with Mr. Huang, Mr. Chen and Mr. Zhao in relation to the acquisition of 100% equity interest in Heng Feng at a consideration of RMB11,842,997 (the “Acquisition”).

The Sellers will further contribute RMB11,842,997 to Shan Shui Management and such amount payable shall be set off against the amount payable by Shan Shui Management to the Sellers under the Agreement. Shan Shui Management will procure Soundwill Real Estate to further contribute RMB12,326,385 to Shan Shui Management, payable on completion, in order to maintain their shareholding ratio in Shan Shui Management (“Further Capital Contribution”). After the Further Capital Contribution, the Sellers through Zhong Xin shall remain to have 49% equity interest in Shan Shui Management and Soundwill Real Estate shall remain to have 51% equity interest in Shan Shui Management.

Zhong Xin is a company incorporated in the PRC with limited liabilities and the substantial shareholder of Shan Shui Management, a subsidiary held by the Company through Soundwill Real Estate. Accordingly, Zhong Xin is a connected person of the Company. Mr. Huang, Mr. Chen and Mr. Zhao jointly hold the entire equity interest in Zhong Xin. Accordingly, they are the associates of Zhong Xin and therefore the connected persons of the Company. As such, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratio calculated with reference to the Acquisition is over 0.1% but less than 2.5%, the Acquisition is subject to the reporting and announcement requirements, but are exempt from the independent shareholders’ approval requirement under the Listing Rules.

## THE AGREEMENT

**Date:** 24 December 2009

**Parties:**

1. 黃小駿 (Mr. Huang Xiao Chun) (“Mr. Huang”), 陳思余 (Mr. Chen Si Yu) (“Mr. Chen”) and 趙明波 (Mr. Zhao Ming Bo) (“Mr. Zhao”); and
2. 珠海市山水花城物業管理有限公司 (Shan Shui Huacheng Property Management Company Limited) (“Shan Shui Management”), a company incorporated in the PRC with limited liabilities and a subsidiary indirectly held by the Company through Soundwill Real Estate as to 51% equity interest and the Sellers through Zhong Xin as to 49% equity interest.

**Assets to be acquired:** Mr. Huang, Mr. Chen and Mr. Zhao jointly hold the entire equity interest in Heng Feng. They agree to sell 100% of their entire equity interest in Heng Feng to Shan Shui Management.

Heng Feng owns the land use right of a piece of Land in Zhuhai with an area of approximately 23,329.28 square meters being used for industrial purpose, and the factory building erected thereon.

Immediately after completion of the Acquisition, Heng Feng will become a subsidiary of Soundwill Real Estate.

**Considerations:** The total consideration payable by Shan Shui Management shall be RMB11,842,997. It will be paid in the following manner:

1. RMB1,184,299.70 payable within 3 days after signing of the Agreement (if the Conditions Precedent fail to be fulfilled, RMB1,184,299.70 shall be refunded to Shan Shui Management); and
2. RMB10,658,697.30 payable on completion.

The consideration was arrived at after arm’s length negotiation between the parties with reference to the value of the Land as of 8 December 2009. According to Valuation Report of the Land dated 8 December 2009 prepared by the Valuer, an independent firm of qualified valuers, based on open market value, the value of the Land was RMB11,842,997 as of 8 December 2009.

**Conditions Precedent:** Pursuant to the Agreement, completion is subject to the satisfaction of the conditions precedent, including (among others) the following:

1. having satisfied the requirements of the relevant government authorities for transferring the equity interest in Heng Feng according to the laws and regulations;
2. having completed the procedure of transferring the equity interest in Heng Feng according to the laws and regulations, and obtained the approval of all relevant government authorities and regulatory bodies (including but not limited to approval from the Stock Exchange);
3. having obtained the approval from the Stock Exchange in relation to the transfer of equity interest and publication of the relevant Announcement; and
4. having obtained the approval from the Zhuhai Administration of Industry and Commerce and other government departments (if necessary) in relation to the transfer of equity interest and a new business license for Heng Feng.

**Completion Date:** The third business day after satisfaction of all the Conditions Precedent.

**Long Stop Date:** 31 January 2010 or any such other date as the parties may agree in writing.

#### **FURTHER CAPITAL CONTRIBUTION**

1. Further capital contribution in the amount of RMB12,326,385 is required for general working capital of Shan Shui Management, including the development of the Land acquired.
2. The Sellers will further contribute RMB11,842,997 to Shan Shui Management and such amount payable shall be set off against the amount payable by Shan Shui Management to the Sellers under the Agreement.
3. Shan Shui Management will procure Soundwill Real Estate to further contribute RMB12,326,385 to Shan Shui Management, payable on completion, in order to maintain their shareholding ratio in Shan Shui Management.

4. The consideration was arrived at after arm's length negotiation between the parties with reference to the value of the Land as of 8 December 2009. According to Valuation Report of the Land dated 8 December 2009 prepared by the Valuer, an independent firm of qualified valuers, based on open market value, the value of the Land was RMB11,842,997 as of 8 December 2009.
5. After the Sellers and Soundwill Real Estate have further contributed to Shan Shui Management, the Sellers through Zhong Xin shall remain to have 49% equity interest in Shan Shui Management and Soundwill Real Estate shall remain to have 51% equity interest in Shan Shui Management.

## **INFORMATION OF THE COMPANY**

The Company is an investment holding company with its subsidiaries principally engaged in various lines of business including (i) property assembly; (ii) property leasing; (iii) property development; (iv) property management and building management services; and (v) urban infrastructure development business in the PRC.

## **INFORMATION OF SOUNDWILL REAL ESTATE**

Soundwill Real Estate is a company incorporated in British Virgin Islands with limited liabilities and a wholly owned subsidiary indirectly held by the Company.

## **INFORMATION OF SHAN SHUI MANAGEMENT**

Shan Shui Management is a company incorporated in the PRC with limited liabilities and a subsidiary indirectly held by the Company through Soundwill Real Estate as to 51% equity interest and the Sellers through Zhong Xin as to 49% equity interest.

## **INFORMATION OF MR. HUANG, MR. CHEN AND MR. ZHAO**

Zhong Xin is a company incorporated in the PRC with limited liabilities and the substantial shareholder of Shan Shui Management, a subsidiary held by the Company through Soundwill Real Estate. Accordingly, Zhong Xin is a connected person of the Company. Mr. Huang, Mr. Chen and Mr. Zhao jointly hold the entire equity interest in Zhong Xin. Accordingly, they are the associates of Zhong Xin and therefore the connected persons of the Company. As such, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

## **REASON FOR THE ACQUISITION AND FURTHER CAPITAL CONTRIBUTION**

The Company is of the view that the Acquisition and Further Capital Contribution are in line with the business objective of the Group in relation to the property development business in the PRC. It is a good opportunity for the Company to further expand its property development business in the PRC.

The consideration is determined on an arms length basis. Accordingly, the Directors of the Company are of the view that the terms and conditions of the Acquisition and Further Capital Contribution are fair and reasonable and are in the interests of the shareholders as a whole.

## **IMPLICATION UNDER THE LISTING RULES**

Zhong Xin is a company incorporated in the PRC with limited liabilities and the substantial shareholder of Shan Shui Management, a subsidiary held by the Company through Soundwill Real Estate. Accordingly, Zhong Xin is a connected person of the Company. Mr. Huang, Mr. Chen and Mr. Zhao jointly hold the entire equity interest in Zhong Xin. Accordingly, they are the associates of Zhong Xin and therefore the connected persons of the Company. As such, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratio calculated with reference to the Acquisition is over 0.1% but less than 2.5%, the Acquisition is subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	means the acquisition of 100% equity interest in Heng Feng pursuant to the Agreement at a total consideration of RMB11,842,997
“Agreement”	means the agreement dated 24 December 2009 entered into by the Sellers and Shan Shui Management in relation to the Acquisition
“Company”	Soundwill Holdings Limited, a company incorporated in Bermuda limited liability, the Shares of which are listed on the Stock Exchange

“Further Capital Contribution”	means the further contribution of RMB11,842,997 by the Sellers to Shan Shui Management and such amount payable shall be set off against the amount payable by Shan Shui Management to the Sellers under the Agreement; and Shan Shui Management will procure Soundwill Real Estate to further contribute RMB12,326,385 to Shan Shui Management, payable on completion, in order to maintain their shareholding ratio in Shan Shui Management
“Heng Feng”	珠海市斗門恒豐建材貿易有限公司 (Zhuhai Doumen Hengfeng Building Materials Trading Company Limited) <sup>#</sup> , a company incorporated in the PRC with limited liabilities and a wholly owned company jointly and directly held by the Sellers
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the land namely 珠海市斗門區井岸鎮工業大道中段一塊 (Yikuai, Industrial Road Middle, Jingan city, Doumen District, Zhuhai) <sup>#</sup> in the area of approximately 23,329.28 square meters being used for industrial purpose, and the factory building erected thereon
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sellers”	Mr. Huang Xiao Chun (黃小駿), Mr. Chen Si Yu (陳思余), and Mr. Zhao Ming Bo (趙明波)
“Shan Shui Management”	珠海市山水花城物業管理有限公司 (Shan Shui Huacheng Property Management Company Limited) <sup>#</sup> , a company incorporated in the PRC with limited liabilities and a subsidiary indirectly held by the Company through Soundwill Real Estate as to 51% equity interest and the Sellers through Zhong Xin as to 49% equity interest
“Soundwill Real Estate”	Soundwill Real Estate (China) Limited, a company incorporated in British Virgin Islands with limited liabilities and a wholly owned subsidiary indirectly held by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuer”	珠海陸地土地房地產估價有限公司

“Zhong Xin”

珠海市斗門忠信興業貿易有限公司 (Zhuhai Doumen Zhong Xin Xingye Trading Company)<sup>#</sup>, a company incorporated in the PRC with limited liabilities which is jointly owned by Mr. Huang, Mr. Chen and Mr. Zhao

<sup>#</sup> *the English translation of the Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

By Order of the Board  
**Soundwill Holdings Limited**  
**Foo Kam Chu Grace**  
*Chairman*

Hong Kong, 29 December 2009

*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, Tse Chun Kong, Thomas; Kong Siu Man, Kenny (ii) Non-Executive Directors: Liang Yanfeng, Meng Qinghui; and (iii) Independent Non-Executive Directors: Chan Kai Nang, Kwan Kai Cheong and Pao Ping Wing.*