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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)

**MAJOR TRANSACTION
DISPOSAL OF INDIGO DRAGON LIMITED
AND
RESUMPTION OF TRADING**

The Board is pleased to announce that on 15 June 2016, the Purchaser entered into the Sale and Purchase Agreement with the Seller, the Guarantor and the Target Company in relation to the sale and purchase of the entire issued share capital of the Target Company and the assignment of the Sale Loans at an initial consideration of HK\$820,000,000 (subject to adjustments).

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained written approval for the Sale and Purchase Agreement and the Disposal in accordance with Rule 14.44 of the Listing Rules from a closely allied group of shareholders comprising Madam Foo, Ko Bee Limited and Full Match Limited (both being companies wholly-owned by Madam Foo), which are beneficially interested in 96,602, 194,866,028 and 2,386,000 shares of the Company respectively, representing an aggregate of approximately 69.66% of the entire issued capital of the Company as at the date of this announcement.

A circular containing, among other things, further details of the Sale and Purchase Agreement and the Disposal is expected to be despatched to the Shareholders for information purposes only on or before 7 July 2016.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Main Board of the Stock Exchange was halted with effect from 2:38 p.m. on 15 June 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 16 June 2016.

Completion is subject to fulfillment (or if applicable, waiver) of the Conditions and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

INTRODUCTION

The Board is pleased to announce that on 15 June 2016, the Purchaser entered into the Sale and Purchase Agreement with the Seller, the Guarantor and the Target Company in relation to the Disposal.

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised as follows:

Parties

- (1) Seller: Mega Beyond Limited
- (2) Purchaser: Trillion Winner Enterprises Limited
- (3) Guarantor: Eagle Fund I.L.P., acting through Soundwill Capital Limited (an indirect wholly-owned subsidiary of the Company) as its general partner
- (4) Target Company: Indigo Dragon Limited

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Subject Matter

Pursuant to the Sale and Purchase Agreement, (i) the Seller agreed to sell the Sale Share representing the entire issued share capital of the Target Company and to assign the Sale Loans; (ii) the Purchaser agreed to purchase the Sale Share and to accept assignment of the Sale Loans, free from all encumbrances.

The Target Group holds the entire legal and beneficial interest in the Properties. Further details of the Target Group and the Properties are set out below in the section headed “Information of the Target Company and the Properties” in this announcement.

Pursuant to the terms of the Sale and Purchase Agreement, the parties shall complete the sale and purchase of the Sale Share and the assignment of the Sale Loans simultaneously.

Consideration

Subject to the Consideration Adjustments (as defined below), the total aggregate amount of the consideration payable by the Purchaser for the transfer of the Sale Share and the assignment of the Sale Loans shall be an initial sum of HK\$820,000,000, which shall be apportioned as follows:

- (i) the consideration for the assignment of the Sale Loans (i.e. the “**Sale Loans Consideration**”) shall be the face value of the total outstanding amount of the Sale Loans as at Completion; and
- (ii) the consideration for the transfer of the Sale Share (i.e. the “**Sale Share Consideration**”) shall be the amount of the Consideration less the Sale Loans Consideration.

The Consideration shall be satisfied and paid by the Purchaser in the following manner:

- (a) the Deposit has been paid to the Seller’s lawyers as stakeholders upon execution of the Sale and Purchase Agreement and shall be released to the Seller at Completion; and
- (b) the remaining balance of the Consideration shall be paid upon Completion in the following manner:
 - (1) in favour of the mortgagee bank, a sum representing the total amount of the principal repayable and the interest payable under a bank loan in the principal amount of HK\$202,430,000 borrowed by the Target Group as full settlement of the loan and for redemption of the security in respect of such loan at Completion;
 - (2) in favour of the Seller, a sum representing the Sale Loans Consideration; and
 - (3) in favour of the Seller, a sum representing the net balance amount (if any) after deducting the amount referred to in sub-paragraphs (1) and (2) above.

The Consideration was arrived at after arm's length negotiations between the Seller and the Purchaser on normal commercial terms principally with reference to the unaudited consolidated net asset value of the Target Group as at 31 May 2016, and taking into account the market value of the Properties as at 31 May 2016 of approximately HK\$816,000,000 as indicated in a preliminary valuation report prepared by an independent property valuer.

Adjustments to the Consideration

The amount of the Consideration payable upon Completion is subject to the following adjustments in accordance with the Pro Forma Unaudited Completion Accounts and the Pro Forma Completion Statement (the "**Completion Adjustments**"):

- (a) there shall be added to the Consideration the amount of the Adjustment Amount if the Adjustment Amount is a positive figure;
- (b) there shall be deducted from the Consideration the amount of the Adjustment Amount if the Adjustment Amount is a negative figure; and
- (c) there shall be no adjustment to the Consideration if the amount of the Adjustment Amount is zero.

The Consideration as adjusted pursuant to the Completion Adjustments is subject to the following further adjustments (the "**Post-Completion Adjustments**", and together with the Completion Adjustments, the "**Consideration Adjustments**"):

- (a) there shall be added to the Consideration (as paid on Completion and including the Deposit) the amount (if any) by which the Adjustment Amount as shown in the Final Completion Statement is more than the Adjustment Amount as shown in the Pro Forma Completion Statement (subject to a maximum amount of HK\$10,000); and
- (b) there shall be deducted from the Consideration (as paid on Completion and including the Deposit) the amount (if any) by which the Adjustment Amount as shown in the Final Completion Statement is less than the Adjustment Amount as shown in the Pro Forma Completion Statement.

It is expected that the Consideration Adjustments will not be material.

Conditions

Completion shall be conditional upon the satisfaction of all the following Conditions:

- (a) the Company having obtained the requisite approval from the Shareholders in relation to the Disposal as required under the Listing Rules;
- (b) issuance of the acknowledgement by the Building Authority confirming completion of the foundation works for the proposed redevelopment at the Properties;

- (c) the termination or novation of certain construction and consultancy contracts in relation to the Properties; and
- (d) the termination of a memorandum of agreement entered into between the Company and the Target Group regarding provision of corporate guarantee.

Pursuant to the terms of the Sale and Purchase Agreement, the Seller shall use its reasonable endeavours to procure the satisfaction of the Conditions on or before the Completion Date, save if any of them has been waived by the Purchaser on or before Completion.

As at the date of this announcement, Condition (a) above has been satisfied as the Company has already obtained the requisite approval from its Shareholders in relation to the Disposal as required under the Listing Rules. Please refer to the section headed “Listing Rules Implications” in this announcement for details.

Guarantee and Indemnity

The Guarantor (i) agreed to guarantee to the Purchaser the due and punctual performance by the Seller of the warranties, undertakings, representations and obligations on its part under the Sale and Purchase Agreement and (ii) undertook to indemnify and keep indemnified the Purchaser against all reasonable losses, damages, costs and expenses of the Purchaser, subject to the terms of the Sale and Purchase Agreement.

Completion

Subject to fulfilment of the Conditions, Completion shall take place on the Completion Date.

Following Completion, each member of the Target Group will cease to be a subsidiary of the Company. Accordingly, the profits and losses and the assets and liabilities of the Target Group will cease to be consolidated in the consolidated financial statements of the Company.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTIES

The Target Company is, through its subsidiaries, the indirect beneficial owner of the Properties and its sole investment is the ownership of the Properties. The Properties are currently a vacant site and vacant possession of the site will be delivered on Completion as part of the assets of the Target Group.

The unaudited consolidated total asset value and net asset value of the Target Company as at 31 May 2016 as extracted from the management accounts of the Target Company were approximately HK\$816,615,000 and HK\$336,275,000 respectively.

As the Target Company was incorporated on 8 February 2016, there is no financial information of the Target Company for the years ended 31 December 2014 and 2015. For the year ended 31 December 2014, the net loss (excluding fair value adjustment on investment properties, and both before and after taxation and extraordinary items) attributable to the Properties was HK\$6,325,000.

For the year ended 31 December 2015, the net loss (excluding fair value adjustment on investment properties, and both before and after taxation and extraordinary items) attributable to the Properties was HK\$29,864,000.

INFORMATION OF THE GROUP

The Group is principally engaged in the business of property assembly, property leasing, property development and property management in Hong Kong and real estate development in the PRC.

The Seller is an investment holding company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Guarantor.

The Guarantor is an exempted limited partnership established in the Cayman Islands and its principal business is investment holding. Soundwill Capital Limited, an indirect wholly-owned subsidiary of the Company, is the general partner of the Guarantor, and the Group holds approximately 47% interest in the Guarantor as at the date of this announcement.

INFORMATION OF THE PURCHASER

The Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability.

REASONS FOR AND BENEFITS DERIVED FROM THE DISPOSAL

The Directors undertake strategic reviews of its assets from time to time with a view to maximising returns to the Shareholders. The Directors consider that the Disposal provides an opportunity for the Company to realise its investment. The Directors are of the view that the Disposal, if completed, will make a positive contribution to the cash flow and financial position of the Group, and the net proceeds from the Disposal will be used as general working capital and for future investment and development of the Group.

The Board considers that 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.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Based on the Consideration and the related expenses for the Disposal, it is expected that a gain arising from the Disposal of approximately HK\$2,000,000 will be recorded upon the Completion, of which approximately HK\$931,000 will be attributable to the Group.

Shareholders and potential investors of the Company should note that the above expectation is for illustrative purpose only. The actual accounting gain or loss in connection with the Disposal may be different from the above and will be determined based on the financial position of the Target Company on the Completion Date.

The net proceeds from the Disposal will be approximately HK\$515,683,000 (after deducting bank loans, transaction costs, legal costs, commission and expenses related to the Disposal), of which approximately HK\$240,050,000 will be attributable to the Group and be used by the Group to primarily for future investment and development of the Group and for general working capital.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained written approval for the Sale and Purchase Agreement and the Disposal in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising Madam Foo, Ko Bee Limited and Full Match Limited (both being companies wholly-owned by Madam Foo), which are beneficially interested in 96,602,194,866,028 and 2,386,000 shares of the Company respectively, representing an aggregate of approximately 69.66% of the entire issued capital of the Company as at the date of this announcement.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no Shareholder has any material interest in the Sale and Purchase Agreement and the Disposal and is required to abstain from voting if the Company were to convene a special general meeting for the approval of the Sale and Purchase Agreement and the Disposal. As such, no special general meeting will be convened for the purpose of approving the Disposal as permitted under Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Sale and Purchase Agreement and the Disposal is expected to be despatched to the Shareholders for information purposes only on or before 7 July 2016.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Main Board of the Stock Exchange was halted with effect from 2:38 p.m. on 15 June 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 16 June 2016.

Completion is subject to fulfillment (or if applicable, waiver) of the Conditions and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms and expressions have the following meanings:

“Adjustment Amount”	the adjustment amount as set out in the Pro Forma Completion Statement and the Final Completion Statement (as the case may be) as ascertained in accordance with the Sale and Purchase Agreement;
“Board”	the board of Directors;
“Business Day”	a day (not being a Saturday or Sunday) when banks generally are open in Hong Kong and Macau for the transaction of general banking business;
“Company”	Soundwill Holdings Limited (金朝陽集團有限公司*), an exempted company incorporated in Bermuda with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 878);
“Completion”	completion of the sale and purchase of the Sale Share and the assignment of the Sale Loans under the Sale and Purchase Agreement;
“Completion Adjustments”	having the meaning as ascribed to it under the section headed “Adjustments to the Consideration” in this announcement;
“Completion Date”	the day Completion takes place, that is, the date falling on sixty (60) days after the date of the Sale and Purchase Agreement, and if that day is not a Business Day, the Business Day after that day (or such other date as mutually agreed between the Seller and the Purchaser from time to time);
“Condition(s)”	the condition(s) precedent to Completion;
“connected persons”	having the meaning as ascribed to it under the Listing Rules;
“Consideration”	the consideration payable by the Purchaser to the Seller for the Sale Share and the Sale Loans under the Sale and Purchase Agreement, subject to adjustments;
“Consideration Adjustments”	having the meaning as ascribed to it under the section headed “Adjustments to the Consideration” in this announcement;

“Deposit”	a sum of HK\$164,000,000 representing twenty percent (20%) of HK\$820,000,000 (being the amount of the initial Consideration prior to adjustments under the Sale and Purchase Agreement);
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Sale Share and the assignment of the Sale Loans by the Seller to the Purchaser pursuant to the Sale and Purchase Agreement;
“Final Completion Statement”	the final statement setting out the calculation of the Adjustment Amount based on the Pro Forma Unaudited Completion Accounts subject to the terms of the Sale and Purchase Agreement;
“Group”	collectively, the Company and its subsidiaries;
“Guarantor”	Eagle Fund I.L.P., an exempted limited partnership established in the Cayman Islands;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Madam Foo”	Madam Foo Kam Chu Grace, Chairman and an executive Director and a controlling shareholder of the Company;
“Post-Completion Adjustments”	having the meaning as ascribed to it under the section headed “Adjustments to the Consideration” in this announcement;
“PRC”	the People’s Republic of China, but for the purpose of this announcement only, excludes Hong Kong, Macau and Taiwan
“Pro Forma Completion Statement”	the statement setting out the calculation of the Adjustment Amount based on the Pro Forma Unaudited Completion Accounts as prepared by the Seller;

“Pro Forma Unaudited Completion Accounts”	the consolidated unaudited statement of financial position and statement of profit or loss and other comprehensive income of the Target Group for the period from 1 January 2016 to the Completion Date as prepared by the Seller in accordance with the terms of the Sale and Purchase Agreement;
“Properties”	collectively, <ul style="list-style-type: none"> (i) the property situated at Nos. 14 and 14A Mosque Street and No. 16 Mosque Street, Hong Kong; and (ii) the property situated at No. 18 Mosque Street, Hong Kong;
“Purchaser”	Trillion Winner Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 15 June 2016 entered into among the Seller, the Purchaser, the Guarantor and the Target Company in relation to the Disposal;
“Sale Loans”	the shareholder loans owing by certain members of the Target Group to the Seller as at Completion;
“Sale Loans Consideration”	the consideration payable by the Purchaser to the Seller for the benefit of the Sale Loans;
“Sale Share”	all the issued share in the capital of the Target Company;
“Sale Share Consideration”	the consideration payable by the Purchaser to the Seller for the Sale Share;
“Seller”	Mega Beyond Limited, a company incorporated in the British Virgin Islands with limited liability and a subsidiary of the Guarantor;
“Shareholder(s)”	holder(s) of ordinary share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Indigo Dragon Limited, a company incorporated in the British Virgin Islands with limited liability;

“Target Group” collectively, the Target Company and its subsidiaries; and
“%” per cent.

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

Hong Kong, 15 June 2016

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 and Kong Siu Man Kenny; and (ii) Independent Non-Executive Directors: Chan Kai Nang, Pao Ping Wing and Ng Chi Keung.

* *For identification only*