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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF TARGET COMPANY

THE DISPOSAL

The Board announces that on 7 June 2017 the Purchaser entered into a sale and purchase agreement with the Seller in relation to the sale and purchase of the entire issued share capital of the Target Company and the assignment of the Sale Loan free from all encumbrances. The Consideration is the initial sum of HK\$455,620,000, subject to adjustments in accordance with the terms of the Agreement.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios as defined in the Listing Rules calculated with reference to the Disposal is over 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**For identification purpose only*

THE DISPOSAL

The Board announces that on 7 June 2017 the Purchaser entered into a sale and purchase agreement with the Seller in relation to the sale and purchase of the entire issued share capital of the Target Company and the assignment of the Sale Loan free from all encumbrances. The Consideration is the initial sum of HK\$455,620,000, subject to adjustments in accordance with the terms of the Agreement.

AGREEMENT

The principal terms of the Agreement are summarized as follow:

Date

7 June 2017

Parties

Seller: Glory Genius International Investment Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company.

Purchaser: Asiaciti Investments Limited, a company incorporated in the British Virgin Islands with limited liability.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Subject Matter

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

The Target Group holds the entire legal and beneficial interest in the Property. Further details of the Target Group and the Property are set out below in the section headed

“Information of the Target Company and the Property” in this announcement.

Pursuant to the terms of the Agreement, the Seller and the Purchaser are required to complete the sale and purchase of the Sale Share and the assignment of the Sale Loan simultaneously.

Consideration

Subject to the Completion Adjustment (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 Loan is the Initial Consideration of HK\$455,620,000. The Consideration will be apportioned as follows:

- (i) the consideration for the assignment of the Sale Loan is a sum equal to the face value of the total outstanding amount of the Sale Loan as at Completion; and
- (ii) the consideration for the transfer of the Sale Share is the sum equal to the amount of the Consideration less the consideration for the assignment of the Sale Loan.

The Consideration was arrived at after arm's length negotiation 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 30 April 2017, and taking into account the market value of the Property as at 30 April 2017 of approximately HK\$438,000,000 as indicated in the valuation report prepared by an independent professional qualified valuer.

Payment Terms

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

- (i) the first instalment, representing 20% of the Initial Consideration, was paid to the Seller's solicitors upon signing of the Agreement and is to be released to the Seller on Completion; and
- (ii) the Initial Consideration after making the Initial Adjustment and after deducting the first instalment is payable to the Seller's solicitors on Completion.

Completion

Completion is to 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.

Adjustments to Consideration

Initial Adjustment

Pursuant to the terms of the Agreement, the Initial Consideration is subject to an initial adjustment (the “**Initial Adjustment**”) as follows:

- (a) if the Initial Adjustment is more than zero, the Initial Consideration will be adjusted upward by adding to the Initial Consideration the amount of such excess; or
- (b) if the Initial Adjustment is less than zero, the Initial Consideration shall be adjusted downward by deducting from the Initial Consideration the amount of such shortfall.

The Initial Adjustment will be calculated based on the unaudited management accounts of the Target Group as at the date of Completion prepared in accordance with certain agreed policies and standards and in advance of the date of Completion.

Final Adjustment

A final adjustment (the “**Final Adjustment**”) is to be made to the Initial Consideration and the Final Adjustment will be calculated based on the Completion Accounts, which will be prepared in accordance with certain agreed policies and standards and delivered to the Purchaser by the Seller within 14 Business Days after Completion. If the Purchaser does not raise objection to the Completion Accounts and/or Completion Statement delivered to it by the Seller within 7 Business Days of the delivery thereof, the Completion Accounts and the Completion Statement will be deemed to have been agreed to by the Purchaser. However, if the Purchaser raises objection within such

7-Business Day period, and such objection is not resolved between the Purchaser and the Seller within a period of 7 Business Days (or such other period as the Purchaser and the Seller may agree in writing) after the giving of the Purchaser's notice of objection, the matter in dispute will be referred to a firm of accountants agreed between the Seller and Purchaser and the determination of such firm of accountants will, save in the event of fraud or manifest error, be binding.

When the Completion Accounts and Completion Statement become final and binding pursuant to the terms of the Agreement:

- (a) if the Final Adjustment is in excess of the Initial Adjustment, the amount of such excess is payable by the Purchaser to Seller; or
- (b) if the Final Adjustment is less than the amount of the Initial Adjustment, the amount of such shortfall is payable by the Seller to the Purchaser,

and subject to Completion having taken place, such payment (if any) is to be made within 7 Business Days after the date on which the Completion Accounts and Completion Statement become final and binding pursuant to the terms of the Agreement.

Other Terms

The Purchaser has conducted due diligence on the Target Group and the Property prior to entering into of the Agreement and has agreed to take the Property on an "as is" basis and accepts the Property in its present state and condition (fair wear and tear excepted). The Purchaser is also deemed to have accepted the subsidiary of the Target Company's title to the Property.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is, through its subsidiaries, the indirect beneficial owner of the Property and its sole investment is the ownership of the Property. The Property is currently a vacant residential tower and commercial accommodation and 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 30 April 2017 as extracted from the management accounts of the Target Company

were approximately HK\$438,110,000 and HK\$136,617,000 respectively.

As the Target Company was incorporated on 28 March 2017, there is no financial information of the Target Company for the years ended 31 December 2015 and 2016. For the year ended 31 December 2015, the net loss (both before and after taxation and extraordinary items) attributable to the Property was approximately HK\$515,000. For the year ended 31 December 2016, the net gain (both before and after taxation and extraordinary items) attributable to the Property was approximately HK\$3,379,000.

INFORMATION OF THE COMPANY

The Company is an investment holding company with its subsidiaries principally engaged in various lines of business including property assembly; property leasing; property development and provision of building management services in Hong Kong and property development in the PRC.

INFORMATION OF THE SELLER

The Seller is a company incorporated in the British Virgin Islands with limited liability and its principal activities include investment holding.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and its principal activities includes investment holding.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors undertake strategic reviews of the Group's 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.

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

Upon Completion, assuming that no adjustment will be made under the Completion Adjustment, (i) the Consideration is the sum of HK\$455,620,000; (ii) the market value of the Property as at 30 April 2017 of approximately HK\$438,000,000 as indicated in the valuation report; and (iii) the estimated transaction cost (including legal costs, consultancy fee and expenses related to the Disposal) of the Disposal approximately HK\$67,000,000.

Shareholders and potential investors of the Company should note that the above figures are 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 date of Completion and the actual amount of expenses incidental to the Disposal.

The net proceeds from the Disposal (currently estimated to be approximately HK\$388,620,000) will be used by the Group primarily for future investment and development of the Group and as general working capital.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios as defined in the Listing Rules calculated with reference to the Disposal is over 5% but less than 25%, the Disposal constitutes a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 7 June 2017 entered into between the Purchaser and the Seller in relation to the Disposal;
“Board”	the board of Directors;
“Business Day”	a day on which banks in Hong Kong and are generally open for business (other than a Saturday or Sunday or public holiday or any day on which a tropical cyclone signal no. 8 or above or black rainstorm signal is in force in Hong Kong);
“Company”	Soundwill Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 878);
“Completion”	completion of the sale and purchase of the Sale Share and the assignment of the Sale Loan;
“Completion Adjustment”	has the meaning as ascribed to it under the section headed “Consideration” in this announcement;
“Completion Accounts”	the statement of financial position of the Target Group as at the date of Completion to be prepared in accordance with the Agreement after Completion having taken place;
“Completion Date”	on or before 6 July 2017 (or such other date as the Purchaser and the Seller may agree in writing);
“Completion Statement”	the final statement setting out the calculation of the Final Adjustment based on the Completion Accounts;

“connected person(s)”	having the meaning as ascribed thereto in the Listing Rules;
“Consideration”	the aggregate consideration payable by the Purchaser to the Seller for the Sale Share and the Sale Loan under the Agreement;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Sale Share and the assignment of the Sale Loan by the Seller to the Purchaser pursuant to the Agreement;
“Final Adjustment”	has the meaning as ascribed to it under the section headed “Adjustments to Consideration – Final Adjustment” in this announcement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollars, the lawful currency for the time being of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Initial Adjustment”	has the meaning as ascribed to it under the section headed “Adjustments to Consideration – Initial Adjustment” in this announcement;
“Initial Consideration”	the sum of HK\$455,620,000, being the initial amount of Consideration before taking into account the adjustments (if any) pursuant to the Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Property”	the residential tower (except Flat B on 5/F, Flat A on 8/F and Flat A on 9/F), the commercial accommodation and the external advertising wall of the development now known as COHO situated at No. 18 School Street, Causeway Bay, Hong Kong;
“Purchaser”	Asiaciti Investments Limited (華亞投資有限公司), a company incorporated in the British Virgin Islands with limited liability;
“Sale Loan”	the shareholder loans owing by member of the Company to the Seller as at Completion;
“Sale Share”	one issued share of the Target Company, representing the entire issued share capital of the Target Company;
“Seller”	Glory Genius International Investment Limited (耀能國際投資有限公司), a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company; and
“Shareholder(s)”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Target Company”	Honest Merit International Group Limited (誠利國際集團有限公司), a company incorporated in the British Virgin Islands with limited liability;
“Target Group”	collectively, the Target Company and its subsidiaries;
“%”	per cent.

By Order of the Board
SOUNDWILL HOLDINGS LIMITED
Foo Kam Chu Grace
Chairman

Hong Kong, 7 June 2017

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.