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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)

(1) TERMINATION OF DISCLOSEABLE TRANSACTION IN RELATION TO THE SHARE EXCHANGE AGREEMENT; AND (2) DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF PROPERTIES AND DISPOSAL OF SALE SHARES AND SHAREHOLDER'S LOANS

(1) TERMINATION OF DISCLOSEABLE TRANSACTION IN RELATION TO THE SHARE EXCHANGE AGREEMENT

References are made to the announcement of the Company dated 28 April 2021 in relation to the Transactions, involving the Acquisition and the Disposal, and the supplemental announcements of the Company dated 20 May 2021, 5 July 2021, 9 August 2021 and 20 August 2021.

The Board announces that after discussion and careful consideration of the circumstances surrounding the transactions contemplated under the Share Exchange Agreement, the Board decided to terminate the Share Exchange Agreement. On 24 August 2021 (after trading hours), (i) Able Best, (ii) Loyal Nice, (iii) the Joint Administrators (being the joint administrators of the estate of Mr. Tang), and (iv) Ace Baron entered into the Termination Deed whereby the parties have agreed to terminate the Share Exchange Agreement with effect from the date of the Termination Deed and to discharge and release the parties (including Mr. Tang) from any obligations and liabilities under the Share Exchange Agreement. None of the parties shall have any rights against each other or have any claim against the other in connection with the Share Exchange Agreement.

(2) DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF PROPERTIES AND DISPOSAL OF SALE SHARES AND SHAREHOLDER'S LOANS

On 24 August 2021 (after trading hours), Master Green (a wholly-owned subsidiary of the Company) and Mainway Holdings entered into the Property Sale & Purchase Agreement, pursuant to which Master Green agreed to acquire and Mainway Holdings agreed to sell the MH Properties.

On 24 August 2021 (after trading hours), Able Best (a wholly-owned subsidiary of the Company), the Joint Administrators, Best League and Loyal Nice (a wholly-owned subsidiary of the Company) entered into the Share Sale & Purchase Agreement, pursuant to which Able Best has conditionally agreed to sell the Sale (YG) Shares and the Shareholder's (YG) Loans to Best League. Upon completion of the Disposal, Able Best will cease to hold any equity interest in Year Glory.

LISTING RULES IMPLICATIONS

The Transactions, when aggregated, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules as the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transactions is more than 5% but less than 25%. Accordingly, the Transactions are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

(1) TERMINATION OF DISCLOSEABLE TRANSACTION IN RELATION TO THE SHARE EXCHANGE AGREEMENT

References are made to the announcement of the Company dated 28 April 2021 in relation to the Transactions, involving the Acquisition and the Disposal, and the supplemental announcements of the Company dated 20 May 2021, 5 July 2021, 9 August 2021 and 20 August 2021.

The Board announces that after discussion and careful consideration of the circumstances surrounding the transactions contemplated under the Share Exchange Agreement, the Board decided to terminate the Share Exchange Agreement. On 24 August 2021 (after trading hours), (i) Able Best, (ii) Loyal Nice, (iii) the Joint Administrators (being the joint administrators of the estate of Mr. Tang), and (iv) Ace Baron entered into the Termination Deed whereby the parties have agreed to terminate the Share Exchange Agreement with effect from the date of the Termination Deed and to discharge and release the parties (including Mr. Tang) from any obligations and liabilities under the Share Exchange Agreement. None of the parties shall have any rights against each other or have any claim against the other in connection with the Share Exchange Agreement.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Joint Administrators and Ace Baron and its ultimate beneficial owner is an Independent Third Party.

The Board considers that the termination of the Share Exchange Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

(2) DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF PROPERTIES AND THE DISPOSAL OF SALE SHARES AND SHAREHOLDER'S LOANS

(A) Acquisition of MH Properties

On 24 August 2021 (after trading hours), Master Green (a wholly-owned subsidiary of the Company) and Mainway Holdings entered into the Property Sale & Purchase Agreement, pursuant to which Master Green agreed to acquire and Mainway Holdings agreed to sell the MH Properties.

Set out below are the principal terms of the Property Sale & Purchase Agreement:

Date : 24 August 2021 (after trading hours)

Parties : (i) Master Green
(ii) Mainway Holdings

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Mainway Holdings and its ultimate beneficial owner is an Independent Third Party.

Subject matter of the Acquisition

The MH Properties to be acquired are the basement, lower ground floor and the portions of the flat roof on the 3rd floor of South China Cold Storage Building, Kwai Chung, New Territories, Hong Kong. The MH Properties are to be sold to Master Green on an "as is" basis.

Consideration

The Acquisition Consideration of HK\$130,000,000 shall be settled by Master Green by a cashier's order or a solicitors' cheque as follows:

- (i) as to HK\$13,000,000 payable to Mainway Holdings' solicitor upon the signing of the Property Sale & Purchase Agreement as deposit and part payment; and

- (ii) as to HK\$117,000,000 payable to Mainway Holdings or its solicitor upon completion of the Acquisition.

The Acquisition Consideration has been determined after arm's length negotiation between Master Green and Mainway Holdings with reference to, among other things, the appraised value of the MH Properties, which is estimated to be HK\$138 million as at 15 March 2021 as indicated by an independent qualified valuer.

Completion

Completion of the Acquisition shall take place on or before 28 September 2021.

Stamp duty

All ad valorem stamp duty shall be borne by Master Green solely.

(B) Disposal of Sale Shares and Shareholder's Loans

On 24 August 2021 (after trading hours), Able Best (a wholly-owned subsidiary of the Company), the Joint Administrators, Best League and Loyal Nice (a wholly-owned subsidiary of the Company) entered into the Share Sale & Purchase Agreement, pursuant to which Able Best has conditionally agreed to sell the Sale (YG) Shares and the Shareholder's (YG) Loans to Best League. Upon completion of the Disposal, Able Best will cease to hold any equity interest in Year Glory.

Set out below are the principal terms of the Share Sale & Purchase Agreement:

Date : 24 August 2021 (after trading hours)

Parties : (i) Able Best
(ii) the Joint Administrators
(iii) Best League
(iv) Loyal Nice

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Joint Administrators and Best League and its ultimate beneficial owner is an Independent Third Party.

Subject matter of the Disposal

Pursuant to the Share Sale & Purchase Agreement, Able Best has conditionally agreed to sell and Best League has conditionally agreed to purchase Sale (YG) Shares, representing the entire issued share capital of Year Glory, free from all encumbrances and with all rights attached or accrued to the Sale (YG) Shares as at the completion of the Disposal. Able Best has further conditionally agreed to assign and transfer to Best League the Shareholder's (YG) Loans with effect from the completion of the Disposal.

Upon completion of the Disposal, Year Glory will cease to be a subsidiary of the Company and the financial information of Year Glory will not be consolidated in the accounts of the Company.

Consideration

The Disposal Consideration (the “**Pre-Adjustment Disposal Consideration**”) (subject to adjustment as detailed in the sub-paragraphs headed “Adjustment to the Disposal Consideration” below) shall be:

- (i) HK\$70,000,000; and
- (ii) plus the absolute value of the amount of the Net Asset (YG) Value as set out in the YG Pro-Forma Completion Accounts (if it is a positive amount) or minus the absolute value of the amount of the Net Asset (YG) Value as set out in the YG Pro-Forma Completion Accounts (if it is a negative amount). In any event the absolute value of the amount of the Net Asset (YG) Value (if it is a positive amount) shall not be more than HK\$400,000.

The Disposal Consideration shall be apportioned as follows:

- (i) an amount equal to the face value of the Shareholder's (YG) Loans shall be applied for the Shareholder's (YG) Loans; and
- (ii) the remaining balance of the Disposal Consideration (after adjustment) shall be applied as consideration for the Sale (YG) Shares.

As at 31 July 2021, the Shareholder's (YG) Loans amounted to approximately HK\$46.6 million.

The Disposal Consideration has been determined after arms' length negotiation between Able Best and Best League with reference to, among other things, the appraised value of the YG Properties, which is estimated to be HK\$68 million as at 15 March 2021 as indicated by an independent qualified valuer.

The Disposal Consideration shall be paid to Able Best or its solicitors at completion of the Disposal by a cashier's order or a solicitors' cheque.

Adjustment to the Disposal Consideration

The Disposal Consideration is subject to the following adjustments following agreement or determination of the YG Completion Accounts:

- (i) there shall be added to the Pre-Adjustment Disposal Consideration the amount (if any) by which the Net Asset (YG) Value (determined by reference to the YG Completion Accounts) is more than the Net Asset (YG) Value (as set out in the YG Pro-Forma Completion Accounts);
- (ii) there shall be deducted from the Pre-Adjustment Disposal Consideration the amount (if any) by which the Net Asset (YG) Value (determined by reference to the YG Completion Accounts) is less than the Net Asset (YG) Value (as set out in the YG Pro-Forma Completion Accounts); and
- (iii) in any event the amount of the Net Asset (YG) Value (determined by reference to the YG Completion Accounts) shall not be more than HK\$400,000.

Conditions precedent

Completion of the Disposal is conditional upon the following conditions being satisfied (or waived by Best League in accordance with the Share Sale & Purchase Agreement):

- (i) Year Glory being able to provide and give a good title of the YG Properties;
- (ii) there having been no breach of warranties by Able Best according to the Share Sale & Purchase Agreement; and
- (iii) there being no notice or order in relation to the resumption of any YG Properties under applicable laws of Hong Kong on or before the completion.

Best League can waive all the conditions (other than condition (iii) above).

Completion

Completion shall take place on 28 September 2021 (or such other date as the Joint Administrators, Best League and Able Best may agree in writing).

Guarantee by Loyal Nice

Pursuant to the Share Sale & Purchase Agreement, Loyal Nice has guaranteed to Best League the due observance and performance by Able Best under the Share Sale & Purchase Agreement and shall indemnify and keep Best League fully indemnified against all losses, costs, expenses and damage whatsoever by reason

of or in connection with any failure of Able Best's obligations. Such guarantee shall cease and be discharged of later of (i) 24 months after completion of the Disposal or (ii) the discharge of Able Best of its agreements, obligations, commitments and undertakings under the Share Sale & Purchase Agreement.

Other material terms

Delivery of the YG Pro-Forma Completion Accounts

On or before 10 days prior to (but excluding) the completion date of the Disposal, Able Best shall deliver the YG Pro-Forma Completion Accounts to Best League.

Delivery of the YG Completion Accounts

No later than 60 Business Days after (and exclusive of) the completion date of the Disposal, Able Best shall deliver the statement of financial position of Year Glory (the "**Draft YG Completion Accounts**") to Best League.

If, following review, Best League disagrees with the Draft YG Completion Accounts, it may serve a notice in writing to that effect on Able Best (the "**Dispute Notice**") as soon as reasonably practicable and in any event within 20 Business Days of the date on which the Draft YG Completion Accounts were delivered to Best League.

If within the 20 Business Days' period (or such other period as Able Best and Best League may agree in writing), (i) Best League does not serve the Dispute Notice; or (ii) Best League notifies Able Best in writing that it accepts the Draft YG Completion Accounts (as the case may be), the Draft YG Completion Accounts shall constitute the YG Completion Accounts.

INFORMATION OF YEAR GLORY

Year Glory is a limited liability company incorporated in Hong Kong. It is principally engaged in property investment and owns the YG Properties. The financial information of Year Glory is the following:

	For the year ended 31 December	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Net profit before taxation	366	1,134
Net profit after taxation	235	1,095

As at 31 December 2020, Year Glory had a net liabilities of approximately HK\$9.0 million.

INFORMATION OF THE JOINT ADMINISTRATORS, MAINWAY HOLDINGS AND BEST LEAGUE

The Joint Administrators (being Mr. Tang Yiu Man, Raymond and Mr. Tang Yiu Sing) are the joint administrators of the estate of Mr. Tang, who passed away in May 2021.

Mainway Holdings is a limited liability company incorporated in Hong Kong. It is principally engaged in property investment for long term holding and owns the MH Properties. The entire equity interest of Mainway Holdings is held by the estate of Mr. Tang.

Best League is a company incorporated in Hong Kong with limited liability. It is principally engaged in property investment. The entire equity interest of Best League is held by the Joint Administrators on trust for the estate of Mr. Tang.

INFORMATION OF THE GROUP AND REASONS FOR THE TRANSACTIONS

The Company is principally engaged in investment holding and the Group is 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. As at the date of this announcement, Master Green, Able Best and Loyal Nice are subsidiaries of the Company. Master Green is principally engaged in property investment. Able Best is principally engaged in investment holding and property investment. Loyal Nice is principally engaged in property investment.

The Directors undertake strategic reviews of the Group's assets and property portfolio from time to time with a view to maximising returns to the Shareholders. The MH Properties are industrial premises located in Kwai Chung, New Territories, Hong Kong. The Directors consider that the Acquisition represents a good opportunity for the Group to expand its investment in industrial properties and improve the Group's property portfolio so as to steadily expand the business scale. Moreover, the Directors consider that the Disposal will enhance the liquidity of the Group. The Group intends to apply the net proceeds from the Disposal, being approximately HK\$68 million, for general working capital.

Assuming that no adjustment will be made to the Disposal Consideration, it is expected that an unaudited gain arising from the Disposal of approximately HK\$2.0 million will be recorded upon completion of the Disposal. Such an estimated gain was calculated with reference to (i) the Disposal Consideration; and (ii) the market value of the YG Properties as at 15 March 2021 as indicated in the valuation report, without taking into account the expenses to be incurred in connection with the Transactions, including the legal and professional fees. The actual amount of gain or loss as a result of the Disposal to be recorded by the Group will be subject to review and final audit by auditors of the Company.

The Board considers that the Acquisition and 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.

LISTING RULES IMPLICATIONS

The Transactions, when aggregated, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules as the highest of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Transactions is more than 5% but less than 25%. Accordingly, the Transactions are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless otherwise defined, terms used shall have the following meanings:

“Able Best”	Able Best International Investment Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Ace Baron”	Ace Baron Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and the entire equity interest of which is held by the estate of Mr. Tang
“Acquisition”	the acquisition of the MH Properties pursuant to the Property Sale & Purchase Agreement
“Acquisition Consideration”	HK\$130,000,000, the consideration payable by Master Green to Mainway Holdings in respect of the Acquisition
“Best League”	Best League Limited, a company incorporated in Hong Kong with limited liability, the entire issued shares of which are held by the Joint Administrators on trust for the estate of Mr. Tang
“Board”	the board of Directors
“Business Day”	a day (except a Saturday, Sunday or public holiday in Hong Kong or a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks operating in Hong Kong are generally open for ordinary business (excluding internet banking business) 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)
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale (YG) Shares and the Shareholder’s (YG) Loans pursuant to the Share Sale & Purchase Agreement
“Disposal Consideration”	the aggregate consideration payable by Best League to Able Best in respect of the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party which is independent of and not connected with the Company and its connected persons and not a connected person of the Company
“Joint Administrators”	collectively Mr. Tang Yiu Man, Raymond and Mr. Tang Yiu Sing, being the joint administrators of the estate of Mr. Tang
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loyal Nice”	Loyal Nice Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Mainway Holdings”	Mainway Holdings Limited, a company incorporated in Hong Kong with limited liability, the entire issued shares of which are held by the estate of Mr. Tang
“Master Green”	Master Green Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“MH Properties”	the basement, lower ground floor and the portions of the flat roof on the 3rd floor of South China Cold Storage Building, Kwai Chung, New Territories, Hong Kong

“Mr. Tang”	Mr. Tang Shing Bor (deceased), an Independent Third Party
“Net Asset (YG) Value”	the total assets of Year Glory (other than the value of YG Properties, any intangible assets, other fixed assets, payment for property redevelopment project, deferred tax assets and rental receivables) minus total liabilities of Year Glory (other than the liability in respect of any deferred tax liabilities and the Shareholder’s (YG) Loans)
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Property Sale & Purchase Agreement”	the sale and purchase agreement dated 24 August 2021 entered into between Master Green and Mainway Holdings in relation to the Acquisition
“Sale (YG) Shares”	10,000 ordinary shares of Year Glory, being the total number of issued shares of Year Glory
“Share Exchange Agreement”	the share exchange agreement dated 28 April 2021 entered into between Able Best, Loyal Nice, Mr. Tang and Ace Baron in relation to the acquisition of the entire equity interest of Mainway Holdings by the Group and the disposal of the entire equity interest of Year Glory by the Group, as set out in the announcements of the Company dated 28 April 2021, 20 May 2021, 5 July 2021, 9 August 2021 and 20 August 2021
“Share Sale & Purchase Agreement”	the sale and purchase agreement dated 24 August 2021 entered into between Able Best, Loyal Nice, Joint Administrators and Best League in relation to the Disposal
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Shareholder’s (YG) Loans”	all of the outstanding loans being owed by Year Glory to Able Best as at completion of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Termination Deed”	the deed of termination dated 24 August 2021 entered into between Able Best, Loyal Nice, the Joint Administrators and Ace Baron in relation to the termination of the Share Exchange Agreement

“Transactions”	the Acquisition and the Disposal
“Year Glory”	Year Glory Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“YG Completion Accounts”	the statement of financial position of Year Glory as at the close of business on the completion date of the Disposal prepared in accordance with the Share Sale & Purchase Agreement
“YG Pro-Forma Completion Accounts”	the pro-forma statement of financial position of Year Glory as at the close of business on the completion date of the Disposal prepared in accordance with the Share Sale & Purchase Agreement
“YG Properties”	10 residential units on the 4th and 5th floor in Tai Wah Building, Nos 3–13 Nga Tsin Long Road, Kowloon City, Kowloon, Hong Kong
“%”	per cent

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

Hong Kong, 24 August 2021

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, Chan Hing Tat and Tse Wai Hang; and (ii) Independent Non-Executive Directors: Chan Kai Nang, Pao Ping Wing and Ng Chi Keung.

** For identification purpose only*