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SOUNDWILL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

PROPOSED BONUS ISSUE OF WARRANTS

The Directors have proposed a conditional bonus issue of Warrants to the Shareholders (except the Overseas Shareholders) whose names appear on the Register of Members of the Company on the Record Date on the basis of one Warrant for every five Shares in the Company then held by them.

The Warrants will entitle the holders thereof to subscribe for Shares at an initial subscription price of HK\$2.00 per Share, subject to adjustment, at any time on 3 September, 2003 and up to 2 March, 2006, both days inclusive.

A circular containing details of the Bonus Warrant Issue will be sent to the Shareholders as soon as possible.

PROPOSED BONUS ISSUE OF WARRANTS

The Directors are pleased to announce that the Company proposes a bonus issue of Warrants, the terms of which are as follows:

Basis of Bonus Warrant Issue

The Bonus Warrant Issue will be made on the basis of one bonus Warrant for every five existing Shares held by the Shareholders (other than the Overseas Shareholders) whose names appear on the Register of Members as at the Record Date. The Bonus Warrant Issue is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Warrants and any Shares which may fall to be issued upon exercise of the subscription rights attaching to the Warrant.

Number of Warrants to be Issued and Subscription Money to be Received

Full exercise of the Warrants at the initial subscription price of HK\$2.00 per Share would result in the issue of a total of 12,465,608 new Shares (based on the 62,328,043 Shares in issue as at the date of this Announcement and on the assumption that no new Shares would be issued and no further Shares are repurchased prior to the Record Date), representing approximately 20 per cent. of the Company's existing issued share capital and approximately 16.67 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Shares upon full exercise of the Warrants. There are no outstanding warrants of the Company in issue as at the date of this Announcement.

Subscription Price

The Warrants will entitle the holders to subscribe for new Shares at the price of HK\$2.00 per Share in cash, subject to adjustments. The initial subscription price represents a premium of approximately 32.45 per cent. to the closing price of HK\$1.51 per Share on the Stock Exchange on 30 July, 2003 and a premium of approximately 33.33 per cent. based on the average closing price per Share of HK\$1.50 as quoted on the Stock Exchange for the past 10 trading days up to, and including 30 July, 2003.

Subscription Period

The Warrants may be exercised at any time commencing on the day of issue of the Warrants, which is expected to be on 3 September, 2003 and up to 2 March, 2006 (both days inclusive).

Record Date and Closure of Register of Members for Bonus Warrant Issue

The Record Date for ascertaining the entitlement to the bonus Warrants shall be 26 August, 2003. The Register of Members will be closed from 21 August, 2003 to 26 August, 2003, both days inclusive, in order to determine entitlements to the Bonus Warrant Issue.

Shareholders are reminded that in order to qualify for the Bonus Warrant Issue, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's Branch Register in Hong Kong, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on 20 August, 2003.

It is expected that the last day for trading in Shares cum entitlements to the Bonus Warrant Issue would be 18 August, 2003 and the first day for trading in Shares ex entitlements to the Bonus Warrant Issue would be 19 August, 2003.

Fractional Entitlements

Fractional entitlements to the Warrants (if any) will not be issued to the Shareholders but will be aggregated and sold for the benefit of the Company. The net proceeds of sale will be retained for the benefit of the Company.

Overseas Shareholders

The documents to be issued in relation to the Bonus Warrant Issue will not be registered under any securities legislation outside Hong Kong and Bermuda. Overseas Shareholders will not be entitled to the proposed Bonus Warrant Issue whatsoever, and no bonus Warrants will be issued to any Overseas Shareholders as the offering would or might, in the absence of compliance with registration or other special formalities in other territories, be unlawful or impracticable.

Arrangements will be made for the Warrants which would otherwise have been issued to the Overseas Shareholders to be sold in the market as soon as possible. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars pro rata to such persons and remittances thereof will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100, in which case it will be retained for the benefit of the Company.

Status of Shares to be issued upon exercise of Warrants

Shares which are allotted and issued on the exercise of the subscription rights attaching to the Warrants will rank pari passu in all respects with the Shares in issue on the date of such allotment and issue.

Reasons for the proposed Bonus Warrant Issue

The Directors believe that the proposed Bonus Warrant Issue will provide Shareholders with an opportunity to participate in the growth of the Company. The Bonus Warrant Issue may also strengthen the equity capital of the Company and increase the Company's working capital if and when the subscription rights attaching to the Warrants are exercised.

The gross proceeds of the proposed Bonus Warrant Issue, if fully subscribed, will be approximately HK\$24,931,216. The Company intends to apply any subscription moneys received as and when the subscription rights attaching to the Warrants are exercised towards the general working capital of the Group depending on its requirements at the relevant time. Accordingly, the Directors believe that the Bonus Warrant Issue is beneficial to the Company and the Shareholders as a whole.

Dilution of shareholdings

The Directors believe that there will not be any material dilution on the shareholdings of the Shareholders as a result of the Bonus Warrant Issue.

Listing and Board Lot

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Warrants and any Shares which may fall to be issued upon exercise of the subscription rights attaching to the Warrants. The board lot for trading in the Warrants is proposed to be 4,000 units.

Certificates for the Bonus Warrants

It is expected that certificates for the Warrants will be posted on or before 3 September, 2003 at the risk of the persons entitled thereto to their respective addresses shown on the Register of Members. Subject to the fulfillment of the condition for the Bonus Warrant Issue as referred to in the section headed "Basis of Bonus Warrant Issue" above, dealings in the Warrants on the Stock Exchange are expected to commence on 5 September, 2003.

General

As the Warrants are issued by the Directors under the authority of a general mandate granted to them by the Shareholders in general meeting on 22 May, 2003, Shareholders' approval to the Bonus Warrant Issue is not required. A circular containing details of the Bonus Warrant Issue will be dispatched to Shareholders as soon as practicable.

Expected Timetable for Bonus Warrant Issue

2003

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|---|-----------------------------------|
| Last day of dealings in Shares cum entitlements to the Bonus Warrant Issue | Monday, 18 August |
| First day for dealings in Shares ex-entitlements to the Bonus Warrant Issue | Tuesday, 19 August |
| Latest time for lodging transfers of Shares for entitlements to the Bonus Warrant Issue | 4:00 p.m. on Wednesday, 20 August |
| Closure of the Register of Members (both days Inclusive) | |
| from | Thursday, 21 August |
| to | Tuesday, 26 August |
| Record Date | Tuesday, 26 August |
| Despatch of the bonus Warrant certificates on or before | Wednesday, 3 September |
| Commencement of dealings in the bonus Warrants | Friday, 5 September |

Definitions

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| “Bonus Warrant Issue” | the conditional bonus issue of Warrants by the Company to Shareholders (other than Overseas Shareholders) as described in this announcement; |
| “Company” | Soundwill Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange; |
| “Directors” | the directors of the Company; |
| “Group” | the Company and its subsidiaries; |
| “Overseas Shareholders” | Shareholders whose addresses as shown on the Register of Members at the close of business on the Record Date are outside Hong Kong; |
| “Record Date” | 26 August, 2003, being the date for determination of entitlements to the Bonus Warrant Issue; |
| “Register of Members” | the register of members of the Company, including the branch register of members of the Company maintained in Hong Kong by Standard Registrars Limited; |
| “Shareholders” | holders of Shares; |
| “Shares” | shares of HK\$0.10 each in the share capital of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; and |

“Warrant(s)”

warrant(s) to be constituted by an instrument by way of deed poll to be executed by the Company and to be issued by the Company under the Bonus Warrant Issue entitling the holders to subscribe up to an aggregate of 12,465,608 Shares at an initial subscription price of HK\$2.00 per Share (subject to adjustments).

By Order of the Board
Soundwill Holdings Limited
Kwan Chai Ming
Executive Director

Hong Kong, 30 July, 2003

*Please also refer to the published version of this announcement in the (**The Standard**)*