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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 31 December 2009, Shan Shui Management, a subsidiary held by the Company through Soundwill Real Estate, entered into the Agreement with Zhong Xin in relation to the acquisition of 100% of the right to develop the Land at a consideration of RMB11,998,560 (the “Acquisition”).

Zhong Xin shall further contribute RMB11,998,560 to Shan Shui Management and such amount payable shall be set off against the amount payable by Shan Shui Management to Zhong Xin under the Agreement. Shan Shui Management will procure Soundwill Real Estate to further contribute RMB12,488,297 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, 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. 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: 31 December 2009

Parties:

1. 珠海市斗門忠信興業貿易有限公司 (Zhuhai Doumen Zhong Xin Xingye Trading Company Limited) (“Zhong Xin”), a company incorporated in the PRC with limited liabilities which is jointly owned by 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 Zhong Xin as to 49% equity interest.

Assets to be acquired: Zhong Xin has the right to develop an undeveloped Land in Zhuhai in the area of approximately 19,997.6 square meters being used for residential and commercial purposes. Zhong Xin agrees to transfer 100% of the right to develop the Land to Shan Shui Management.

Immediately after completion of the Acquisition, the Company will indirectly hold 51% of the right to develop the Land.

Considerations: The total consideration payable by Shan Shui Management shall be RMB11,998,560. It will be paid in the following manner:

1. RMB1,199,856 payable within 3 days after signing of the Agreement (if the Conditions Precedent fail to be fulfilled, RMB1,199,856 shall be refunded to Shan Shui Management); and
2. RMB10,798,704 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 9 December 2009 prepared by the Valuer, an independent firm of qualified valuers, based on open market value, the value of the Land was RMB11,998,560 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 right to develop the Land according to the laws and regulations;
2. having completed the procedure of transferring the right to develop the Land 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); and
3. having obtained the approval from the Stock Exchange in relation to the transfer of the right to develop the Land and publication of the relevant Announcement.

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 RMB12,488,297 is required for general working capital of Shan Shui Management, including the development of the Land acquired.
2. Zhong Xin shall further contribute RMB11,998,560 to Shan Shui Management and such amount payable shall be set off against the amount payable by Shan Shui Management to Zhong Xin under the Agreement.
3. Shan Shui Management will procure Soundwill Real Estate to further contribute RMB12,488,297 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 9 December 2009 prepared by the Valuer, an independent firm of qualified valuers, based on open market value, the value of the Land was RMB11,998,560 as of 8 December 2009.
5. After the Further Capital Contribution, 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 Zhong Xin as to 49% equity interest.

INFORMATION OF ZHONG XIN

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. 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. 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% the right to develop the Land pursuant to the Agreement at a total consideration of RMB11,998,560;
“Agreement”	means the agreement dated 31 December 2009 entered into by Zhong Xin and Shan Shui Management in relation to the Acquisition;
“Company”	Soundwill Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“Further Capital Contribution”	means the further contribution of RMB11,998,560 by Zhong Xin to Shan Shui Management and such amount payable shall be set off against the amount payable by Shan Shui Management to Zhong Xin under the Agreement; and Shan Shui Management will procure Soundwill Real Estate to further contribute RMB12,488,297 to Shan Shui Management, payable on completion, in order to maintain their shareholding ratio in Shan Shui Management;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Land”	the 6 pieces of undeveloped land namely 珠海市斗門區白藤湖幸福河南六块 (Henanliukuai, River Xingfu, Lake Baiteng, Doumen District, Zhuhai)# in the area of approximately 19,997.6 square meters being used for residential and commercial purposes;
“PRC”	the People's Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“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)#, 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 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 Limited) [#] , a company incorporated in the PRC with limited liabilities which is jointly owned by Mr. Huang, Mr. Chen and Mr. Zhao.

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, 4 January 2010

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.