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SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

CONTINUING CONNECTED TRANSACTIONS LEASING OF OFFICE PREMISES

On 31 March 2010, Soundwill Real Estate, a wholly-owned subsidiary of the Company, entered into the 1st Lease with the Landlord, and Soundwill (China), another wholly-owned subsidiary of the Company, entered into the 2nd Lease and the 3rd Lease with Landlord, all in respect of leasing certain office premises in Guangzhou. The 1st Lease, the 2nd Lease and the 3rd Lease, when aggregated, constitute continuing connected transactions, which are subject to announcement, annual review and reporting requirements under the Listing Rules.

The Group has also leased office premises in the Guangzhou from Landlord under the Existing Lease. The Existing Lease on its own constitutes an exempt continuing connected transaction of the Company as each of the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules in respect of the annual rent and management fees payable under the Existing Lease is more than 0.1% but less than 2.5% and the consideration is less than HK\$1 million.

The Existing Lease, when aggregated with 1st Lease, the 2nd Lease and the 3rd Lease, constitute continuing connected transactions, which are subject to announcement, annual review and reporting requirements under the Listing Rules.

The Annual Caps in respect of the Leases for the two financial years ending 31 December 2010 and 2011 are determined to be HK\$2 million and HK\$2.5 million respectively. Since the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules calculated with reference to the Annual Caps are more than 0.1% but less than 2.5%, the Leases are subject to announcement, annual review and reporting requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board of Soundwill Holdings Limited announces that Soundwill Real Estate, a wholly-owned subsidiary of the Company, entered into the 1st Lease with Landlord, which is a connected person of the Company, on 31 March 2010 in respect of leasing certain office premises in Guangzhou, and that Soundwill (China), another wholly-owned subsidiary of the Company, entered into the 2nd Lease and 3rd Lease with Landlord, which is a connected person of the Company, on 31 March 2010 in respect of leasing certain office premises in Guangzhou. The 1st Lease, the 2nd Lease and the 3rd Lease, when aggregated, constitute continuing connected transactions, which are subject to announcement, annual review and reporting requirements under the Listing Rules

The Group has also leased another office premises in Guangzhou from Landlord under the Existing Lease. The Existing Lease on its own constitutes an exempt continuing connected transaction of the Company as each of the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules in respect of the annual rent and management fees payable under the Existing Lease is more than 0.1% but less than 2.5% and the consideration is less than HK\$1 million.

The Existing Lease when aggregated with the 1st Lease, the 2nd Lease and the 3rd Lease, constitute continuing connected transactions, which are subject to announcement, annual review and reporting requirements under the Listing Rules.

THE PRINCIPAL TERMS OF THE LEASES

(A) Existing Lease

Date of tenancy agreement:

29 December 2008 and 9 February 2010 (date of supplemental agreement thereto).

Parties:

- (a) Landlord, a company controlled by the Chairman and an Executive Director, as landlord;
and
- (b) Golden Relay Company Limited, an indirect wholly-owned subsidiary of the Company, as the tenant.

Premises:

Units 1613-1616, International Bank Centre at 191 Dong Feng Xi Road, Guangzhou, the PRC, with a total gross floor area of approximately 437.94 square metres.

Lease term:

15 months commencing from 1 January 2009 and expiring on 31 March 2010 (both days inclusive).

Rent:

RMB43,794 per month (equivalent to HK\$49,766), payable in advance within first three days of each calendar month.

Management fees:

Currently RMB13,138 per month (equivalent to HK\$14,930), subject to adjustment upon prior notice given in accordance with the terms of the Existing Lease.

Deposit:

A deposit being the aggregate amount of two months' rent to be paid upon signing of the Existing Lease.

(B) 1st Lease**Date of tenancy agreement:**

31 March 2010.

Parties:

- (a) Landlord, a company controlled by the Chairman and an Executive Director, as landlord;
and
- (b) Soundwill Real Estate, as tenant.

Premises:

Units 816-819, International Bank Centre at 191 Dong Feng Xi Road, Guangzhou, the PRC, with a total gross floor area of approximately 708.16 square metres.

Lease term:

One year commencing from 1 April 2010 and expiring on 31 March 2011 (both days inclusive), with an option for Soundwill Real Estate to renew the term of the tenancy on the same terms and conditions until 31 December 2011.

Rent:

RMB70,816 per month (equivalent to HK\$80,473), payable in advance within first three days of each calendar month.

Management fees:

Currently RMB21,245 per month (equivalent to HK\$24,142), subject to adjustment upon prior notice given in accordance with the terms of the 1st Lease.

Deposit:

A deposit being the aggregate amount of two months' rent to be paid upon signing of the 1st Lease.

(C) 2nd Lease**Date of tenancy agreement:**

31 March 2010.

Parties:

- (a) Landlord, a company controlled by the Chairman and an Executive Director, as landlord;
and
- (b) Soundwill (China), as tenant.

Premises:

Units 1613-1616, International Bank Centre at 191 Dong Feng Xi Road, Guangzhou, the PRC, with a total gross floor area of approximately 437.94 square metres.

Lease term:

Three months from 1 April 2010 to 30 June 2010 (both days inclusive).

Rent:

RMB43,794 per month (approximately HK\$49,766), payable in advance within first three days of each calendar month.

Management fees:

Currently RMB13,138 per month (equivalent to HK\$14,930), subject to adjustment upon prior notice given in accordance with the terms of the 2nd Lease.

Deposit:

A deposit being the aggregate amount of two months' rent to be paid upon signing of the 2nd Lease.

(D) 3rd Lease**Date of tenancy agreement:**

31 March 2010

Parties:

- (a) Landlord, a company controlled by the Chairman and an Executive Director, as landlord;
and
- (b) Soundwill (China), as tenant.

Premises:

Units 810-811, International Bank Centre at 191 Dong Feng Xi Road, Guangzhou, the PRC, with a total gross floor area of approximately 280.67 square metres.

Lease term:

One year commencing from 1 July 2010 and expiring on 30 June 2011 (both days inclusive), with an option for Soundwill (China) to renew the term of the tenancy on the same terms and conditions until 31 December 2011.

Rent:

RMB28,000 per month (equivalent to HK\$31,818), payable in advance within first three days of each calendar month.

Management fees:

Currently RMB8,400 per month (equivalent to HK\$9,545), subject to adjustment upon prior notice given in accordance with the terms of the 3rd Lease.

Deposits:

A deposit being the aggregate amount of two months' rent to be paid upon signing of the 3rd Lease.

The aggregate rent and management fees paid or payable by the Group in respect of the Existing Lease for the two years ended 31 December 2009, and 31 December 2010 amounted to approximately HK\$776,830 and HK\$194,090 respectively. The tenancy granted will be terminated upon expiration of its term on 31 March 2010 and the tenancy will not be renewed and extended.

The aggregate rent and management fees paid or payable by the Group in respect of the 1st Lease for the two years ended 31 December 2010, and 31 December 2011 amounted to approximately HK\$941,530 and HK\$313,840 or HK\$1,255,380 (if the Group exercises the option to renew the term of tenancy until 31 December 2011) respectively.

The aggregate rent and management fees paid or payable by the Group in respect of the 2nd Lease for the year ended 31 December 2010 amounted to approximately HK\$194,090. The tenancy granted will be terminated upon expiration of its term on 30 June 2010 and the tenancy will not be renewed and extended.

The aggregate rent and management fees paid or payable by the Group in respect of the 3rd Lease for the two years ended 31 December 2010, and 31 December 2011 amounted to approximately HK\$248,180 and HK\$248,180 or HK\$496,360 (if the Group exercises the option to renew the term of tenancy until 31 December 2011) respectively.

IMPLICATIONS OF THE LISTING RULES

The Landlord is a company controlled by the Chairman, Madam Foo Kam Chu Grace and an Executive Director, Ms. Chan Wai Ling of the Company and is a connected person of the Company. Accordingly, the Leases in aggregate constitute non-exempt continuing connected transactions of the Company and the aggregate rental expenses and management fees payable to the Landlord under the Leases shall be subject to Annual Caps in accordance with the Listing Rules. It is expected that the aggregate rental expenses and management fees payable to Landlord under the Leases shall not exceed HK\$2 million and HK\$2.5 million for the two financial years ending 31 December 2010 and 31 December 2011 respectively.

The Annual Caps are determined based on the estimated aggregate annual rent and management fees payable to the Landlord under the Leases assuming, inter alia, that the 1st Lease and the 3rd Lease will both be renewed upon expiration of their respective terms on the same terms and maintained till the end of the year 2011.

Since the applicable percentage ratios set out in Rule 14A.10 of the Listing Rules calculated with reference to the Annual Caps are more than 0.1% but less than 2.5%, the Leases are subject to announcement, annual review and reporting requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company will comply with Rule 14A.36 of the Listing Rules if there is a material change in the terms of the Leases upon renewal or the Annual Caps are exceeded.

THE REASON FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

The premises rented under the Leases are used as offices by the Group and the terms of the Leases have been determined after arm's length negotiations between the parties with reference to the prevailing market rents for comparable office units in the nearby areas in Guangzhou.

The Directors (including the independent non-executive Directors) are of the view that the Leases are entered into on normal commercial terms in the ordinary and usual course of business of the Group and that the terms of the Leases and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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.

DEFINITIONS

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

“1st Lease”	The tenancy agreement dated 31 March 2010 in respect of the lease of Units 816-819, International Bank Centre at 191 Dong Feng Xi Road, Guangzhou, the PRC;
“2nd Lease”	The tenancy agreement dated 31 March 2010 in respect of the lease of Units 1613-1616, International Bank Centre at 191 Dong Feng Xi Road, Guangzhou, the PRC;
“3rd Lease”	The tenancy agreement dated 31 March 2010 in respect of the lease of Units 810-811, International Bank Centre at 191 Dong Feng Xi Road, Guangzhou, the PRC;

“Annual Caps”	the aggregate maximum amounts of rent and management fees payable by the Group to the Landlord under the Leases for the two financial years ending 31 December 2010 and 31 December 2011;
“Company”	Soundwill Holdings Limited, a company incorporated in Bermuda limited liability, the Shares of which are listed on the Stock Exchange;
“Existing Lease”	The tenancy agreement dated 29 December 2008 (as supplemented and varied by a supplemental agreement dated 9 February 2010) in respect of the lease of Units 1613-1616, International Bank Centre at 191 Dong Feng Xi Road, Guangzhou, the PRC;
“Group”	The Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Landlord”	廣州廣盛置業有限公司 (Guangzhou Guangxing Land Investment Company Limited) [#] , a company incorporated in the PRC with limited liabilities and controlled by the Chairman and an Executive Director of the Company;
“Leases”	collectively the 1st Lease, the 2nd Lease, the 3rd Lease and the Existing Lease;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Soundwill (China)”	Soundwill (China) Limited, a company incorporated in Hong Kong with limited liabilities and an indirect wholly owned subsidiary of the Company;
“Soundwill Real Estate”	Soundwill Real Estate (China) Limited, a company incorporated in Hong Kong with limited liabilities and an indirect wholly owned subsidiary of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

[#] 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.

For the purpose of this announcement and for illustrative purpose only, RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.88. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 31 March 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.