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SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

TERMINATION OF A CONTINUING CONNECTION TRANSACTION LEASING OF OFFICE PREMISES

Reference is made to the announcement of Soundwill Holdings Limited (“*Company*”) dated 31 March 2010 (“*Announcement*”) in relation to the continuing connected transactions of the Company for leasing of office premises. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Group has leased office premises in the Guangzhou from Landlord, which is a connected person of the Company. The Existing Lease, aggregated with 1st Lease, 2nd Lease and 3rd Lease, constitute continuing connected transaction, which are subject to announcement, annual review and reporting requirements under the Listing Rules.

On 31 March 2010, Soundwill Real Estate, an indirectly wholly-owned subsidiary of the Company entered into 1st Lease with the Landlord and Soundwill (China), an indirectly wholly-owned subsidiary of the Company entered into 2nd Lease and 3rd Lease with the Landlord. The 2nd Lease was duly performed and already expired on 30 June 2010 and the 3rd Lease would be ended on 30 June 2011 respectively pursuant to the tenancy agreements both signed on 31 March 2010. Soundwill China does not require the use of the office premises under the 3rd Lease while possession of the office premises has not been delivered by the Landlord. The Landlord and Soundwill (China) thus entered into a cancellation agreement (“*Cancellation Agreement*”) dated 25 March 2011 to terminate the 3rd Lease and release each other from all obligation and performance of the 3rd Lease. Further, the Landlord and Soundwill (China) confirm and undertake to each other under the Cancellation Agreement that they will not make any claim against each other.

Despite the 3rd Lease is terminated, the lease of the 1st Lease entered between Soundwill Real Estate and the Landlord as disclosed in the Announcement remains valid and with full force and effect. The Board confirmed that the termination of the 3rd Lease and/or the entering into the Cancellation Agreement will not have any material adverse impact on the operation of the Group.

By Order of the Board
Soundwill Holdings Limited
Tse Wai Hang
Company Secretary

Hong Kong, 25 March 2011

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 Tse Wai Hang (ii) non-executive Directors: Liang Yanfeng and Meng Qinghui; and (iii) independent non-executive Directors: Chan Kai Nang, Pao Ping Wing and Ng Chi Keung.