

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an offer or an invitation to induce an offer by any person to acquire, purchase or subscribe for securities.*



## **SOUNDWILL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 878)**

### **DISCLOSEABLE TRANSACTION: ESTABLISHMENT OF AND INVESTMENT IN A PRIVATE REAL ESTATE FUND**

The Board is pleased to announce that Soundwill Capital (a wholly-owned subsidiary of the Company, acting as the General Partner) and Fruitful Yield (a wholly-owned subsidiary of the Company, acting as the Special Limited Partner) entered into the LPA on 29 March 2012 in respect of the establishment of the Fund.

Pursuant to the LPA and the relevant Subscription Agreement, Fruitful Yield agreed to make a capital commitment of US\$27 million (equivalent to approximately HK\$211 million) to the Fund. The total commitment of the Fund is targeted to be approximately US\$60 million (equivalent to approximately HK\$468 million). The net proceeds to be raised through the Fund will be used for the investment in the Property Project, subject to the approval by the investment committee of the Fund. As at the date of this announcement, no definitive agreement has been entered into between the Group and the Fund regarding the Fund's acquisition of the Property Project. Where appropriate and required by the Listing Rules, further announcement will be made by the Company after definitive agreement has been entered into in relation to the injection of the Property Project into the Fund.

In connection with the formation of the Fund, the General Partner agreed to manage and administer the affairs and investments of the Fund. Soundwill Asset Management, a wholly-owned subsidiary of the Company, and ALPS Real Estate entered into the Shareholders Agreement in relation to the establishment of the Investment Manager for the management of the Fund. Pursuant to the Investment Management Agreement, the Investment Manager shall provide investment advisory and management services to the General Partner and the General Partner shall pay an annual management fee, being (i) 1.75% per annum of the total commitment of the Other Investors during the Investment Period and (ii) 1.75% per annum of the total invested capital of the Other Investors after the expiration or early termination of the Investment Period; and a project management fee, being 5% of the construction costs associated with the development of the Property Project as the General Partner may reasonably determine, to the Investment Manager. In addition, pursuant to the Investment Advisory Agreement, the Investment Adviser shall provide investment advisory services to the Investment Manager and the Investment Manager shall pay an advisory fee, and a project management fee, to the Investment Adviser.

As the applicable percentage ratios (as defined under the Listing Rules) with respect to the Transactions exceed 5% but less than 25%, the Transactions are only subject to reporting and announcement requirements set out in Rules 14.34 to 14.37 under Chapter 14 of the Listing Rules.

#### **A. THE LPA**

The principal terms of the LPA are set out below:

Date:	29 March 2012
Parties:	Soundwill Capital (as the General Partner), the Other Investors (as limited partners) and Fruitful Yield (as the Special Limited Partner)
Purpose:	To invest in physical real estate development projects
Name of the Fund:	Eagle Fund I L.P.
Place of establishment and location of the Fund:	Cayman Islands
Total commitment:	The total commitment of the Fund is targeted to be approximately US\$60 million (equivalent to approximately HK\$468 million)
	The amount of commitment by each limited partner is stated in their respective Subscription Agreements

- General Partner: Soundwill Capital, a wholly-owned subsidiary of the Company, is the general partner of the Fund, which is responsible for the operation and management of the Fund and shall receive a performance fee from the Fund upon disposal of the Property Project subject to the terms of the LPA
- Term: The Fund has a term of six years, with an option for the General Partner to extend the term for up to two additional 12-month periods
- Distributions: Net investment revenues (“**NIR**”) resulting from disposal of an investment under the Fund, after expenses and reasonable provision for future expenses and liabilities of the Fund, will be first allocated amongst the General Partner and the limited partners in proportion to their respective investment percentage for such investment. NIR allocated to a limited partner, other than a Special Limited Partner, will then be distributed by reference to, amongst others, such limited partner’s capital contributions to fund such investment, capital contribution used to fund the management fees and expenses allocated to such investment and the cumulative investment preferred return accrued in respect of the amount of the distribution received by such limited partner.
- Termination: The Fund will be terminated and its affairs wound up upon the earlier of:
- (i) an election to terminate the Fund is made by the General Partner and approved with the consent of the limited partners holding more than 50% of the limited partners’ capital contribution;
  - (ii) the expiration of the term described above;
  - (iii) the bankruptcy of the General Partner in the circumstances set out in the LPA (and there being no successor general partner);
  - (iv) the determination by the General Partner, in its sole discretion, that the Fund’s investment objective is no longer realizable;

- (v) the removal of the General Partner and there being no successor general partner within a period of three months; or
- (vi) for any other reason with the written consent of the General Partner and limited partners holding at least 80% of the limited partners' capital contribution.

As the majority of the members of the investment committee of the Fund is constituted by the representatives of the General Partner and its affiliates, the Fund is regarded as a subsidiary of the Company, and the financial results of the Fund will be consolidated into the Group's financial statements.

## **B. THE SUBSCRIPTION AGREEMENT**

Pursuant to the Subscription Agreement entered into by Fruitful Yield as the Special Limited Partner dated 29 March 2012, Fruitful Yield agreed to make a capital commitment to the Fund of US\$27 million (equivalent to approximately HK\$211 million) which shall be satisfied by the internal cash resources of the Company.

## **C. THE SHAREHOLDERS AGREEMENT AND THE INVESTMENT MANAGEMENT AGREEMENT**

In connection with the formation of the Fund, the General Partner has agreed to manage and administer the affairs and the investments of the Fund. On 29 March 2012, Soundwill Asset Management, a wholly-owned subsidiary of the Company, and ALPS Real Estate entered into the Shareholders Agreement for the purpose of setting up the Investment Manager to provide investment advisory and management services to the Fund. Principal terms of the Shareholders Agreement are as follows:

**Date:** 29 March 2012

**Parties:** Soundwill Asset Management, ALPS Real Estate and the Investment Manager

## **The structure of the Investment Manager**

Pursuant to the Shareholders Agreement, the capital contribution, the shareholding percentage in, and the board composition of, the Investment Manager are as follows:

<b>Shareholders</b>	<b>Soundwill Asset Management</b>	<b>ALPS Real Estate</b>
<b>Capital contribution</b>	US\$51 (equivalent to approximately HK\$398)	US\$49 (equivalent to approximately HK\$382)
<b>Shareholding percentage</b>	51%	49%
<b>Maximum number of directors to be appointed</b>	3	2

### **Restrictions under the Shareholders Agreement**

Certain matters in relation to the Investment Manager shall require unanimous shareholders resolution, which include, but not limited to, any amendment to the articles of association, any change to the share capital, or any issue of shares.

### **Transfer of shares in the Investment Manager**

Pursuant to the Shareholders Agreement, if a party wishes to transfer its shares in the Investment Manager to another person, such party shall, as a condition of transfer of shares, first offer such shares to the other party on the same terms on which the potential transferee has agreed to acquire the relevant shares.

### **Term of the Shareholders Agreement**

The Shareholders Agreement will continue in full force and effect unless one party acquires and becomes the sole holder of all the shares in the Investment Manager.

### **Capital contribution to the Investment Manager**

The capital contribution made by the shareholders was determined between the parties after arm's length negotiation. The Company funded the capital contribution by Soundwill Asset Management to the Investment Manager by its internal cash resources.

As the Company holds 51% of the issued shares in, and controls the composition of the board of directors of, the Investment Manager, the Investment Manager is regarded as a subsidiary of the Company and the financial results of the Investment Manager will be consolidated into the Group's financial statements.

Principal terms of the Investment Management Agreement are as follows:

**Date:** 29 March 2012

**Parties:** The General Partner and the Investment Manager

Pursuant to the Investment Management Agreement, the Investment Manager will be engaged by the General Partner to provide investment advisory and management services to the Fund. The General Partner will delegate certain management of and administration tasks in relation to the Fund to the Investment Manager. The General Partner shall pay an annual management fee, being (i) 1.75% per annum of the total commitment of the Other Investors during the Investment Period and (ii) 1.75% per annum of the total invested capital of the Other Investors after the expiration or early termination of the Investment Period; and a project management fee, being 5% of the construction costs associated with the development of the Property Project as the General Partner may reasonably determine, to the Investment Manager.

#### **D. THE INVESTMENT ADVISORY AGREEMENT**

Principal terms of the Investment Advisory Agreement are as follows:

**Date:** 29 March 2012

**Parties:** The Investment Manager and the Investment Adviser

Pursuant to the Investment Advisory Agreement, the Investment Adviser shall provide investment advisory services to the Investment Manager, and the Investment Manager shall pay an advisory fee, and a project management fee, to the Investment Adviser for the services provided. The advisory fee and the project management fee will be agreed between the Investment Manager and the Investment Adviser from time to time.

#### **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The setting up of the Fund serves to provide another avenue of capital through which the Group can utilize to expand its development scale over time. Hence, the Transactions are consistent with the Group's long-term strategy.

The terms of the LPA, the Subscription Agreement, the Shareholders Agreement, the Investment Management Agreement and the Investment Advisory Agreement were negotiated on an arm's length basis and were determined on normal commercial terms.

The Directors, including the independent non-executive Directors, consider that the Transactions were entered into in the ordinary course of business of the Company and on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, no definitive agreement has been entered into between the Group and the Fund regarding the Fund's acquisition of the Property Project. Where appropriate and required by the Listing Rules, further announcement will be made by the Company after definitive agreement has been entered into by the Company in relation to the injection of the Property Project into the Fund.

## **INFORMATION OF THE COMPANY, ALPS REAL ESTATE AND THE OTHER INVESTORS**

### **The Company**

The Company is an investment holding company which primarily operates in four business segments including property development, property leasing, property trading and property management.

### **ALPS Real Estate**

ALPS Real Estate is an affiliated company to ALPS Advisory. ALPS Advisory is an independent financial adviser to Asian private investors, families and family foundations and focuses on investment planning, manager selection, monitoring and reporting. ALPS Advisory is licensed by the Securities and Futures Commission of Hong Kong to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

### **Other Investors**

To the best of the Directors' knowledge, information and belief having made reasonable enquiry, the Other Investors and their respective ultimate beneficial owners are third parties independent of the Company and the directors, chief executives and substantial shareholders of any member of the Group or any of their respective associates.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios (as defined under the Listing Rules) with respect to the Transactions exceed 5% but less than 25%, the Transactions are only subject to reporting and announcement requirements set out in Rules 14.34 to 14.37 under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

**“ALPS Advisory”** ALPS Advisory (HK) Limited, a company incorporated under the laws of Hong Kong;

**“ALPS Real Estate”** ALPS Real Estate Limited, a company incorporated under the laws of British Virgin Islands;

<b>“associate”</b>	has the meaning as ascribed to it under the Listing Rules;
<b>“Board”</b>	the board of directors of the Company;
<b>“Company”</b>	Soundwill Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
<b>“Director(s)”</b>	the director(s) of the Company;
<b>“Final Closing”</b>	the date on which the final closing occurs; such final closing to occur within 12 months after the Initial Closing provided that the General Partner may hold the final closing at a later date subject to the terms of the LPA but in no event shall the final closing be held more than 18 months after the Initial Closing subject to certain conditions under the LPA;
<b>“Fruitful Yield”</b>	Fruitful Yield Limited, a company incorporated under the laws of British Virgin Islands, being a wholly-owned subsidiary of the Company;
<b>“Fund”</b>	Eagle Fund I L.P., an exempted limited partnership established and registered under the laws of the Cayman Islands;
<b>“General Partner”</b>	Soundwill Capital Limited, a company incorporated under the laws of the Cayman Islands, being a wholly-owned subsidiary of the Company;
<b>“Group”</b>	the Company and its subsidiaries;
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong ;
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC;
<b>“Initial Closing”</b>	the date that one or more persons are first admitted as limited partners to the Fund;
<b>“Investment Adviser”</b>	Soundwill Advisors (HK) Limited, a company incorporated under the laws of Hong Kong, being a wholly-owned subsidiary of the Company;
<b>“Investment Advisory Agreement”</b>	the investment advisory agreement dated 29 March 2012 entered into between the Investment Manager and the Investment Adviser;



<b>“Investment Management Agreement”</b>	the investment management agreement dated 29 March 2012 entered into between the General Partner and the Investment Manager;
<b>“Investment Manager”</b>	Soundwill-ALPS Asset Management Limited, a company incorporated under the laws of Cayman Islands, being a non wholly-owned subsidiary of the Company;
<b>“Investment Period”</b>	the period beginning on the Initial Closing and, subject to earlier termination in accordance with the LPA, ending on the date falling 48 months after the Final Closing;
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
<b>“LPA”</b>	the amended and restated limited partnership agreement of the Fund dated 29 March 2012 entered into between Soundwill Capital (as the General Partner), Fruitful Yield (as the Special Limited Partner) and/or the Other Investors;
<b>“Other Investors”</b>	the investors in the Fund other than the Special Limited Partner;
<b>“PRC”</b>	the People’s Republic of China;
<b>“Property Project”</b>	the redevelopment of a property in Hong Kong which is currently owned by the Group and any additional related real-estate investments for the purposes of enhancing and/or expanding the investment in such property as the General Partner may in its sole discretion determine to make;
<b>“Shareholders”</b>	shareholders of the Company;
<b>“Shareholders Agreement”</b>	the shareholders agreement dated 29 March 2012 entered into between Soundwill Asset Management, ALPS Real Estate and the Investment Manager in relation to the establishment of the Investment Manager;
<b>“Soundwill Asset Management”</b>	Soundwill Asset Management Limited, a company incorporated under the laws of British Virgin Islands, being a wholly-owned subsidiary of the Company;
<b>“Soundwill Capital”</b>	Soundwill Capital Limited, a company incorporated under the laws of Cayman Islands, being a wholly-owned subsidiary of the Company;

<b>“Special Limited Partner”</b>	the limited partner which being a person affiliated with the General Partner or the Investment Manager and is designated by the General Partner, in its discretion, as the special limited partner;
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited;
<b>“Subscription Agreement”</b>	the subscription agreement entered into or to be entered into between any limited partner and the General Partner;
<b>“subsidiary”</b>	has the meaning as ascribed to it under the Listing Rules;
<b>“Transactions”</b>	the entering into of the LPA, the Subscription Agreement, the Shareholders Agreement, the Investment Management Agreement and the Investment Advisory Agreement;
<b>“US\$”</b>	United States dollars, the lawful currency of the United States; and
<b>“%”</b>	per cent.

By order of the Board  
**Foo Kam Chu, Grace**  
*Chairman*

Hong Kong, 29 March 2012

*As at the date of this announcement, the Board comprises (i) Executive Directors: Foo Kam Chu Grace, Chan Wai Ling, Kong Siu Man Kenny and Lau Kam Kwok, Dickson; and (ii) Independent Non-Executive Directors: Chan Kai Nang, Pao Ping Wing and Ng Chi Keung.*

*For illustration purpose only, translation of HK\$ to US\$ is made in this announcement at the rate of HK\$7.80 to US\$1.00. No representation is made that any amount in HK\$ or US\$ could have been or could be converted at the aforesaid rate or at any other rates at all.*