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SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

DISCLOSEABLE TRANSACTION: DISPOSAL OF SUBSIDIARIES

The Board is pleased to announce on 31 March 2014:

- (1) the Agreement was made pursuant to which the Share Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Share, and the Loan Assignor agreed to assign the Sale Loan, and the Purchaser agreed to accept such assignment as at Completion, subject to the terms and conditions of the Agreement;
- (2) the Building Plans And Rights Agreement was entered into between Maxrise and the Purchaser, pursuant to which Maxrise agreed to sell to the Purchaser, and the Purchaser agreed to purchase from Maxrise, the Plans and the Rights, subject to the terms and conditions of the Building Plans And Rights Agreement;
- (3) The Guarantee For Vendor's Obligations was entered into between the Company as the guarantor and the Purchaser as the beneficiary pursuant to which the Company shall guarantee the performance of the obligations of the Share Vendor under the Agreement;
- (4) The Guarantee For Purchaser's Obligations was entered into between Vanke Property as the guarantor and the Share Vendor as the first beneficiary and Maxrise as the second beneficiary pursuant to which Vanke Property shall guarantee the beneficiaries the performance of the obligations of the Purchaser under the Agreement and the Building Plans And Rights Agreement respectively.

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Transactions, in aggregate, are more than 5% but less than 25%, the Transactions, together, constitute a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL UNDER THE AGREEMENT

The Agreement was made on 31 March 2014 pursuant to which the Share Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Share, and the Loan Assignor agreed to assign the Sale Loan, and the Purchaser agreed to accept such assignment as at Completion, subject to the terms and conditions of the Agreement. The Sale Share represented the entire issued share capital of the Target Company. As at the date of the Agreement, the Sale Loan owed by the Target Company and/or its subsidiaries to the Loan Assignor amounted to approximately HK\$390,717,000.

Parties

1. Commercial Palace as the seller of the Sale Share;
2. Soundwill Management as the assignor of the Sale Loan; and
3. Wkinv HK Holdings as the purchaser of the Sale Share and the assignee of the Sale Loan.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its respective ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company (as defined in the Listing Rules).

Assets to be disposed of

The Sale Share and the Sale Loan.

Consideration

The Consideration for the Disposal shall be comprised of the Share Consideration and the Loan Consideration which shall be HK\$860,000,000 in aggregate. The Consideration shall be subject to Completion Adjustment and Post-Completion Adjustment.

The Loan Consideration was arrived at after arm's length negotiations between the Loan Assignor and the Purchaser on normal commercial terms principally with reference to the outstanding amount of the Loan.

The Share Consideration was arrived at after arm's length negotiations between the Share Vendor and the Purchaser on normal commercial terms principally with reference to the consolidated net asset value of audited accounts of the Target Company as at 31 December 2013, consolidated net asset value of unaudited management accounts of the Target Company as at 15 March 2014, and taking into account of the market value of the Property as at 15 March 2014 of approximately HK\$860,000,000 as indicated in the preliminary valuation report prepared by an independent property valuer.

Completion

The Completion shall take place on the Completion Date.

Immediately after Completion, the Company will cease to hold any issued share capital of the Target Company and its subsidiaries, and the Target Company and its subsidiaries will cease to be subsidiaries of the Company.

Payment terms

The Consideration subject to Completion Adjustment and Post-Completion Adjustment shall be paid by the Purchaser in cash in the following manner:

- (i) the Deposit was paid to the Share Vendor's solicitors as stakeholders upon execution of the Agreement;
- (ii) the Balance shall be paid upon Completion in the following manner:
 - (1) in favour of HSBC, a sum representing the total amount of the principal repayable and the interest payable due to HSBC under the HSBC Loan;
 - (2) in favour of the Loan Assignor, a sum representing the balance of the Loan Consideration (i.e. the total Loan Consideration minus the amount of the HSBC Loan);
 - (3) in favour of the Share Vendor's solicitor, a sum representing the Retained Amount; and
 - (4) in favour of the Share Vendor, a sum representing the net balance amount of the Balance after deducting the amount as referred to in paragraph (1), (2) and (3) above.

The Deposit held by the Share Vendor's solicitors under the Agreement, which represents part payment of the Consideration payable to the Share Vendor, shall be released to Share Vendor at Completion.

Completion Adjustment

The amount of the Consideration payable shall be subject to the following adjustments in accordance with the Pro Forma Unaudited Completion Accounts:

- (a) there shall be added to the Consideration the amount of the Adjustment Amount as shown in the Pro Forma Unaudited Completion Accounts if such Adjustment Amount is a positive figure; and
- (b) there shall be deducted from the Consideration the amount of the Adjustment Amount as shown in the Pro Forma Unaudited Completion Accounts if such Adjustment Amount is a negative figure.

Audit of Pro Forma Unaudited Completion Accounts by the Auditors

The Pro Forma Unaudited Completion Accounts shall be delivered to the Auditors after the Completion Date for review and audit.

The Share Vendor, the Purchaser and the Auditor shall follow the agreed procedure under the Agreement to have the Audited Completion Accounts finalised and determined.

Post-Completion Adjustment

The Consideration is subject to the following further Post-Completion Adjustment following the approval or determination of the Audited Completion Accounts:

- (a) there shall be added to the Consideration (as paid on Completion) the amount (if any) by which the Adjustment Amount as shown in the Audited Completion Accounts is more than the Adjustment Amount as shown in the Pro Forma Unaudited Completion Accounts; and
- (b) there shall be deducted from the Consideration (as paid on Completion) the amount (if any) by which the Adjustment Amount as shown in the Audited Completion Accounts is less than the Adjustment Amount as shown in the Pro Forma Unaudited Completion Accounts.

Final Payment

Within 5 Business Days after the Auditor's approval or determination of the Audited Completion Accounts:

- (a) if the amount of the Consideration is increased pursuant to Post-Completion Adjustment, Share Vendor's solicitors shall release the Retained Amount to the Share Vendor and the Purchaser shall pay to the Share Vendor the shortfall;

- (b) if the amount of the Consideration is reduced pursuant to Post-Completion Adjustment by an amount not exceeding the Retained Amount, the Share Vendor's solicitors shall release to the Purchaser the amount of such deduction and shall release to the Share Vendor the balance of the Retained Amount (if any);
- (c) if the amount of the Consideration is reduced pursuant to Post-Completion Adjustment by an amount exceeding the Retained Amount, the Share Vendor's solicitors shall release to the Purchaser the Retained Amount and the Share Vendor shall pay to the Purchaser the shortfall.

Intended application of the sale proceeds

Subject to audit and assuming that no adjustment will be made under the Completion Adjustment and Post-Completion Adjustment, it is estimated that upon completion of the Disposal, the net sale proceeds will amount to approximately HK\$856,780,000 (after deducting all relevant costs, commission and outgoings). The Group intends to apply the aforesaid net proceeds for settlement of the HSBC Loan of approximately HK\$260,000,000 and used as general working capital and for future development of the Group.

Stamp duty to be borne by the Purchaser

All stamp duties chargeable on the sale and purchase of the Sale Share and the transfer of the Sale Loan shall be borne by the Purchaser.

BUILDING PLANS AND RIGHTS AGREEMENT

The Building Plans And Rights Agreement was entered into between Maxrise and the Purchaser on 31 March 2014, pursuant to which Maxrise agreed to sell to the Purchaser, and the Purchaser agreed to purchase from Maxrise, the Plans and the Rights, on and subject to the terms and conditions of the Building Plans And Rights Agreement, for BPR Consideration of HK\$400,000 payable in cash by the Purchaser to Maxrise.

Parties under the Building Plans And Rights Agreement

1. Maxrise as the seller of the Plans and the Rights; and
2. Wkinv HK Holdings as the purchaser of the Plans and Rights.

Asset to be disposed of under the Building Plans And Rights Agreement

The Plans and the Rights.

BPR Consideration

The BPR Consideration was arrived at after arm's length negotiations between Maxrise and the Purchaser on normal commercial terms principally with reference to the costs incurred by Maxrise in preparation and submission of the Plans.

Condition precedent for BPR Completion

The BPR Completion shall be conditional upon completion of the Agreement.

BPR Completion

The BPR Completion shall take place on the Completion Date.

THE GUARANTEE FOR VENDOR'S OBLIGATIONS

The Guarantee For Vendor's Obligations was entered into between the Company as the guarantor and the Purchaser as the beneficiary pursuant to which the Company shall guarantee the performance of the obligations of the Share Vendor under the Agreement.

THE GUARANTEE FOR PURCHASER'S OBLIGATIONS

The Guarantee For Purchaser's Obligations was entered into between Vanke Property as the guarantor and the Share Vendor as the first beneficiary and Maxrise as the second beneficiary pursuant to which Vanke Property shall guarantee the beneficiaries the performance of the obligations of the Purchaser under the Agreement and the Building Plans And Rights Agreement respectively.

INFORMATION OF THE TARGET COMPANY

The Target Company is an investment holding company and beneficially holds the entire issued share capital in Honour Vantage, which in turn holds the entire issued share capital in Champ Shine and Kong Fortune respectively. Champ Shine and Kong Fortune together hold the entire beneficial interest of the Property.

The principal asset of the Target Company is the Property. Rental income of the Property for the year ended 31 December 2012 and 2013 were approximately HK\$2,667,000 and HK\$1,643,000 respectively.

The unaudited consolidated total asset value and net asset value of the Target Company as at 15 March 2014 were approximately HK\$870,417,000 and HK\$216,598,000 respectively.

As the Target Company was incorporated on 3 July 2013, there is no financial information of the Target Company for the year ended 31 December 2012. For the year ended 31 December 2012, the net profit (before taxation and extraordinary items) attributable to the Property and the net profit (after taxation and extraordinary items) attributable to the Property were approximately HK\$12,593,000 and HK\$11,987,000 respectively. For the period from 3 July 2013 (date of incorporation) to 31 December 2013, the unaudited net profit before taxation and unaudited net profit after taxation of the Target Company were approximately HK\$204,864,000 and HK\$204,246,000 respectively.

INFORMATION OF THE GROUP

The Group is principally engaged in the business of property assembly, property leasing, property development, property management and real estate development in the People's Republic of China.

The Share Vendor, the Loan Assignor and Maxrise are indirectly and wholly owned subsidiaries of the Company.

INFORMATION OF THE PURCHASER

The Purchaser is a wholly owned subsidiary of Vanke Property and is an investment holding company.

INFORMATION OF VANKE PROPERTY

Vanke Property is an investment holding company and beneficially holds the entire issued share capital in the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Vanke Property and its respective ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company as defined in the Listing Rules.

INFORMATION OF MAXRISE

Maxrise is a wholly owned subsidiary of the Company and is principally engaged in the business of provision of construction, repairs and maintenance services.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal asset of the Target Company is the Property. The Board considers that the Disposal enables the Group to realize its investment in the Property and enhance the cash flow of the Group. The Board expects that the net proceeds of approximately HK\$856,780,000 will be used for settlement of debt of approximately HK\$260,000,000 to HSBC under the HSBC Loan and be used as general working capital and for future investment and development of the Group.

Each of the terms of the Agreement was determined after arm's length negotiations between the parties thereto.

Having considered the above, the Board is of the view that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

REASON AND BENEFITS OF THE BUILDINGS PLANS AND RIGHTS AGREEMENT

The Plans and the Rights were prepared for the proposed redevelopment of the site at which the Property is situated and it is commercially reasonable to have it transferred to the Purchaser following completion of the Disposal.

Having considered the above, the Board is of the view that the terms of the Buildings Plans and Rights Agreement is of normal commercial terms after arm's length negotiation and the terms thereof are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

FINANCIAL IMPACTS OF THE TRANSACTIONS ON THE GROUP

Upon Completion, based on the unaudited consolidated net asset value of the Target Company as at 15 March 2014 and the Consideration, assuming that no adjustment will be made under the Completion Adjustment and Post-Completion Adjustment, it is estimated that the Group will realize a gain of approximately HK\$613,000 and a corresponding increase in the net asset of the Group. Such estimated gain was calculated with reference to (i) the Consideration of HK\$860,000,000 for the Disposal and (ii) the aggregate of the face value of the Sale Loan, and the unaudited net asset value of the Target Company of approximately HK\$867,315,000 as at 15 March 2014, and after deduction of the transaction expenses and having taken into account of certain expenses undertaken by the Purchaser. Subject to audit, the actual amount of the gain on the Disposal to be recognized by the Group will depend on the net asset value of the Target Company as at Completion and therefore may be different from the amount mentioned above.

There will be no material impacts on the Group resulting from the Building Plans And Rights Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratios (as defined under the Listing Rules) in respect of the Transactions, in aggregate, are more than 5% but less than 25%, the Transactions, together, constitute a discloseable transaction of the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Adjustment Amount”	total tangible assets of the Target Company (other than the Property, furniture, fixtures and equipment) minus total liabilities of the Target Company (other than the Sale Loan and the HSBC Loan, but including certain agreed costs and expenses as shown in the Pro Forma Unaudited Completion Accounts or the Audited Completion Accounts (as the case may be))
“Agreement”	the sale and purchase agreement pursuant to which the Share Vendor agreed to sell, and the Purchaser agreed to purchase the Sale Share, and the Loan Assignor agreed to assign the Sale Loan, and the Purchaser agreed to accept such assignment as at Completion, subject to the terms and conditions of the Agreement
“Audited Completion Accounts”	the Pro Forma Unaudited Completion Accounts as audited by the Auditors
“Auditors”	means KPMG, the auditors to be appointed by the Purchaser and the Share Vendor to audit the Pro Forma Unaudited Completion Accounts and to give audit opinion on the Audited Completion Accounts
“Balance”	the amount of the Consideration as adjusted subject to Completion Adjustment and Post-Completion Adjustment less the Deposit
“Board”	The Board of Directors
“BPR Completion”	completion of the sale and purchase of the Plans and the Rights pursuant to the Building Plans And Rights Agreement
“BPR Consideration”	the consideration of HK\$400,000 to be paid by the Purchaser to Maxrise for the Plans and the Rights on BPR Completion pursuant to the Building Plans And Rights Agreement

“Building Plans And Rights Agreement”	the sale and purchase agreement pursuant to which Maxrise agreed to sell to the Purchaser, and the Purchaser agreed to purchase from Maxrise, the Plans and the Rights, for BPR Consideration
“Business Days”	means a day other than a Saturday or Sunday, on which banks are open in Hong Kong to the general public for business
“Champ Shine”	Champ Shine Limited, a limited company incorporated in Hong Kong, the entire issued share capital of which is beneficially held by Honour Vantage
“Company/Soundwill Holdings Limited”	Soundwill Holdings Limited, a company incorporated in Bermuda whose shares of which are listed on the Main Board of the Stock Exchange with limited liability
“Completion”	completion of the sale and purchase of the Sale Share and assignment of the Sale Loan under the Agreement
“Completion Adjustment”	adjustment of the Consideration as referred to in the paragraph headed “Completion Adjustment” in this announcement
“Completion Date”	28 April 2014 or such other date as may be agreed between the parties
“Consideration”	the total consideration of HK\$860,000,000, being the aggregate of the Loan Consideration and the Share Consideration, to be paid by the Purchaser subject to Completion Adjustment and Post-Completion Adjustment, in the manner as described in the paragraph headed “Payment terms” in this announcement
“Deposit”	deposit of HK\$172,000,000 representing 20% of the Consideration prior to Completion Adjustment and Post-Completion Adjustment to be paid by the Purchaser to the Share Vendor’s solicitor as stakeholders
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan pursuant to the Agreement

“Extra Loan”	a loan equivalent to the amount of the HSBC Loan to be advanced by the Loan Assignor to Champ Shine at Completion for the termination, release, reassignment and discharge of certain related documents pursuant to HSBC Loan. The Extra Loan shall form part of the Sale Loan upon Completion
“Final Payment”	payment to be made after the approval or determination of the Audited Completion Accounts and following the Post-Completion Adjustment
“Group”	the Company and its subsidiaries
“Guarantee For Purchaser’s Obligations”	the guarantee entered into between Vanke Property as the guarantor and the Share Vendor as the first beneficiary and Maxrise as the second beneficiary pursuant to which Vanke Property shall guarantee the beneficiaries the performance of the obligations of the Purchaser under the Agreement and the Building Plans And Rights Agreement respectively
“Guarantee For Vendor’s Obligations”	the guarantee entered into between the Company as the guarantor and the Purchaser as the beneficiary pursuant to which the Company shall guarantee the performance of the obligations of the Share Vendor under the Agreement
“Guarantees”	the Guarantee For Vendor’s Obligations and the Guarantee For Purchaser’s Obligations
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong FRS”	Hong Kong Financial Reporting Standards as applicable from time to time
“Honour Vantage”	Honour Vantage Limited, a limited company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially held by the Target Company
“HSBC”	the Hong Kong and Shanghai Banking Corporation

“HSBC Loan”	the total amount of the principal repayable and the interest payable to the Hong Kong and Shanghai Banking Corporation for the account of Champ Shine under a loan facility granted by HSBC and other related documents
“Kong Fortune”	Kong Fortune Investment Limited, a limited company incorporated in Hong Kong, the entire issued share capital of which is beneficially held by Honour Vantage
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Loan”	the amounts being owed by the Target Company and/or its subsidiaries to the Loan Assignor, being approximately HK\$390,717,000 as at 15 March 2014
“Loan Assignor/Soundwill Management”	Soundwill Management Company Limited, a limited company incorporated in Hong Kong, which is an indirectly and wholly owned subsidiary of the Company
“Loan Consideration”	the face value of the total outstanding amount of the Sale Loan as at Completion
“Maxrise”	Maxrise Construction Engineering Limited, a company incorporated under the laws of Hong Kong, which is an indirect and wholly owned subsidiary of the Company
“Plans”	general building plans under Buildings Department as submitted to the Building Authority for approval upon the instructions of Maxrise for the proposed redevelopment of the Property
“Post-Completion Adjustment”	adjustments to the Consideration following the approval or determination of the Audited Completed Accounts and more particularly described in the paragraph headed “Post-Completion Adjustment” in this announcement
“Pro Forma Unaudited Completion Accounts”	consolidated unaudited profit and loss account for the period from the 1 January 2014 to the Completion Date and balance sheet of the Target Company as at the Completion Date (having taken into account the payment of the amount of the HSBC Loan to HSBC) to be prepared by the Share Vendor in accordance with Hong Kong FRS and to be delivered to the Purchase before Completion

“Property”	the land site located at 12–24 Lun Fat Street, Wanchai which beneficially owned by Champ Shine and Kong Fortune
“Purchaser/Wkinv HK Holdings”	Wkinv HK Holdings Limited, a company incorporated in the British Virgin Islands, a wholly owned subsidiary of Vanke Property
“Retained Amount”	a sum of HK\$25,000,000 to be held by the Share Vendor’s solicitor as stakeholders and shall only be released to the Share Vendor and/or the Purchaser after and in accordance with the Final Payment
“Rights”	copyright in and to the Plans (together with the rights to exploit the Plans) to which Maxrise is entitled as at the date of the Building Plans And Rights Agreement by virtue of or pursuant to the Copyright Ordinance (Cap. 528 of the Laws of Hong Kong) (including the right to use the Plans and/or any design(s) embodied therein)
“Sale Loan”	all of the outstanding loans being owed by the Target Company and/or its subsidiaries to the Loan Assignor as at Completion. The Sale Loan shall include the Extra Loan
“Sale Share”	one share constituting the entire issued share capital of the Target Company
“Share Consideration”	being the consideration for the sale and purchase of the Sale Share under the Agreement and it shall be the amount of the Consideration less the Loan Consideration
“Share Vendor/Commercial Palace”	Commercial Palace Limited, a company incorporated in the British Virgin Islands, which is an indirectly and wholly owned subsidiary of the Company
“Shareholder(s)”	holders of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Company”	Radiant Merit Limited, a limited company incorporated in the British Virgin Islands and wholly owned by the Share Vendor
“Transactions”	the transactions contemplated under the Agreement, the Guarantees and the Building Plans And Rights Agreement

“Vanke Property”

Vanke Property (Hong Kong) Company Limited, a company incorporated in Hong Kong, a wholly owned subsidiary of China Vanke Co., Ltd

“%”

Per cent

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

Hong Kong, 31 March 2014

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 (ii) Independent Non-executive Directors: Chan Kai Nang, Pao Ping Wing and Ng Chi Keung.