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SOUNDWILL HOLDINGS LIMITED

金朝陽集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

POSSIBLE DISCLOSEABLE TRANSACTION AND MANDATE FOR POSSIBLE VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE AUCTION OF HAVEN COURT

BACKGROUND

Reference is made to the announcements of the Company dated 2 April 2024, 17 April 2024, 24 April 2024, 29 April 2024 and 14 May 2024, all of which relate to the Auction and/or Further Auction of the Lot.

The Company, through its indirect wholly-owned subsidiaries (Billion Glory, Harvest Fortune and Lead Properties, the registered owners of Haven Court Properties), owns approximately 88.79% of the equal undivided shares of the Lot.

POSSIBLE DISCLOSEABLE TRANSACTION

The Company may participate at the Further Auction as a bidder to be held in relation to the Lot. If the Company is the successful bidder at the Further Auction, the Company will acquire the Remaining Units through the Further Auction at a consideration of approximately 11.5% of the final winning bid price.

The Possible Discloseable Transaction is expected to constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

MANDATE FOR POSSIBLE VERY SUBSTANTIAL DISPOSAL

If the successful bidder at the Further Auction is an Independent Third Party, the Company will be obliged to sell through the Further Auction its entire interest in Haven Court Properties to the successful bidder at the Further Auction. Based on the assessed fair value (i.e. the existing use value) of each of the Haven Court Properties and the Remaining Units by the Lands Tribunal, the Company will receive a consideration of approximately 88.5% of the final winning bid price.

The Board would like to seek the approval of the Shareholders at the SGM for, *inter alia*, a mandate to dispose (and/or to complete the disposal) through the Further Auction the entire interest in Haven Court Properties. Such mandate is to remain valid for twelve (12) months from the date of the Shareholders' approval. The Possible Very Substantial Disposal, if it proceeds, will constitute a very substantial disposal for the Company under Chapter 14 of the Listing Rules by reference to the Appraised Value.

LISTING RULES IMPLICATIONS

The Possible Discloseable Transaction

As one or more of the applicable percentage ratios in respect of the Possible Discloseable Transaction is expected to exceed 5% but be less than 25%, the Possible Discloseable Transaction will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

If the Possible Discloseable Transaction consummates upon the conclusion of the Further Auction, the Company will further comply with the relevant requirements under Chapter 14 of the Listing Rules.

The Possible Very Substantial Disposal

As one or more of the applicable percentage ratios in respect of the Possible Very Substantial Disposal exceeds 75%, the Possible Very Substantial Disposal will constitute a very substantial disposal for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

SGM VOTING UNDERTAKING

The Company has obtained an unconditional and irrevocable undertaking from Ko Bee Limited and Full Match Limited to vote in favour of the resolutions in relation to the Mandate for the Possible Very Substantial Disposal to be proposed in the SGM. Ko Bee Limited and Full Match Limited are directly or indirectly wholly-owned by a discretionary trust which collectively holds approximately 74.94% of the issued share capital of the Company as of the date of this announcement.

GENERAL

A circular containing, among other things, (i) further information on the Mandate for Possible Very Substantial Disposal; (ii) financial information of the Group; (iii) an independent property valuation report on Haven Court; (iv) notice of the SGM; and (v) other information required under the Listing Rules will be sent to the Shareholders in accordance with the Listing Rules on or before 24 May 2024.

WARNING

Up to the date of this announcement, the Reserve Price Adjustment Application has not yet been accepted by the Lands Tribunal, and hence there is no guarantee that the Further Auction will take place. As the Further Auction has yet to be taken place and there are various factors that could affect the bid at the Further Auction, the Possible Discloseable Transaction or the Possible Very Substantial Disposal may or may not proceed. Accordingly, the Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

BACKGROUND

Reference is made to the announcements of the Company dated 2 April 2024, 17 April 2024, 24 April 2024, 29 April 2024 and 14 May 2024, all of which relate to the Auction and/or Further Auction of the Lot.

The Company, through its indirect wholly-owned subsidiaries (Billion Glory, Harvest Fortune, and Lead Properties, the registered owners of Haven Court Properties), owns approximately 88.79% of the equal undivided shares of the Lot.

In July 2019, pursuant to section 3(1) of the Ordinance, Billion Glory, Harvest Fortune and Lead Properties filed an application to the Lands Tribunal for an order for sale in relation to all the undivided shares of the Lot (including those undivided shares of the Lot owned by the Group and the Registered Owners, respectively, as required by the Ordinance). If an order for sale is granted, a successfully bidder in the Auction would have an opportunity to acquire all the undivided shares of the Lot and to unify ownership of the Lot for redevelopment.

On 29 February 2024, the Lands Tribunal issued a judgment and ordered the sale of the Lot through the Auction (the “**Sale Order**”). The Lands Tribunal has determined the Reserve Price at HK\$2.425 billion under the Sale Order. The Company and its subsidiaries are eligible to participate at the Auction as a bidder to be held pursuant to the Sale Order in relation to Haven Court.

On 17 April 2024, the Auction took place and there was no bidder putting forward a bid equal to or higher than the Reserve Price and the Company was exploring and evaluating different options that the Company might next take which includes but not limited to making the Extension Applications to conduct Further Auction at the Revised Reserve Price.

On 29 April 2024, the Company made the Extension Applications to the Lands Tribunal to seek an extension of time to conduct the Further Auction and to adjust the Reserve Price.

On 14 May 2024, the Lands Tribunal has accepted the Time Extension Application, and has adjourned the hearing to consider the Reserve Price Adjustment Application to 30 May 2024.

Given the outcome of the Reserve Price Adjustment Application is not dictated by and thus uncertain to the Company, the Company is unable to ascertain whether (i) the Lands Tribunal would, after all, approve the Reserve Price Adjustment Application, and hence determines the Revised Reserve Price and gives direction to the trustee to arrange the Further Auction, or (ii) the Lands Tribunal would further adjourn the hearing to and/or would deliver its ruling to a later date after 30 May 2024 to allow parties to make further submissions and/or to afford more time for the Lands Tribunal to consider the Reserve Price Adjustment Application.

POSSIBLE DISCLOSEABLE TRANSACTION

As aforementioned, no bidder (including the Company) put forward a bid equal to or higher than the Reserve Price at the Auction. As such, no transaction took place on 17 April 2024. On the above basis, the Company made the Extension Applications to the Lands Tribunal on 29 April 2024. Since the Lands Tribunal has accepted the Time Extension Application, the Further Auction may take place in due course provided that the Lands Tribunal also accepts the Reserve Price Adjustment Application, determines the Revised Reserve Price and gives direction to the trustee to arrange the Further Auction.

The Company may participate at the Further Auction as a bidder to be held in relation to the Lot. If the Company is the successful bidder at the Further Auction, the Company will acquire the Remaining Units through the Further Auction at a consideration of approximately 11.5% of the final winning bid price.

Since the Revised Reserve Price was unknown to the Company as at the date of this announcement, by reference to the Appraised Value of HK\$2.1 billion, the Company expects that the final winning bid price will not result in the Possible Discloseable Transaction exceeding the thresholds for a discloseable transaction. The Possible Discloseable Transaction is thus expected to constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

MANDATE FOR POSSIBLE VERY SUBSTANTIAL DISPOSAL

If the successful bidder at the Further Auction is an Independent Third Party, the Company will be obliged to sell through the Further Auction its entire interest in Haven Court Properties to the successful bidder at the Further Auction. Based on the assessed fair value (i.e. the existing use value) of each of the Haven Court Properties and the Remaining Units by the Lands Tribunal, the Company will receive a consideration of approximately 88.5% of the final winning bid price.

The Board would like to seek the approval of the Shareholders at the SGM for, *inter alia*, a mandate to dispose (and/or to complete the disposal) through the Further Auction the entire interest in Haven Court Properties. Such mandate is to remain valid for twelve (12) months from the date of the Shareholders' approval (the "**Mandate for the Possible Very Substantial Disposal**"). The Possible Very Substantial Disposal, if it proceeds, will constitute a very substantial disposal for the Company under Chapter 14 of the Listing Rules by reference to the Appraised Value.

INFORMATION ON HAVEN COURT

Haven Court ("**Haven Court**") is a 11-storey composite building with shops on the Ground Floor and residential upper parts completed in 1959. It was erected on the Lot with site area of 13,150 square feet or thereabouts.

Information on Haven Court Properties

The Company, through its indirect wholly-owned subsidiaries (Billion Glory, Harvest Fortune and Lead Properties, the registered owners of Haven Court Properties), owns approximately 88.79% of the equal undivided shares of Haven Court as at the date of this announcement, which comprise the following:

- (a) Shop Nos. 18, 32, 33, 35, 37, 40, 42, 43 and 45, Ground Floor; Blocks C, D, E, G, I, J, K, L, and M of the 1st Floor; Blocks A, B, D, E, F, G, H, I, J, K, and L of the 2nd Floor; Blocks A, B, C, D, E, F, G, H, J, K, L and M of the 3rd Floor; Blocks A, B, C, D, E, F, H, I, J, K, L and M of the 4th Floor; Blocks A, B, C, D, F, G, H, I, J, L and M of the 5th Floor; Blocks A, B, C, D, E, F, G, H, I, J, K, L and M of the 6th Floor; Blocks A, B, D, E, F, G, H, K, L and M of the 7th Floor; Blocks A, B, E, F, I, J, L and M of the 8th Floor; Blocks A, B, C, E, G, H, J, K, L and M of the 9th Floor; Blocks A, B, I, J, K, and M of the 10th Floor; and one half of each of Shop Nos. 22 and 23 of the Ground Floor of Haven Court which are owned by Billion Glory (the "**First Property**");
- (b) Shop Nos. 14, 15, 17, 19, 20, 21, 27, 29, 30, 36 and 38 of the Ground Floor; Block J of the 7th Floor; Block H of the 10th Floor & Adjacent Roof thereof & Roof; and Block L of the 10th Floor, of Haven Court which are owned by Harvest Fortune (the "**Second Property**"); and

- (c) Shop Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 & 12, 16, 26 and 34 of the Ground Floor; Blocks A, B, F and H of the 1st Floor; Block G of the 4th Floor; Block K of the 5th Floor; Block G of the 8th Floor; and Block F of the 9th Floor, of Haven Court which are owned by Lead Properties (the “**Third Property**”).

According to the judgment of the Lands Tribunal, the effective area of Haven Court Properties is approximately 85,322 square feet, representing approximately 88.79% of the equal undivided shares of Haven Court.

According to the valuation report prepared by Vigers, as at 29 February 2024, the existing use values for the entire Haven Court and the Remaining Units are approximately HK\$1.237 billion and approximately HK\$125.4 million, respectively, and the market values upon redevelopment for the entire Haven Court and the Remaining Units are approximately HK\$2.100 billion (the “**Appraised Value**”) and approximately HK\$212.8 million, respectively. Thus, the market value upon redevelopment of Haven Court Properties will be approximately HK\$1.887 billion. The unaudited aggregate book value of Haven Court Properties as at 31 December 2023 was approximately HK\$2.1 billion.

The existing use values for the entire Haven Court and the Remaining Units were assessed by Vigers using the comparison method, where transactions of similar properties are collated and analysed with adjustments based on the difference between the comparable properties and the subject premises (i.e. Haven Court and the Remaining Units) in terms of location, time of transaction, age and quality of the building, floor level, floor area and etc. The comparison method is the most common method of valuation and is usually adopted where there were suitable comparable properties for assessment.

On the other hand, the market values upon redevelopment for the entire Haven Court and the Remaining Units were assessed by Vigers using the residual method, where the site’s value is derived by deducting construction cost, professional fees, interest, the developer’s profit and incidental costs from the gross development value (i.e. the estimated value upon completion of the redevelopment). The residual method is adopted as (i) there is a lack of appropriate comparable properties of Haven Court and the Remaining Units; and (ii) the residual method was also used by Billion Glory, Harvest Fortune and Lead Properties when filing the application to the Lands Tribunal for the Sale Order in relation to all the undivided shares of the Lot.

Vigers carried out site inspection, researches and analysis necessary to compile the background information required for the valuation, including relying on information provided by the Company and the details of property transactions from external third-party real estate websites and surveyors.

The following assumptions were made in the course of the valuation:

- as some of the units in Haven Court could not be inspected during Vigers' site inspection, it was assumed that the conditions within those units were commensurate with other units in accordance with the age of the building; and
- based on the land use of the Lot as stated in the government lease and the relevant outline zoning plan, Vigers assumed that Haven Court will be developed into a commercial building and took into account the maximum plot ratio allowed for such purpose.

For reference only as the Revised Reserve Price was unknown to the Company as at the date of this announcement, if the Possible Very Substantial Disposal proceeds at the Appraised Value of HK\$2.1 billion, subject to audit, the Company expects to recognize a loss on disposal of approximately HK\$249 million (being the consideration that the Company is expected to receive over the book value and transaction cost). The actual amount of the gain or loss will depend on the final winning bid price at the Further Auction. If the Company is the successful bidder at the Further Auction, Haven Court will be demolished and redeveloped into a new building in compliance with the Ordinance.

Financial information of the holding companies of the Haven Court Properties

Billion Glory

The following information is extracted from the financial information of Billion Glory:

	For the financial year ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Total assets	1,519,478	1,590,304
(Loss)/Profit before taxation	(115,124)	143,220
(Loss)/Profit after taxation	(114,466)	142,128
Net (loss)/profit attributable to shareholders of Billion Glory	(114,466)	142,128

The unaudited net asset value of Billion Glory was approximately HK\$15.1 million as of 31 December 2023.

Harvest Fortune

The following information is extracted from the financial information of Harvest Fortune:

	For the financial year ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Total assets	218,845	227,090
(Loss)/Profit before taxation	(10,065)	22,695
(Loss)/Profit after taxation	(10,069)	22,327
Net (loss)/profit attributable to shareholders of Harvest Fortune	(10,069)	22,327

The unaudited net asset value of Harvest Fortune was approximately HK\$158.9 million as of 31 December 2023.

Lead Properties

The following information is extracted from the financial information of Lead Properties:

	For the financial year ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Total assets	835,293	850,080
(Loss)/Profit before taxation	(17,328)	39,630
(Loss)/Profit after taxation	(17,420)	39,013
Net (loss)/profit attributable to shareholders of Lead Properties	(17,420)	39,013

The unaudited net asset value of Lead Properties was approximately HK\$831.6 million as of 31 December 2023.

Financial information of the Haven Court Properties

The following information is extracted from the unaudited profit and loss statements on the identifiable net income stream of the Haven Court Properties:

	For the financial year ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	21,311	21,203
Profit/(loss) before income tax expense	(138,086)	208,926
Profit/(loss) for the year	(137,523)	206,849
Profit/(loss) and total comprehensive income/(expense) for the year	(137,523)	206,849

Information on the Remaining Units

The remaining units of Haven Court which have not been acquired by the Group as at the date of this announcement are set out below:

- (a) Shop Nos. 11, 13, 24, 25, 28, 39, 41, 44 of the Ground Floor; Blocks C and M of the 2nd Floor;
- (b) Block I of the 3rd Floor; Block E of the 5th Floor;
- (c) Blocks C and I of the 7th Floor;
- (d) Blocks C, D, H and K of the 8th Floor;
- (e) Blocks D and I of the 9th Floor; and
- (f) one half of each of Shop Nos. 22 and 23 of the Ground Floor,

Haven Court (the “**Remaining Units**”).

According to the judgment of the Lands Tribunal, the effective area of the Remaining Units is approximately 9,435 square feet in aggregate, representing approximately 11.21% of the equal undivided shares of Haven Court.

BID PRICE AT THE FURTHER AUCTION

The Company and its subsidiaries are eligible to participate at the Further Auction as a bidder. If the Company is the successful bidder, the Company will be obliged to pay the apportioned final winning bid price to the Registered Owners with reference and pro rata to the respective existing use value of their units at Haven Court determined by the Lands Tribunal. Accordingly, the consideration for the acquisition of the Remaining Units

payable by the Group would be approximately 11.5% of the final winning bid price. All stamp duty and registration fees on transfer of the Remaining Units will be payable by the Company, if it is the successful bidder at the Further Auction. The Possible Discloseable Transaction will be financed by bank loans and/or cash from internal resources of the Group.

The Possible Discloseable Transaction represent a chance for the Group to gain ownership of the entire Lot, to redevelop it and to generate income or gain to the Company and hence the Shareholders in the future. In order not to compromise the commercial interests of the Company by revealing commercial secrets and place the Company in a disadvantaged position against other bidders and/or competitors, the factors taken into account by the Company in making a decision on whether to bid and its bid price(s) and the price which the Company is willing to pay at the Further Auction will not be disclosed in this announcement.

Prior to the Lands Tribunal accepting the Reserve Price Adjustment Application and determining the Revised Reserve Price and the conclusion of the Further Auction, only the Appraised Value of HK\$2.1 billion (as valued by Vigers as at 29 February 2024) is available as a reference of the final consideration to be paid for the Lot, and thus the pro-rated consideration to be paid for the Haven Court Properties. Given the nature of the Further Auction, the final consideration to be paid for the Haven Court Properties (i.e. the consideration that the Company will receive if the Possible Very Substantial Disposal consummates) is not currently known and will only be determined and fixed at the Further Auction when there is a successful bidder. The Company is therefore unable to provide the aggregate value of the consideration in this announcement due to the fact that the Further Auction has not yet been held. As such, the only available information known to the Company as at the date of this announcement (being the alternative disclosure) was the Appraised Value of HK\$2.1 billion (as valued by Vigers as at 29 February 2024), together with the fact that the final consideration to be paid for the Lot shall be at or above the Revised Reserve Price. In the event that the Lands Tribunal has determined and informed the Company as to the amount of the Revised Reserve Price before the SGM is convened, the Company will disclose such information in a progress update announcement of the Company to provide additional information to the shareholders of the Company and the investing public. In addition, upon the conclusion of the Further Auction, regardless of whether the Company is the successful bidder, the Company will announce the final winning bid price at the Further Auction by way of a progress update announcement of the Company.

Accordingly, upon the conclusion of the Further Auction, provided that the Company is the successful bidder, the Company will comply with the relevant requirements under Chapter 14 of the Listing Rules by disclosing the final consideration for the purchase of the Remaining Units in relation to the Possible Discloseable Transaction. For the purpose of this announcement and in relation to the Mandate for the Possible Very Substantial Disposal, the Company has therefore applied for a waiver from strict compliance with Rule 14.58(4) of the Listing Rules and the same has been conditionally granted by the Stock Exchange.

The Shareholders should be aware of the following latest transactions of comparable properties in Causeway Bay:

Transaction Date	Description of the Property	Age of the Building (years)	Saleable Area (sq.ft.)	Consideration (HK\$)	Price per sq.ft. (HK\$)
9 November 2023	Unit D, 3/F, Lippo Leighton Centre, 103 Leighton Road, Hong Kong	1992	497	11,500,000	23,138
24 May 2023	Unit B, 7/F, Guangdong Tour Centre, 18, Penington Street, Hong Kong	1994	415	11,000,000	26,506
13 September 2023	Unit C, 5/F, Prosperous Commercial Building, 54–58 Jardine’s Bazaar, Hong Kong	1991	415	6,300,000	15,180
13 April 2023	Shop B on Ground Floor, 103 Leighton Road with frontage to Leighton Road, Hong Kong	1992	689	36,500,000	52,975
13 April 2023	Shop A on Ground Floor, 103 Leighton Road with frontage to Leighton Road, Hong Kong	1992	746	36,800,000	49,401

Below is the existing use value of Haven Court based on the valuation report prepared by Vigers as at 29 February 2024:

Description of the Property	Age of the Building (years)	Saleable Area (sq.ft.)	Existing use value as at 29 February 2024 (HK\$)	Price per sq.ft. (HK\$)
Haven Court	1959	94,757	1,237,460,000	13,059

AUCTION PROCESS

Pursuant to the Ordinance, the Lot is to be sold by order of the Lands Tribunal by public auction within three (3) months from 29 February 2024. The Lands Tribunal has determined the Reserve Price at HK\$2.425 billion under the Sale Order (subject to any adjustment being applied) and the Lands Tribunal, amongst other things, has appointed trustees to arrange the Auction. The auctioneer was selected by the trustees. Each of the trustees is a consultant in a law firm which provides legal services in relation to the Auction to all owners of the Lot collectively (including those undivided shares of the Lot owned by the Group and the Registered Owners, respectively) but is otherwise a third party independent of the Company and connected persons of the Company, its subsidiaries and their respective associates. The Auction was open to the public and any person may participate at the Auction as a bidder.

Under section 5(4) of the Ordinance, in the event that the Lot is not sold by auction within three (3) months immediately following the date of the Sale Order, the Lands Tribunal may direct that a further period of three (3) months be given on application made to the Lands Tribunal by the trustees under the Sale Order or the Company (being the majority owner of the Lot) or any minority owner of the Lot (as the case may be).

At the Auction that took place on 17 April 2024, there was no bidder putting forward a bid equal to or higher than the Reserve Price. Accordingly, the Company made the Extension Applications to the Lands Tribunal for approval to conduct Further Auction at the Revised Reserve Price. In such event, the Lands Tribunal may order to stay the execution of the order for sale and so to allow time for stakeholders (including the majority owner or any minority owners of the Lot) to make submissions together with a valuation report and provide a ruling afterwards. According to the Company's past experience, whenever there is submission on valuation made by any party to the Lands Tribunal, the Lands Tribunal would usually allow time for all parties to prepare and submit valuation reports and to be heard before ruling by the Lands Tribunal would be made. Such process would take months. Therefore, the extension of time and/or an adjustment of the Reserve Price application may likely only be determined close to or even after the six (6) months period under section 5(4) of the Ordinance. On the above premises, the Company is of the view that a validity period of twelve (12) months for the Mandate for the Possible Very Substantial Disposal is appropriate.

The Company understands that the bidding process at the Further Auction will be fully in accordance with normal market practice and that the Ordinance requires the Lot to be sold to the highest bidder at the Further Auction. Bidding will be open with bidders making open bids for the Lot in full view of each other and with each bid being immediately known to all participants, as in a Government land auction, in a process regulated by the auctioneer and on the terms ordered by the Lands Tribunal. The Company believes that the terms of the Further Auction will be consistent with market practice for court-ordered sales by auction.

The Lot will be sold if the highest bid price is higher than or equal to the Revised Reserve Price.

According to section 5(4) of the Ordinance, if the Lot is not sold by auction within the initial three (3) months, the extension of three (3) additional months or any further extension of time by the Lands Tribunal (with or without adjustment of the Reserve Price), then the Sale Order ceases to have any legal effect. The consequence will be that every party will go back to the situation it was in before the making of the compulsory sale application, as if the compulsory sale order had never been made by the Lands Tribunal and Billion Glory, Harvest Fortune and Lead Properties have never lodged the compulsory sale application.

If such situation arises, to the best of the Directors' information, knowledge and belief, having made all reasonable enquiries, it will have no direct financial impact on the Group as the Group will neither acquire nor dispose of any undivided shares of the Haven Court. However, the fair value of the Haven Court Properties may have to be adjusted downwards to discount the value enhanced by the expected auction sale under the Ordinance and, hence there may be a consequential impairment of the fair value of the Haven Court Properties in the books of the Company as of 31 December 2024.

Given the open nature of the bidding process in the Further Auction, the publicly available information about Haven Court Properties and the Remaining Units and the transparent nature of the Hong Kong property market, the Directors are satisfied that they have all information necessary to make a properly-informed bidding at the Further Auction.

REASONS FOR AND BENEFITS OF THE POSSIBLE VERY SUBSTANTIAL DISPOSAL

If the successful bidder at the Further Auction is an Independent Third Party, the Company will be obliged to sell through the Further Auction its entire interest in Haven Court Properties to the successful bidder (if any) at the Further Auction.

Although the Company would lose the opportunity to gain full ownership of the Lot for redevelopment, the Possible Very Substantial Disposal would forthwith improve the cash flow for the Group. The sale proceeds received from the Possible Very Substantial Disposal will be used by the Group in or towards financing other projects and for general working capital.

Based on the above reasons, the Directors are of the view that the Possible Very Substantial Disposal conducted at the final winning bid price by a third party bidder is in the interests of the Company and the Shareholders as a whole and that the terms of the sale by the Further Auction will be fair and reasonable.

LISTING RULES IMPLICATIONS

The Possible Discloseable Transaction

Based on the Appraised Value of HK\$2.1 billion (which may not be the Revised Reserve Price), the consideration for the Possible Discloseable Transaction shall be approximately HK\$241.5 million^(Note 1). As one or more of the applicable percentage ratios in respect of the Possible Discloseable Transaction is expected to exceed 5% but be less than 25%, the Possible Discloseable Transaction will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting and announcement requirements under the Listing Rules.

If the Possible Discloseable Transaction consummates upon the conclusion of the Further Auction, the Company will further comply with the relevant requirements under Chapter 14 of the Listing Rules.

The Possible Very Substantial Disposal

Based on the Appraised Value of HK\$2.1 billion (which may not be the Revised Reserve Price), the consideration for the Possible Very Substantial Disposal shall be approximately HK\$1,858.5 million^(Note 1). As one or more of the applicable percentage ratios in respect of the Possible Very Substantial Disposal exceeds 75%, the Possible Very Substantial Disposal will constitute a very substantial disposal for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE REGISTERED OWNERS

According to public records, Dragon Top Development Limited, Po Leung Kuk and Maxcolm Finance Limited are respectively two of the Registered Owners and a mortgagee in possession of one of the Remaining Units. Po Leung Kuk is a legal entity established under Po Leung Kuk Ordinance (Chapter 1040 of the Laws of Hong Kong) and Dragon Top Development Limited and Maxcolm Finance Limited are companies incorporated with limited liability in Hong Kong. Po Leung Kuk undertakes

(Note 1) Pursuant to the Ordinance, the Lands Tribunal (as set out in the judgment for the Sale Order) has assessed the fair value (i.e. the existing use value) of each of the Haven Court Properties and the Remaining Units, which are respectively about HK\$1,408.325 million and HK\$183.015 million. The net proceeds of sale in a successful sale of the Lot by the Further Auction is to be apportioned per such proportion, namely 88.50% and 11.50%. In the event that the Group (i) wins the bid and thus is the purchaser of the Lot in the Further Auction, the consideration that the Group shall pay will be about 11.50% of the selling price of the Lot; or (ii) does not win the bid and thus is the vendor of the Haven Court Properties, the consideration that the Group shall receive will be about 88.50% of the selling price of the Lot.

charitable activities. The principal business of Dragon Top Development Limited is unknown to the Company while Maxcolm Finance Limited is a licensed money lender. Based on the company search records, the registered shareholders of Dragon Top Development Limited are Ding Jinju, and the registered shareholders of Maxcolm Finance Limited are Konew Credit Corporation Limited. The other Registered Owners of the Remaining Units are certain individuals, where their background are unknown to the Company.

To the best of the Directors' information, knowledge and belief, having made all reasonable enquiries, the Registered Owners of the Remaining Units are third parties, independent of the Company and connected persons of the Company, its subsidiaries and their respective associates.

Since the Further Auction has yet to be taken place, it is unknown to the Company whether any person (other than the Company) intends to or will participate in bidding, and accordingly, at the current stage, the Company is unable to ascertain whether the Possible Very Substantial Disposal will also constitute a connected transaction under Chapter 14A of the Listing Rules if the successful bidder is a connected person of the Company. If such transaction constitutes a connected transaction upon conclusion of the Further Auction, the Company will comply with the relevant requirements under the Listing Rules. Up to the date of this announcement, certain connected persons of the Company have confirmed that they will not participate in the Further Auction. For further details, please refer to the section headed "NON-PARTICIPATION AT AUCTION BY THE DIRECTORS AND THE COMPANY'S CONTROLLING SHAREHOLDER" below.

INFORMATION OF THE GROUP

The Company is an exempted company incorporated in Bermuda with limited liability, and the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 878). It is principally engaged in investment holding and the Group is principally engaged in various lines of business including property assembly, property leasing, property development and provision of building management services in Hong Kong and property development in the People's Republic of China.

Billion Glory is incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in property investment.

Harvest Fortune is incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in property investment.

Lead Properties is incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in property investment.

NON-PARTICIPATION AT AUCTION BY THE DIRECTORS AND THE COMPANY'S CONTROLLING SHAREHOLDER

Each of the Directors and the controlling shareholder(s) of the Company has confirmed to the Company that he/she/it and their respective associates will not participate in the Further Auction.

SGM VOTING UNDERTAKING

The Company has obtained an unconditional and irrevocable undertaking from Ko Bee Limited and Full Match Limited to vote in favour of the resolutions in relation to the Mandate for the Possible Very Substantial Disposal to be proposed in the SGM. Ko Bee Limited and Full Match Limited are directly or indirectly wholly-owned by a discretionary trust which collectively holds approximately 74.94% of the issued share capital of the Company as of the date of this announcement.

GENERAL

A circular containing, among other things, (i) further information on the Mandate for Possible Very Substantial Disposal; (ii) financial information of the Group; (iii) an independent property valuation report on Haven Court; (iv) notice of the SGM; and (v) other information required under the Listing Rules will be sent to the Shareholders in accordance with the Listing Rules on or before 24 May 2024.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, the Mandate for the Possible Very Substantial Disposal.

To the best of the Directors' information, knowledge and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Possible Very Substantial Disposal and no Shareholder shall be required to abstain from voting at the SGM.

WARNING

Up to the date of this announcement, the Reserve Price Adjustment Application has not yet been accepted by the Lands Tribunal, and hence there is no guarantee that the Further Auction will take place. As the Further Auction has yet to be taken place and there are various factors that could affect the bid at the Further Auction, the Possible Discloseable Transaction or the Possible Very Substantial Disposal may or may not proceed. Accordingly, the Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms and expressions have the following meanings:

“Appraised Value”	has the meaning as defined in the section headed “INFORMATION ON HAVEN COURT — Information on Haven Court Properties” of this announcement
“associates”, “connected persons”, “controlling shareholder(s)”, “percentage ratio” and “subsidiary(ies)”	each has the meaning as ascribed to it under the Listing Rules
“Auction”	the public auction of the entire interest in Haven Court on an “as-is” basis expected to take place by order of the Lands Tribunal, and/or any adjourned or further public auction thereof pursuant to the Sale Order
“Billion Glory”	Billion Glory Properties Limited (億潤置業有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“Company”	Soundwill Holdings Limited (金朝陽集團有限公司*), an exempted company incorporated in Bermuda with limited liability, and the shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 878)
“Directors”	the directors of the Company
“Extension Applications”	collectively, the Time Extension Application and the Reserve Price Adjustment Application
“First Property”	has the meaning as defined in the section headed “INFORMATION ON HAVEN COURT — Information on Haven Court Properties” of this announcement
“Further Auction”	the further public Auction pursuant to the Sale Order as the Time Extension Application has been accepted by the Lands Tribunal on 14 May 2024, provided that the Lands Tribunal also accepts the Reserve Price Adjustment Application, determines the Revised Reserve Price and gives direction to the trustee to arrange the Further Auction

“Group”	collectively, the Company and its subsidiaries
“Harvest Fortune”	Harvest Fortune Limited (沛益有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Haven Court”	has the meaning as defined in the section headed “INFORMATION ON HAVEN COURT” of this announcement
“Haven Court Properties”	collectively, the First Property, the Second Property and the Third Property
“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
“Independent Third Party(ies)”	person(s) which, to the best of the Directors’ information, knowledge and belief, having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons
“Lands Tribunal”	the Lands Tribunal established under the Lands Tribunal Ordinance (Chapter 17 of the Laws of Hong Kong)
“Lead Properties”	Lead Properties Limited (領先置業有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Lot”	all that piece or parcel of ground registered in the Land Registry of Hong Kong as Section C of Inland Lot No. 2147 (i.e. Nos. 2–30 Haven Street and Nos.128–138 Leighton Road, Causeway Bay, Hong Kong)
“Mandate for the Possible Very Substantial Disposal”	has the meaning as defined in the section headed “MANDATE FOR POSSIBLE VERY SUBSTANTIAL DISPOSAL” of this announcement
“Ordinance”	the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong)
“Possible Discloseable Transaction”	the possible acquisition of the Remaining Units referred to in this announcement

“Possible Very Substantial Disposal”	the possible disposal of the entire interest in all the units of Haven Court Properties owned by the Group referred to in this announcement
“Registered Owners”	the registered owners of the Remaining Units as recorded in the land register of the Hong Kong Land Registry
“Remaining Units”	has the meaning as defined in the section headed “INFORMATION ON HAVEN COURT — Information on the Remaining Units” of this announcement
“Reserve Price”	the reserve price of HK\$2.425 billion in respect of the Auction determined by the Lands Tribunal under the Sale Order, or any other reserve price as adjusted and determined by the Lands Tribunal from time to time
“Reserve Price Adjustment Application”	an application made on 29 April 2024 to the Lands Tribunal to adjust the Reserve Price to the Revised Reserve Price, which such application, up to the date of this announcement, has not yet been accepted by the Lands Tribunal
“Revised Reserve Price”	the revised reserve price in respect of the Further Auction determined by the Lands Tribunal under the Sale Order, which expectedly will align with the current market value of the Lot, or any other reserve price as adjusted and determined by the Lands Tribunal from time to time
“Sale Order”	has the meaning as defined in the section headed “BACKGROUND” of this announcement
“Second Property”	has the meaning as defined in the section headed “INFORMATION ON HAVEN COURT — Information on Haven Court Properties” of this announcement
“SGM”	the special general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, to approve the Mandate for the Possible Very Substantial Disposal
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“sq.ft.”	square feet

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Property”	has the meaning as defined in the section headed “INFORMATION ON HAVEN COURT — Information on Haven Court Properties” of this announcement
“Time Extension Application”	an application made on 29 April 2024 to the Lands Tribunal for an extension of time for three additional months from 29 May 2024 to 29 August 2024 to conduct the Further Auction, which such application has been accepted by the Lands Tribunal on 14 May 2024
“Vigers”	Vigers Appraisal And Consulting Limited, a property valuer and an Independent Third Party
“%”	per cent.

By Order of the Board
Soundwill Holdings Limited
Chan Hing Tat
Chairman

Hong Kong, 22 May 2024

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, Chan Hing Tat and Tse Wai Hang; and (ii) Independent Non-Executive Directors: Chan Kai Nang, Pao Ping Wing and Young Chun Man, Kenneth.

* *For identification purpose only*