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## **SOUNDWILL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 878)**

### **DISPOSAL OF MORICH PROPERTIES DISPOSAL OF LA PROPERTIES AND RESUMPTION OF TRADING**

The Board now announces that on 11 November 2008, the Vendor entered into the Supplemental Agreements with the Purchaser for the sale and purchase of the Morich Properties. The aggregate consideration for the disposal of the Morich Properties is reduced to HK\$404,100,000 payable by cash.

The Board further announces that on 11 November 2008, the Vendor entered into the LA Agreement with the Purchaser for the sale and purchase of the LA Properties. The aggregate consideration for the disposal of the LA Properties is HK\$12,600,000 payable by cash.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 12 November 2008 pending issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 13 November 2008.

Reference is made to the announcement of the Company dated 5 May 2008 (the “Announcement”) and the circular of the Company dated 26 May 2008 (the “Circular”).

Terms used in this announcement, unless the context otherwise requires, have the same meanings as defined in the Circular.

#### **DISPOSAL OF MORICH PROPERTIES**

The Board announces that, on 11 November 2008, the Vendor entered into supplemental agreements (the “**Supplemental Agreements**”) with the Purchaser for the sale and purchase of the Morich Properties.

The Board announces that, in relation to the Agreements dated 30 April 2008 entered into between the Purchaser and the Vendor, the Purchaser and the Vendor have further by the Supplemental Agreements agreed as follows:

The aggregate consideration for the Disposal of the Morich Properties is reduced to HK\$404,100,000 (of which HK\$334,800,000 and HK\$69,300,000 shall be the respective consideration in respect of Morich Properties 1 and Morich Properties 2) payable by cash.

In respect of Morich Properties 1, the initial deposit and part payment being HK\$18,600,000 and the further deposit and part payment being HK\$93,000,000 have been paid by the Purchaser to the Vendor in the Escrow Account on 2 April 2008 and 6 May 2008 respectively.

Further deposit and part payment being HK\$50,000,000 has been paid by the Purchaser to the Vendor in the Escrow Account upon signing of the Supplemental Agreements.

The remaining consideration for the purchase of the Morich Properties 1 being HK\$173,200,000 shall be paid to the Vendor upon Completion.

In respect of Morich Properties 2, the initial deposit and part payment being HK\$3,850,000 and the further deposit and part payment being HK\$19,250,000 have been paid by the Purchaser to the Vendor in the Escrow Account on 2 April 2008 and 6 May 2008 respectively.

Further deposit and part payment being HK\$10,000,000 has been paid by the Purchaser to the Vendor in the Escrow Account upon signing of the Supplemental Agreements.

The remaining consideration for the purchase of the Morich Properties 2 being HK\$36,200,000 shall be paid to the Vendor upon Completion.

For the avoidance of doubt, the adjusted aggregate consideration for the disposal of the Properties shall be HK\$423,000,000 payable by cash, which shall be allocated as follows:

- (i) HK\$334,800,000 for Morich Properties 1;
- (ii) HK\$69,300,000 for Morich Properties 2;
- (iii) HK\$12,600,000 for LA Properties; and
- (iv) HK\$6,300,000 for CS Property.

As mentioned in the Announcement, in the event that the Scavenging Lane is excluded from the site area for gross floor area calculation purposes, the followings shall apply:

- (i) If the area excluded does not exceed certain area as agreed by the parties, the purchase price for the Morich Properties 1 and Morich Properties 2 shall be reduced to HK\$290,250,000 and HK\$60,000,000 respectively;
- (ii) If the area excluded exceeds certain area as agreed by the parties, the Purchaser has an option to proceed and complete the purchase under the Agreements, and to complete its acquisition of the LA Properties and CS Property, at the total consideration calculated as follows, and which shall be apportioned amongst the Properties:

Total consideration (HK\$) = site area as approved by the government x 10 x HK\$6,177.50

The Vendor shall bear and/or reimburse the Purchaser in respect of the sale and purchase of all the Properties, an amount of HK\$11,750,000 of stamp duty.

On Completion, the Vendor shall also deliver to the Purchaser vacant possession of Morich Properties 2 in bare site condition and free of debris (provided that if the demolition of the existing buildings except that on Nos. 5-7A Warren Street cannot be completed on or before Completion, the Purchaser shall, by giving the Vendor not less than 20 working days prior notice, complete the transactions contemplated therein provided that the demolition contract shall be satisfactorily novated to the Purchaser).

For avoidance of doubt, save for the above, all other terms of the Agreements as disclosed in the Announcement and the Circular remain unchanged.

## **REASONS FOR THE SUPPLEMENTAL AGREEMENTS**

In view of the recent downturn of the economic condition and property and financial market, the Purchaser requested for certain reduction in the total consideration for sale and purchase of the Properties. Having regard the adverse impact in the event that the transactions contemplated under the Agreements cannot be completed and the anticipated volatile fluctuation of the property market conditions and the fact that the Group will still record a substantial gain on the disposal of the Properties after having entered into the Supplemental Agreements, the Directors consider that entering into the Supplemental Agreements is in the interests of the Company and the Shareholders as a whole.

The adjusted considerations and the terms of the Supplemental Agreements have been determined after arm's length negotiations between the parties by reference to the current market value of similar properties in the same location. The latest valuation of the Properties by the an independent professional valuer, CB Richard Ellis Limited with valuation date as at 10 November 2008 is HK\$360,000,000 with reference to comparable market price. The adjusted aggregate consideration for the Properties is at 17.5% premium as compared to such value. The Directors consider that the terms of the Supplemental Agreements are fair and reasonable.

## **DISPOSAL OF LA PROPERTIES**

The Board announces that, on 11 November 2008, the Vendor entered into an agreement (the “**LA Agreement**”) with the Purchaser for the sale and purchase of the LA Properties. The aggregate consideration for the disposal of the LA Properties is HK\$12,600,000 payable by cash.

The deposit and part payment being HK\$3,780,000 has been paid to the Vendor in the Escrow Account upon signing of the LA Agreement. The remaining consideration for the sale and purchase of the LA Properties being HK\$8,820,000 shall be paid to the Vendor on Completion.

Save as disclosed in this announcement, the terms for the sale and purchase of the LA Properties remain the same.

## **FINANCIAL EFFECTS OF THE SUPPLEMENTAL AGREEMENTS AND THE DISPOSAL OF THE PROPERTIES**

It is estimated that the Group will record a net gain of approximately HK\$137,278,000 from the disposal of the Properties based on the carrying value of the Properties of HK\$269,472,000 (the Morich Properties 1, Morich Properties 2, LA Properties and CS Property at carrying value of HK\$214,842,000, HK\$41,678,000, HK\$7,731,000 and HK\$5,221,000 respectively) as at 31 October 2008 after taking into account of the selling and other expenses of approximately HK\$16,250,000 payable by the Group in relation to the disposal of the Properties.

The Group intends to use the proceeds from the disposal of the Properties as to HK\$160,000,000 for repayment of the mortgages on the Properties and the balance of HK\$246,750,000 for general working capital of the Group. The disposal of the Properties will have a positive effect on the Group’s working capital position as the Group will retain an estimated amount of HK\$246,750,000 in cash.

The Disposal is not expected to have any material impact on the consolidated total assets and consolidated total liabilities of the Group. After disposal of the Properties, the consolidated total assets of the Group will be increased by the net gain of approximately HK\$137,278,000. There will also be a decrease in consolidated total liabilities of the Group by HK\$160,000,000 due to the repayment of mortgage loan on the Properties.

## **LISTING RULE IMPLICATIONS FOR THE DISPOSAL OF THE PROPERTIES**

The transaction contemplated in respect of the disposal of the Properties, i.e. Morich Properties 1, Morich Properties 2, LA Properties and CS Property, constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to Shareholders’ approval under Rule 14.40 of the Listing Rules.

As none of the Shareholders is interested in the Disposal, none of the Shareholders is required to abstain from voting in respect of the disposal of the Properties under the Agreements as supplemented by the Supplemental Agreements, and the written shareholders’ approval was obtained from the Controlling Shareholder on 11 November 2008 approving the disposal of the Properties under the Agreements as supplemented by the Supplemental Agreements and the LA Agreement, in lieu of holding a general meeting in accordance with Rule 14.44 of the Listing Rules.

In relation to the sale and purchase of the CS Property, the Company will duly comply with the Listing Rules and publish an announcement on the disposal of the CS Property at the relevant time in order to keep the Shareholders informed.

Save as disclosed in this announcement, all information contained in the Circular are true and accurate. The Company will not dispatch supplemental circular to the Shareholders. The Shareholders may refer to the Circular for information.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 12 November 2008 pending issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 13 November 2008.

By Order of the Board  
**Soundwill Holdings Limited**  
**Kwan Chai Ming**  
*Executive Director*

Hong Kong, 12 November 2008

*As at the date of this announcement, the Board of Directors of the Company comprise (i) Executive Directors: Foo Kam Chu Grace, Chan Wai Ling, Tse Chun Kong Thomas, Kwan Chai Ming; (ii) Non-Executive Directors: Liang Yanfeng, Meng Qinghui; and (iii) Independent Non-Executive Directors: Tsim Tak Po, Kwan Kai Cheong and Ho Suk Yin.*