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## **SOUNDWILL HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 00878)**

### **PROPOSED CONDITIONAL SPECIAL DIVIDEND BY WAY OF A DISTRIBUTION IN SPECIE OF, AND A SPIN-OFF AND SEPARATE LISTING OF, THE ISSUED SHARES OF SOUNDWILL INFRASTRUCTURE LIMITED ON THE GEM BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF INTRODUCTION**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules and Practice Note 15 of the Listing Rules.

The Board proposes to declare a special dividend to be satisfied by the way of a distribution in specie of the entire issued share capital of Soundwill Infrastructure to the Qualifying Shareholders, conditional on (i) the Stock Exchange approving the Proposed Spin-off, and (ii) the Listing Committee granting approval for the Listing.

In response to the various submissions made by the Company as to the proposed spin-off of Soundwill Infrastructure by the Company to be effected by way of the Distribution and the Introduction, the Stock Exchange has indicated that the Company may proceed with the Proposed Spin-Off. Soundwill Infrastructure today submitted an advance booking form for an application for the listing of, and permission to deal in, the Soundwill Infrastructure Shares on GEM by the way of Introduction involving no initial public offering of any securities or raising of any new capital.

Immediately following the completion of the Proposed Spin-off, Soundwill Infrastructure will become the holding company and the listing vehicle of the Group's underground telecommunication pipelines development business as part of the Reorganisation for the purpose of the Proposed Spin-off.

The Proposed Spin-off will enable investors to appraise and assess the potential and performance of Soundwill Infrastructure as a separate entity from the Company. The Proposed Spin-off may benefit Soundwill Infrastructure by creating the Soundwill Infrastructure Group's own investor base; providing access to new sources of capital; and incentivising the Soundwill Infrastructure Group's management. As the Qualifying Shareholders will continue to be the shareholders of both the Company and Soundwill Infrastructure, they will enjoy the benefits from the development of both companies through the creation and unlocking of shareholder value.

**The implementation of the Distribution, the Proposed Spin-off and the Introduction is subject to the Conditions. In particular, if the Stock Exchange does not approve the Proposed Spin-off or the Listing Committee does not grant approval for the Listing, the Distribution will not be made, the Proposed Spin-off will not be implemented and the Introduction will not occur. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules and Practice Note 15 of the Listing Rules.

## **THE PROPOSED SPIN-OFF, THE DISTRIBUTION AND THE INTRODUCTION**

The Proposed Spin-off will be implemented by the way of the Distribution and the Introduction. The Board proposes to declare a special dividend to be satisfied by way of a distribution in specie of the entire issued share capital of Soundwill Infrastructure to the Qualifying Shareholders pro rata to their respective shareholdings in the Company on the Distribution Record Date. The Distribution will be conditional on (i) the Stock Exchange approving the Proposed Spin-off, and (ii) the Listing Committee granting the Listing (together the "**Conditions**"). The Soundwill Infrastructure Shares to be distributed pursuant to the Proposed Spin-off will rank *pari passu* in all respects to each other.

In response to the various submissions made by the Company as to the feasibility of the Proposed Spin-off, the Stock Exchange has indicated that the Company may proceed with the Proposed Spin-off. Soundwill Infrastructure today submitted an advance booking form for an application for the listing of, and permission to deal in, the Soundwill Infrastructure Shares on GEM by the way of Introduction involving no initial public offering of any securities or raising of any new capital.

The Proposed Spin-off will be implemented in compliance with the Listing Rules. As the Proposed Spin-off is proposed to be effected by way of the Distribution and the Introduction with no new offering of Soundwill Infrastructure Shares, there will be no dilution of the indirect attributable interest of the Qualifying Shareholders. Accordingly, the approval of the Shareholders will not be required for the Proposed Spin-off.

Overseas Shareholders (if any) will be entitled to the Distribution but will not receive the Soundwill Infrastructure Shares. Instead, they will receive a cash amount equal to the net proceeds of the sale of their Soundwill Infrastructure Shares by the Company on their behalf after dealings in the Soundwill Infrastructure Shares commence on GEM at the prevailing market price.

## **INFORMATION ON SOUNDWILL INFRASTRUCTURE**

Soundwill Infrastructure is currently a wholly-owned subsidiary of the Company. Immediately following the completion of the Proposed Spin-off, Soundwill Infrastructure will become the holding company and the listing vehicle of the Group's underground telecommunication pipelines development business as part of the Reorganisation for the purpose of the Proposed Spin-off. The Soundwill Infrastructure Group will be principally engaged in underground telecommunication pipelines construction in the PRC after completion of the Proposed Spin-off.

The Soundwill Infrastructure Group has operations in various cities in the PRC including Nanchang, Jingdezhen, Yuxi, Baoji, Liuzhou, Weihai, Nanping, Shaoguan, Ezhou, Huanggang, Guigang, Xuchang and Xian. The underground pipelines are mainly acquired and utilised by the Soundwill Infrastructure Group's customers for laying their cable networks for the transmission of data or information for business purposes.

## **INFORMATION ON THE REMAINING GROUP**

Immediately following the completion of the Proposed Spin-off, the Soundwill Infrastructure Group will cease to be part of the Group.

The Remaining Group will continue its principal business activities, namely property assembly, property development, property leasing, and provision of building management services in Hong Kong and property development in the PRC.

## **REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF**

The Proposed Spin-off will enable investors to appraise the potential and performance of Soundwill Infrastructure as a separate entity from the Group. The Directors believe that the Proposed Spin-off is a significant and positive step in the long-term strategic development of the Soundwill Infrastructure Group's business. In particular, the Proposed Spin-off may benefit Soundwill Infrastructure in the following ways:

- Creating the Soundwill Infrastructure's own investor base

The Proposed Spin-off will create Soundwill Infrastructure's own investor base. Investors who wish to invest in a stand-alone listed underground telecommunications pipeline development business company whose strategy and operations are focused on the PRC market, will be able to do so by investing in Soundwill Infrastructure.

- Providing access to new sources of capital

The Proposed Spin-off will enable Soundwill Infrastructure to directly, as a stand-alone company, access capital markets. The Proposed Spin-off is also expected to provide more targeted information for financial institutions and investors that wish to analyse, rate, lend to and/or invest in Soundwill Infrastructure. This may, if required, facilitate the sourcing of new capital for Soundwill Infrastructure in the future.

- Incentivising the Soundwill Infrastructure Group's management

As a stand-alone listed company, the Soundwill Infrastructure Group will be able to offer management an incentives program that incorporates an equity component which directly correlates to the performance of Soundwill Infrastructure. This should improve management's incentive to create shareholder value and improve performance in the Soundwill Infrastructure Group's business, as the management of Soundwill Infrastructure will have a direct interest in the performance of the Soundwill Infrastructure Shares as a public market security, thereby aligning management's interests with the objective of shareholder value creation.

As the Qualifying Shareholders will continue to be the shareholders of Soundwill Infrastructure immediately following the completion of the Proposed Spin-off, they will enjoy the benefit from the development of Soundwill Infrastructure through the creation or unlocking of shareholder value.

## **GENERAL**

**The implementation of the Distribution, the Proposed Spin-off and the Introduction is subject to the Conditions. In particular, if the Stock Exchange does not approve the Proposed Spin-off or the Listing Committee does not grant approval for the Listing, the Distribution will not be made, the Proposed Spin-off will not be implemented and the Introduction will not occur. Accordingly, the Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off as and when appropriate and in accordance with the Listing Rules.

## DEFINITIONS

Terms used in this announcement have the following meanings unless the context otherwise requires:

“Board”	the board of Directors
“Company”	Soundwill Holdings Limited, a company incorporated in Bermuda, whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 00878)
“Conditions”	the conditions to the Distribution as outlined and defined in the section entitled “The Proposed Spin-off, the Distribution and the Introduction” in this announcement
“Directors”	the directors of the Company
“Distribution”	the payment of a special dividend by the Company to be satisfied by way of a distribution in specie of the entire issued share capital of Soundwill Infrastructure to Qualifying Shareholders subject to the fulfillment of the Conditions
“Distribution Record Date”	the record date for ascertaining entitlements to the Distribution, to be determined and announced by the Board
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Introduction”	the Listing by way of introduction
“Listing”	the listing of, and permission to deal in, the Soundwill Infrastructure Shares in issue on GEM
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Overseas Shareholders”	Shareholders whose registered addresses on the register of members of the Company are outside Hong Kong on the Distribution Record Date and in relation to whom the applicable laws, rules or regulations require additional registrations or compliance with other procedures before the Distribution may be affected in relation to such Shareholders, which the Company determines to be unduly burdensome or onerous on it, or in relation to whom the Company determines, in its sole discretion, that there are other difficulties in effecting the Distribution
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed Spin-off”	the proposed spin-off and separate listing of the Soundwill Infrastructure Shares on GEM by the Company to be effected by way of the Distribution and the Introduction
“Qualifying Shareholders”	the Shareholders whose names appear on the register of members of the Company as at the close of business on the Distribution Record Date other than the Overseas Shareholders
“Remaining Group”	the Group (excluding the Soundwill Infrastructure Group after completion of the Proposed Spin-off)
“Reorganisation”	the restructuring exercise in contemplation of the Proposed Spin-off pursuant to which among other things, Soundwill Infrastructure will become the holding company of the Group’s underground telecommunication pipelines development business
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holders of the Shares
“Soundwill Infrastructure”	Soundwill Infrastructure Limited, a wholly-owned subsidiary of the Company incorporated in the Cayman Islands, which will become the holding company and the listing vehicle of the Group’s current underground telecommunication pipelines construction business for the purpose of the Proposed Spin-off
“Soundwill Infrastructure Group”	Soundwill Infrastructure and its subsidiaries (after the Reorganisation is completed)

“Soundwill Infrastructure Shares”	ordinary shares in the share capital of Soundwill Infrastructure
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 23 April 2010

*As at the date of this announcement, the Board comprises (i) executive Directors: Foo Kam Chu, Grace, Chan Wai Ling, Tse Chun Kong, Thomas, and Kong Siu Man, Kenny; (ii) non-executive Directors: Liang Yanfeng, and Meng Qinghui; and (iii) independent non-executive Directors: Chan Kai Nang, Kwan Kai Cheong and Pao Ping Wing.*