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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)

**MAJOR TRANSACTION
DISPOSAL OF INDIGO DRAGON LIMITED**

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DEFINITIONS

In this circular and the appendices to it, unless the context otherwise requires, the following terms and expressions have the following meanings:

“Adjustment Amount”	the adjustment amount as set out in the Pro Forma Completion Statement and the Final Completion Statement (as the case may be) as ascertained in accordance with the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day (not being a Saturday or Sunday) when banks generally are open in Hong Kong and Macau for the transaction of general banking business
“close associates”	has the meaning as ascribed to it under the Listing Rules
“Company”	Soundwill Holdings Limited (金朝陽集團有限公司*), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 878)
“Completion”	completion of the sale and purchase of the Sale Share and the assignment of the Sale Loans under the Sale and Purchase Agreement, which took place on 15 July 2016
“Completion Adjustments”	having the meaning as ascribed to it under the paragraph headed “Adjustments to the Consideration” in the “Letter from the Board” section of this circular
“Completion Date”	the day Completion took place, that is, 15 July 2016
“Condition(s)”	the condition(s) precedent to Completion
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Purchaser to the Seller for the Sale Share and the Sale Loans under the Sale and Purchase Agreement, subject to adjustments
“Consideration Adjustments”	having the meaning as ascribed to it under the paragraph headed “Adjustments to the Consideration” in the “Letter from the Board” section of this circular

* For identification only

DEFINITIONS

“Deposit”	a sum of HK\$164,000,000 representing twenty percent (20%) of HK\$820,000,000 (being the amount of the initial Consideration prior to adjustments under the Sale and Purchase Agreement)
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Share and the assignment of the Sale Loans by the Seller to the Purchaser pursuant to the Sale and Purchase Agreement
“Final Completion Statement”	the final statement setting out the calculation of the Adjustment Amount based on the Pro Forma Unaudited Completion Accounts subject to the terms of the Sale and Purchase Agreement
“Group”	collectively, the Company and its subsidiaries
“Guarantor”	Eagle Fund I.L.P., an exempted limited partnership established in the Cayman Islands
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	27 July 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Madam Foo”	Madam Foo Kam Chu Grace, Chairman and an executive Director and a controlling shareholder of the Company
“Post-Completion Adjustments”	having the meaning as ascribed to it under the paragraph headed “Adjustments to the Consideration” in the “Letter from the Board” section of this circular
“PRC”	The People’s Republic of China, but for the purpose of this circular only, excludes Hong Kong, Macau and Taiwan

DEFINITIONS

“Pro Forma Completion Statement”	the statement setting out the calculation of the Adjustment Amount based on the Pro Forma Unaudited Completion Accounts as prepared by the Seller
“Pro Forma Unaudited Completion Accounts”	the consolidated unaudited statement of financial position and statement of profit or loss and other comprehensive income of the Target Group for the period from 1 January 2016 to the Completion Date as prepared by the Seller in accordance with the terms of the Sale and Purchase Agreement
“Properties”	collectively, (i) the property situated at Nos.14 and 14A Mosque Street and No.16 Mosque Street, Hong Kong; and (ii) the property situated at No. 18 Mosque Street, Hong Kong
“Purchaser”	Trillion Winner Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale and Purchase Agreement”	the sale and purchase agreement dated 15 June 2016 entered into among the Seller, the Purchaser, the Guarantor and the Target Company in relation to the Disposal
“Sale Loans”	the shareholder loans owing by certain members of the Target Group to the Seller as at Completion
“Sale Loans Consideration”	the consideration payable by the Purchaser to the Seller for the benefit of the Sale Loans
“Sale Share”	all the issued share in the capital of the Target Company
“Sale Share Consideration”	the consideration payable by the Purchaser to the Seller for the Sale Share
“Seller”	Mega Beyond Limited, a company incorporated in the British Virgin Islands with limited liability and a subsidiary of the Guarantor

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules
“Target Company”	Indigo Dragon Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	collectively, the Target Company and its subsidiaries
“%”	per cent

LETTER FROM THE BOARD



SOUNDWILL HOLDINGS LIMITED

(金朝陽集團有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

Executive Directors:

FOO Kam Chu Grace, *Chairman*

CHAN Wai Ling

KONG Siu Man Kenny

Independent Non-Executive Directors:

CHAN Kai Nang

PAO Ping Wing

NG Chi Keung

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Head Office and Principal

Place of Business:

21st Floor, Soundwill Plaza

No. 38 Russell Street

Causeway Bay

Hong Kong

2 August 2016

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION DISPOSAL OF INDIGO DRAGON LIMITED

INTRODUCTION

Reference is made to the announcement of the Company dated 15 June 2016 in relation to the Disposal.

On 15 June 2016, the Purchaser entered into the Sale and Purchase Agreement with the Seller, the Guarantor and the Target Company in relation to the sale and purchase of the entire issued share capital of the Target Company and the assignment of the Sale Loans at an initial consideration of HK\$820,000,000 (subject to adjustments, if any).

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Disposal exceeds 25% but is less than 75% for the Company, the Disposal constitutes a major transaction of the Company and is subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

* For identification only

LETTER FROM THE BOARD

Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a special general meeting of the Company, written approval for the Disposal has been obtained from a closely allied group of Shareholders comprising Madam Foo, Ko Bee Limited and Full Match Limited (both being companies wholly-owned by Madam Foo), which were beneficially interested in 96,602, 195,462,528 and 2,386,000 Shares, representing an aggregate of approximately 69.87% of the entire issued share capital of the Company as at the Latest Practicable Date giving the right to attend and vote at special general meetings of the Company. Accordingly, no special general meeting of the Company will be convened to approve the Sale and Purchase Agreement and the Disposal.

All Conditions have been satisfied and Completion took place on 15 July 2016 accordingly.

The purpose of this circular is to provide you with further information on the Sale and Purchase Agreement and the Disposal for information purposes only.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are summarised as follows:

Parties

- (1) Seller : Mega Beyond Limited
- (2) Purchaser : Trillion Winner Enterprises Limited
- (3) Guarantor : Eagle Fund I.L.P., acting through Soundwill Capital Limited (an indirect wholly-owned subsidiary of the Company) as its general partner
- (4) Target Company : Indigo Dragon Limited

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Subject Matter

Pursuant to the Sale and Purchase Agreement, (i) the Seller agreed to sell the Sale Share representing the entire issued share capital of the Target Company and to assign the Sale Loans; (ii) the Purchaser agreed to purchase the Sale Share and to accept assignment of the Sale Loans, free from all encumbrances.

The Target Group holds the entire legal and beneficial interest in the Properties. Further details of the Target Group and the Properties are set out below in the paragraph headed "Information of the Target Company and the Properties" in this section.

LETTER FROM THE BOARD

Pursuant to the terms of the Sale and Purchase Agreement, the parties shall complete the sale and purchase of the Sale Share and the assignment of the Sale Loans simultaneously.

Consideration

Subject to the Consideration Adjustments (as defined below), the total aggregate amount of the consideration payable by the Purchaser for the transfer of the Sale Share and the assignment of the Sale Loans shall be an initial sum of HK\$820,000,000, which shall be apportioned as follows:

- (i) the consideration for the assignment of the Sale Loans (i.e. the “**Sale Loans Consideration**”) shall be the face value of the total outstanding amount of the Sale Loans as at Completion; and
- (ii) the consideration for the transfer of the Sale Share (i.e. the “**Sale Share Consideration**”) shall be the amount of the Consideration less the Sale Loans Consideration.

The Consideration shall be and has been satisfied and paid by the Purchaser in the following manner:

- (a) the Deposit was paid to the Seller’s lawyers as stakeholders upon execution of the Sale and Purchase Agreement and was released to the Seller at Completion; and
- (b) the remaining balance of the Consideration was paid upon Completion in the following manner:
 - (1) in favour of the mortgagee bank, a sum representing the total amount of the principal repayable and the interest payable under a bank loan in the principal amount of HK\$202,430,000 borrowed by the Target Group as full settlement of the loan and for redemption of the security in respect of such loan at Completion;
 - (2) in favour of the Seller, a sum representing the Sale Loans Consideration; and
 - (3) in favour of the Seller, a sum representing the net balance amount (if any) after deducting the amount referred to in sub-paragraphs (1) and (2) above.

The Consideration was arrived at after arm’s length negotiations between the Seller and the Purchaser on normal commercial terms principally with reference to the unaudited consolidated net asset value of the Target Group as at 31 May 2016, and taking into account the market value of the Properties as at 31 May 2016 of approximately HK\$816,000,000 as indicated in a preliminary valuation report prepared by an independent property valuer.

LETTER FROM THE BOARD

Adjustments to the Consideration

The amount of the Consideration payable upon Completion is subject to the following adjustments in accordance with the Pro Forma Unaudited Completion Accounts and the Pro Forma Completion Statement (the “**Completion Adjustments**”):

- (a) there shall be added to the Consideration the amount of the Adjustment Amount if the Adjustment Amount is a positive figure;
- (b) there shall be deducted from the Consideration the amount of the Adjustment Amount if the Adjustment Amount is a negative figure; and
- (c) there shall be no adjustment to the Consideration if the amount of the Adjustment Amount is zero.

The Consideration as adjusted pursuant to the Completion Adjustments is subject to the following further adjustments (the “**Post-Completion Adjustments**”, and together with the Completion Adjustments, the “**Consideration Adjustments**”):

- (a) there shall be added to the Consideration (as paid on Completion and including the Deposit) the amount (if any) by which the Adjustment Amount as shown in the Final Completion Statement is more than the Adjustment Amount as shown in the Pro Forma Completion Statement (subject to a maximum amount of HK\$10,000); and
- (b) there shall be deducted from the Consideration (as paid on Completion and including the Deposit) the amount (if any) by which the Adjustment Amount as shown in the Final Completion Statement is less than the Adjustment Amount as shown in the Pro Forma Completion Statement.

There was no adjustment to the Consideration as the amount of the Consideration Adjustments was zero.

Conditions

Completion shall be conditional upon the satisfaction of all the following Conditions:

- (a) the Company having obtained the requisite approval from the Shareholders in relation to the Disposal as required under the Listing Rules;
- (b) issuance of the acknowledgement by the Building Authority confirming completion of the foundation works for the proposed redevelopment at the Properties;
- (c) the termination or novation of certain construction and consultancy contracts in relation to the Properties; and
- (d) the termination of a memorandum of agreement entered into between the Company and the Target Group regarding provision of corporate guarantee.

LETTER FROM THE BOARD

Pursuant to the terms of the Sale and Purchase Agreement, the Purchaser may in its absolute discretion at any time before Completion waive any of the Conditions (b), (c) and (d).

Pursuant to the terms of the Sale and Purchase Agreement, the Seller shall use its reasonable endeavours to procure the satisfaction of the Conditions on or before the Completion Date, save if any of them has been waived by the Purchaser on or before Completion.

All Conditions have been satisfied and Completion took place on 15 July 2016 accordingly. The Company has already obtained the requisite approval from its Shareholders in relation to the Disposal as required under the Listing Rules. Please refer to the paragraph headed "Listing Rules Implications" below for details.

Guarantee and Indemnity

The Guarantor (i) agreed to guarantee to the Purchaser the due and punctual performance by the Seller of the warranties, undertakings, representations and obligations on its part under the Sale and Purchase Agreement and (ii) undertook to indemnify and keep indemnified the Purchaser against all reasonable losses, damages, costs and expenses of whatsoever nature which the Purchaser actually suffers or incurs by reason of any default or unreasonable delay on the Seller in the performance of the Seller's obligations, subject to the terms of the Sale and Purchase Agreement.

Completion

Following fulfillment of all the Conditions, Completion took place on 15 July 2016.

Following Completion, each member of the Target Group has ceased to be a subsidiary of the Company. Accordingly, the profits and losses and the assets and liabilities of the Target Group have ceased to be consolidated in the consolidated financial statements of the Company.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTIES

The Target Company is, through its subsidiaries, the indirect beneficial owner of the Properties and its sole investment is the ownership of the Properties. The Properties are currently a vacant site and vacant possession of the site was delivered on Completion as part of the assets of the Target Company.

The unaudited consolidated total asset value and net asset value of the Target Company as at 15 July 2016 as extracted from the management accounts of the Target Company were approximately HK\$816,000,000 and HK\$338,374,000 respectively.

As the Target Company was incorporated on 8 February 2016, there is no financial information of the Target Company for the years ended 31 December 2014 and 2015. For the year ended 31 December 2014, the net loss (excluding fair value adjustment on investment properties, and both before and after taxation and extraordinary items) attributable to the Properties was HK\$6,325,000.

LETTER FROM THE BOARD

For the year ended 31 December 2015, the net loss (excluding fair value adjustment on investment properties, and both before and after taxation and extraordinary items) attributable to the Properties was HK\$29,864,000.

INFORMATION OF THE GROUP

The Group is principally engaged in the business of property assembly, property leasing, property development and property management in Hong Kong and real estate development in the PRC.

The Seller is an investment holding company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Guarantor.

The Guarantor is an exempted limited partnership established in the Cayman Islands and its principal business is investment holding. Soundwill Capital Limited, an indirect wholly-owned subsidiary of the Company, is the general partner of the Guarantor, and the Group holds approximately 47% interest in the Guarantor as at the Latest Practicable Date.

INFORMATION OF THE PURCHASER

The Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability.

REASONS FOR AND BENEFITS DERIVED FROM THE DISPOSAL

The Directors undertake strategic reviews of the Group's assets from time to time with a view to maximising returns to the Shareholders. The Directors consider that the Disposal provides an opportunity for the Company to realise its investment. The Directors are of the view that the Disposal will make a positive contribution to the cash flow and financial position of the Group, and the net proceeds from the Disposal will be used as general working capital and for future investment and development of the Group.

The Board considers that the Disposal and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

Based on the unaudited financial information of the Target Group as at 15 July 2016, the excess of the Consideration over the net book value of the Properties was approximately HK\$4,000,000. Upon completion, the consolidated total assets of the Company decreased by approximately HK\$816,000,000 and the consolidated total liabilities of the Company decreased by approximately HK\$202,546,000.

Based on the Consideration and the related expenses for the Disposal, a gain arising from the Disposal of approximately HK\$2,000,000 was recorded upon Completion, of which approximately HK\$932,000 was attributable to the Group.

LETTER FROM THE BOARD

Shareholders and potential investors of the Company should note that the above expectation is for illustrative purpose only. The actual accounting gain or loss in connection with the Disposal may be different from the above and will be determined based on the audited financial results of the Group for the year ending 31 December 2016.

The net proceeds from the Disposal are approximately HK\$515,683,000 (after deducting bank loans, transaction costs, legal costs, commission and expenses related to the Disposal), of which approximately HK\$240,050,000 are attributable to the Group and used by the Group to primarily for future investment and development of the Group and for general working capital as well as additional capital resources for the Group to make further investment on potential profitable projects including but not limited to property development and/or redevelopment projects in order to replenish its land reserves, should suitable opportunities arise with an aim to generating favourable returns to Shareholders. As at the Latest Practicable Date, the Company had not yet identified any specific investment target nor did the Group enter into any definitive agreement for such investment.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Disposal exceeds 25% but is less than 75% for the Company, the Disposal constitutes a major transaction of the Company and is subject to the announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company has obtained written approval for the Sale and Purchase Agreement and the Disposal in accordance with Rule 14.44 of the Listing Rules from a closely allied group of the Shareholders comprising Madam Foo, Ko Bee Limited and Full Match Limited (both being companies wholly-owned by Madam Foo), which were beneficially interested in 96,602, 195,462,528 and 2,386,000 Shares respectively, representing an aggregate of approximately 69.87% of the entire issued capital of the Company as at the Latest Practicable Date.

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder has any material interest in the Sale and Purchase Agreement and the Disposal thereby requiring them (together with their close associates) to abstain from voting if the Company were to convene a special general meeting for the approval of the Sale and Purchase Agreement and the Disposal. As such, no special general meeting will be convened by the Company for the purpose of approving the Sale and Purchase Agreement and the Disposal as permitted under Rule 14.44 of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
Soundwill Holdings Limited
FOO Kam Chu Grace
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three years ended 31 December 2013, 2014 and 2015 are disclosed in the annual reports of the Company in respect of the same year dated 19 March 2014 (pages 95-216), 18 March 2015 (pages 90-228) and 23 March 2016 (pages 94-236), respectively, which can be accessed on the website of the Company (www.soundwill.com.hk) and the website of the Stock Exchange (www.hkexnews.hk).

2. WORKING CAPITAL

After taking into account the available credit facilities, the internally generated funds and cash flows impact of the Disposal, the Directors are of the opinion that the Group has sufficient working capital for its requirements for at least twelve months from the date of publication of this circular.

3. INDEBTEDNESS

Borrowings

At the close of business on 15 June 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had outstanding secured borrowings of approximately HK\$1,960,950,000. The borrowings comprised secured bank loans of HK\$1,960,950,000. The bank borrowings were secured by certain investment properties, property, plant and equipment and properties under development of the Group with a total carrying value of approximately HK\$12,432,939,000.

Contingent liabilities

During the course of business, certain bank accounts were opened and held in the name of certain subsidiaries on behalf of third parties to whom these subsidiaries provided building management services. As at the 15 June 2016, those bank balances which were held on behalf of third parties and were not accounted for in the financial statements of the Group amounted to approximately HK\$31,047,000.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal accounts payable in the ordinary course of business of the Group, the Group did not have any debt securities, term loans or other outstanding borrowings or indebtedness including bank overdrafts, liabilities under acceptance or acceptance credits, hire purchase commitments, debentures, mortgages, charges, guarantees or other material contingent liabilities or guarantees as at 15 June 2016.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Group were made up except the payment of final dividend for the financial year ended 31 December 2015 at the sum of HK\$56,661,727 on or about 17 June 2016.

5. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in the business of property assembly, property leasing, property development and property management in Hong Kong and real estate development in the PRC. The Disposal has increased sources of funding to accelerate the development of the Group's existing projects, and for acquisition of potential new projects. During the current financial year, the Directors expect that with cash and available credit facilities, the Group's financial position will remain stable and the Group's revenue of the current year will not be materially impacted after the Disposal. The Group will closely monitor the market situations and trends and will continue to strengthen its established markets. The Group will seek cooperation and development opportunities relating to the real estate industry with an aim of maximising the investment returns for its shareholders.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent valuer, in connection with the valuation of the Property as at 30 June 2016:

Vigers Appraisal And Consulting Limited

International Asset Appraisal Consultants

10th Floor, The Grande Building

398 Kwun Tong Road

Kowloon

Hong Kong



2 August 2016

The Directors

Soundwill Holdings Limited

21/F, Soundwill Plaza

38 Russell Street

Causeway Bay

Hong Kong

Dear Sirs,

Re: Nos. 14, 14A, 16 and 18 Mosque Street, Hong Kong (the "Properties")

In accordance with your instructions for us to value the captioned property interests owned by Indigo Dragon Limited (the "Target Company") and/or its subsidiaries (together referred to as "the Target Group"), we confirm that we have inspected the Properties, conducted land searches at the Land Registry, made relevant enquiries and investigations as well as obtained such other information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 30 June 2016 ("the date of valuation").

Our valuation is our opinion of the market, which is defined to mean "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Our valuation has been made on the assumption that the owners sold the properties on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement, or any similar arrangement which may serve to increase or decrease the value of the properties.

We have valued the Properties by direct comparison approach with reference to the market comparables with due allowances made for the differences between the comparables and the Properties.

We have accepted advice given to us on such matters as planning approval, statutory notices, easements, tenure, site area and floor areas, development proposal and all other relevant matters. We have caused search to be made at the Land Registry. However, we have not read the original documents to ascertain ownership or to verify any lease amendments, which might not appear on the copies handed to us. All documents have been used as reference purposes only. Dimensions, measurements and areas are approximate.

The Properties were inspected externally by Mr. Gilbert K. M. Yuen, MHKIS MRICS RPS(GP) of Vigers Appraisal And Consulting Limited on 6 May 2016. However, no structural survey has been made. Our valuation does not make any allowance for contamination or pollution, if any, which might have occurred due to the past usage. No tests have been made to any of the services.

No allowance has been made in our report for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which might be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property was free from encumbrances, restrictions and outgoings of an onerous nature which could affect their value.

Our valuation has been prepared in accordance with "The HKIS Valuation Standards (2012 Edition)" published by The Hong Kong Institute of Surveyors, the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL AND CONSULTING LIMITED
Gilbert K. M. Yuen
MHKIS MRICS RPS(GP)
Executive Director

Note: Mr. Gilbert K. M. Yuen is a Registered Professional Surveyor in General Practice Division with about 25 years' post qualification valuation experience on properties in Hong Kong.

VALUATION CERTIFICATE

The Properties held by the Group for development

Property	Description and Tenure	Particulars of Occupancy	Market value in Existing state as at 30 June 2016
Nos. 14, 14A, 16 and 18 Mosque Street, Hong Kong	The Properties comprises a development site with a site area of 544.5 sq.m. (5,861 sq.ft.) approximately.	According to the instructing party, the foundation work of the property has been completed pending the issuance of the confirmation by the Building Authority of its completion.	HK\$816,000,000
The Remaining Portion of Sub-section 1 of Section A of Inland Lot No. 58, Section C of Inland Lot No. 58, Section A of Sub-section 1 of Section A of Inland Lot No. 58, Section D of Inland Lot No. 58, Section B of Sub-section 1 of Section A of Inland Lot No. 58 and Section E of Inland Lot No. 58	According to the building plans approved by the Building Authority on 4 December 2014, the property is to be developed into a composite building comprising a 24-storey residential tower surmounting on a two-level commercial podium.		
	The gross floor areas of commercial and residential floor spaces in accordance with the plot ratio calculations are 441.771 sq.m. (4,755 sq.ft) and 4,223.578 sq.m. (45,463 sq.ft.) approximately including the exempted lift shaft areas.		
	The Properties are held under a Government Lease for a term of 999 years from 1 September 1857.		
	The government rent for the lots is totally HK\$7.58 per annum.		

Notes:

1. The registered owners of the Properties are as the followings:

Nos. 14, 14A and 16 Mosque Street (The Remaining Portion of Sub-section 1 of Section A of Inland Lot No. 58, Section C of Inland Lot No. 58, Section A of Sub-section 1 of Section A of Inland Lot No. 58 and Section D of Inland Lot No. 58)	-	Mosque Investment Properties Limited
No. 18 Mosque Street (Section B of Sub-section 1 of Section A of Inland Lot No. 58 and Section E of Inland Lot No. 58)	-	Charm Wish Limited

We were informed by the Company that Mosque Investment Properties Limited and Charm Wish Limited are the indirect wholly owned subsidiaries of the Target Company.

- Nos. 14, 14A and 16 Mosque Street are subject to a Debenture and Mortgage, and a Supplement to Debenture and Mortgage in favour of Wing Lung Bank Limited vide Memorial No. 12053102450156 dated 22 May 2012, and vide Memorial No. 12090402310333 dated 9 August 2012 respectively.
 - No. 18 Mosque Street is subject to a Supplement to Debenture and Mortgage in favour of Wing Lung Bank, Limited vide Memorial No. 12090402310333 dated 9 August 2012.
 - The Government Lease of Inland Lot No. 58 is of older type which contains no special restriction on the use of the lot except offensive trades or businesses (a Brazier, Slaughterman, Soap-maker, Fellmonger, Melter of tallow, Distiller, Blacksmith, Nightman, Scavenger) without the licences of the Government.
- By virtue of the Deed of Modifications letters vide Memorial Nos. 14021002180014 (re: The Remaining Portion of subsection 1 of Section A of Inland Lot No. 58, Section C of Inland Lot No. 58, Section A of Sub-section 1 of Section A of Inland Lot No. 58 and Section D of Inland Lot No. 58) and 14021002180022 (re: Section B of Sub-section 1 of Section A of Inland Lot No. 58 and Section E of Inland Lot No. 58), both dated 6 February 2014, the owner (his executors, administrators or assigns) of the respective sections may carry out the trade or business of sugar baker, oilman (excluding petrol filling station), butcher, victualler and tavern keeper on the said sections subject to the covenants, conditions and provisions provided therein.
- The Properties are zoned "Residential (Group A) 9 on the Mid-Levels West Outline Zoning Plan S/H11/15 dated 2 March 2010.
 - In accordance with the instruction, our valuation reflected the value of Properties at the existing state at the date of valuation on the assumption that the Properties would be developed according to the proposed development and the foundation work of the development has been completed.
 - The commencement date of the foundation work of the Properties was on 8 February 2013 and the development of the Properties is expected to be completed in the first quarter of 2018. According to the information provided by the Company, the estimated development cost of the Properties is approximately HK\$285,051,000. The cost for the foundation work of the properties that has been incurred as at the valuation date was approximately HK\$80,354,440.
 - The estimated capital value of the Properties after completion is approximately HK\$1,200,000,000.
 - In accordance with the instruction, our valuation is to be apportioned between Nos.14, 14A and 16 Mosque Street and No. 18 Mosque based on their respective site areas. Nos. 14, 14A and 16 Mosque Street and No. 18 Mosque Street have a site area of 380.8 sq.m. and 163.7 sq.m. respectively. The apportioned value of Nos. 14, 14A and 16 Mosque Street and No. 18 Mosque Street is HK\$570,675,500 and HK\$245,324,500 respectively.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm, that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' Interests in the Company

As at the Latest Practicable Date, the interests and short positions, if any, of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "**Model Code**"), to be notified to the Company and the Stock Exchange were as follows:

(i) Long positions in the Shares

Name of Director	Capacity	Number of Shares	Approximately percentage of shareholding
Madam Foo	Interest of controlled corporation	197,848,528 (Note)	69.83%
	Beneficial owner	96,602	0.03%
Kong Siu Man Kenny	Beneficial owner	250,000	0.09%

Note: These 197,848,528 Shares represented the aggregate of (i) 195,462,528 Shares held by Ko Bee Limited, a company wholly-owned by Madam Foo directly and (ii) 2,386,000 Shares held by Full Match Limited, a company wholly-owned by Madam Foo indirectly.

(ii) *Long positions in underlying shares of equity derivatives of the Company — interests in share options of the Company (being granted and remained outstanding):*

Name of Director	Capacity	Number of share options outstanding	Exercisable period	Price of Grant (HK\$)	Subscription Price per Share (HK\$)	Date of grant
Madam Foo	Beneficial owner	316,000	03/01/2014 to 02/01/2017	1.00	15.76	03/01/2013
Chan Wai Ling	Beneficial owner	2,000,000	03/01/2014 to 02/01/2017	1.00	15.76	03/01/2013
Kong Siu Man Kenny	Beneficial owner	250,000	03/01/2014 to 02/01/2017	1.00	15.76	03/01/2013

(b) **Directors' Interests in associated corporations**

Name of Director	Name of associated corporation	Capacity	Number and Class of Shares	Percentage of shareholding
Madam Foo	Ko Bee Limited	Beneficial owner	1 ordinary share	100%
Madam Foo	Full Match Limited	Beneficial owner	1 ordinary share	100%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(c) Substantial Shareholders' Interests

So far as is known to each Director or the chief executive of the Company, as at the Latest Practicable Date, the following persons or entities, other than a Director or the chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long position in the Shares

Name of shareholder	Capacity	Number of Shares	Approximate percentage of Shareholding
Ko Bee Limited	Beneficial owner	197,848,528 (Note)	69.83%

Note: These 197,848,528 Shares represented the aggregate of (i) 195,462,528 Shares held by Ko Bee Limited and (ii) 2,386,000 Shares held by Full Match Limited, a company wholly-owned by Ko Bee Limited.

Save for Madam Foo who is the sole director of Ko Bee Limited, no other Director or proposed Director is a director or employee of the above substantial shareholders who has an interests or short positions in the Shares and the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company was aware of any other person, other than a Director or the chief executive of the Company, who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

4. DIRECTORS' INTERESTS IN THE ASSETS, CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have, since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective close associate was interested in any businesses (apart from businesses of the Group), which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against the Company or any other member of the Group.

7. QUALIFICATION AND CONSENT OF EXPERT AND EXPERT'S INTERESTS

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Vigers Appraisal and Consulting Limited	An independent professional property valuer

Note: For details of the qualification of the expert above, please refer to page II-2 of this circular.

As at the Latest Practicable Date, the expert had:

- (a) no shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

- (b) no interest, direct or indirect, in any assets which have been, since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name included herein in the form and context in which they appear.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Group within two years immediately preceding the date of this circular and are, or may be, material:

- (a) an agreement dated 29 October 2015 entered into between Worth Express Limited (an indirect wholly-owned subsidiary of the Company) as vendor and Alpha National Group Limited as purchaser in respect of the sale and purchase of the entire issued share capital of Tiger Power Global Limited and all the shareholder's loans advanced by the World Express Limited to Tiger Power Global Limited at a consideration in an aggregate amount of HK\$133,000,000.00. Further details of the agreement and the transactions contemplated thereunder are set out in the announcement of the Company dated 29 October 2015; and
- (b) the Sale and Purchase Agreement.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekdays (except for Saturday and public holidays) at the Company's principal place of business in Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the property valuation report, the text of which is set out in Appendix II to this circular;
- (c) the written consent referred to in the paragraph headed "7. Qualification and Consent of Expert and Expert's Interests" in this Appendix;
- (d) the annual reports of the Company for the two financial years ended 31 December 2014 and 2015;
- (e) the material contracts referred to in the section headed "8. Material Contracts" in this Appendix; and
- (f) this circular.

10. MISCELLANEOUS

- (a) the registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda;
- (b) the head office and principal place of business of the Company is located at 21st Floor, Soundwill Plaza, No. 38 Russell Street, Causeway Bay, Hong Kong;
- (c) the Company's Hong Kong branch share registrar and transfer office is Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong;
- (d) the company secretary of the Company is Mr. Tam Chong Cheong, Aaron, a qualified solicitor in Hong Kong; and
- (e) the English text of this circular prevails over the Chinese text in case of inconsistency.