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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)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF TARGET COMPANY**

THE DISPOSAL

The Board announces that on 2 August 2018 the Purchaser entered into a sale and purchase agreement with the Seller in relation to the sale and purchase of the entire issued share capital of the Target Company and the assignment of the Sale Loan free from all encumbrances. The Consideration is the initial sum of HK\$530,100,000, subject to adjustments in accordance with the terms of the Agreement.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios as defined in the Listing Rules calculated with reference to the Disposal is over 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**For identification purpose only*

THE DISPOSAL

The Board announces that on 2 August 2018 the Purchaser entered into a sale and purchase agreement with the Seller in relation to the sale and purchase of the entire issued share capital of the Target Company and the assignment of the Sale Loan by the Loan Vendor free from all encumbrances. The Consideration is the initial sum of HK\$530,100,000, subject to adjustments in accordance with the terms of the Agreement.

AGREEMENT

The principal terms of the Agreement are summarized as follow:

Date

2 August 2018

Parties

Seller: REAL BENEFIT GROUP LIMITED, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company.

Purchaser: 1 PLUS 11 INVESTMENT COMPANY LIMITED, a company incorporated in Hong Kong with limited liability.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its Connected Persons.

Subject Matter

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

The Target Group holds the entire legal and beneficial interest in the Property. Further details of the Target Group and the Property are set out below in the section headed **“Information of the Target Company and the Property”** in this announcement.

Pursuant to the terms of the Agreement, the Seller and the Purchaser are required to complete the sale and purchase of the Sale Share and the Seller shall procure the Loan Vendor to assign the Sale Loan to the Purchaser simultaneously.

Consideration

Subject to the Completion Adjustment (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 Loan is the Initial Consideration of HK\$530,100,000. The Consideration will be apportioned as follows:

- (i) the consideration for the assignment of the Sale Loan is a sum equal to the face value of the total outstanding amount of the Sale Loan as at Completion; and
- (ii) the consideration for the transfer of the Sale Share is the sum equal to the amount of the Consideration less the consideration for the assignment of the Sale Loan.

The Consideration was arrived at after arm’s length negotiation 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 July 2018, and taking into account of a fair market value of the Property advised by an independent professional qualified valuer.

Payment Terms

The Consideration shall be paid by the Purchaser in the following manner:

- (i) the first installment of HK\$8,000,000 (the **“First Installment”**), was paid by the Purchaser to the Seller’s solicitors upon signing of the Agreement as stakeholder;

- (ii) the second installment of HK\$45,010,000 (the “**Second Installment**”), shall be paid by the Purchaser to the Seller’s solicitors on or before 15 August 2018 as stakeholder; and
- (iii) the balance of the Consideration after deducting the First Installment and Second Installment shall be paid by the Purchaser to the Seller’s solicitors on or before the Completion Date.

The Seller and the Purchaser agree that the First Deposit and the Second Deposit shall be paid to the Seller’s Solicitors as stakeholder who may release the same to the Seller and the Loan Vendor provided that the balance of the purchase price is sufficient to discharge the existing mortgage (if applicable) of the Property or the Target Group shall have no outstanding borrowing or indebtedness other than the Sale Loan and prepayment received and accrued accounts payable as shown in the completion accounts.

Completion

Completion is to take place on the Completion Date.

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

Completion Adjustment

The amount of the Consideration is subject to the following adjustment in accordance with the terms of the Agreement, if the Completion Accounts reveal the Target Group has assets and/or liabilities in addition to what the parties have agreed, the Consideration shall be adjusted upward by adding to the Initial Consideration the amount of additional assets and adjusted downward by deducting the amount of additional liabilities.

It is expected that the Completion Adjustment will not be material.

Other Terms

The Purchaser has agreed to take the Property on an “as is” basis and accepts the Property in its present state and condition (fair wear and tear excepted).

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is, through its subsidiaries, the indirect beneficial owner of the Property and its sole investment is the ownership of the Property. The Property is currently a bare site and will be delivered on Completion as part of the assets of the Target Group.

The unaudited consolidated total asset value and net asset value of the Target Company as at 31 July 2018 as extracted from the management accounts of the Target Company were approximately HK\$530,025,953 and HK\$240,322,850 respectively.

As the Target Company was incorporated on 18 September 2017, there is no financial information of the Target Company for the years ended 31 December 2015 and 2016. For the year ended 31 December 2015, the net loss (before taxation and extraordinary items) attributable to the Property and the net loss (after taxation and extraordinary items) attributable to the Property were approximately HK\$630,357 and HK\$630,357 respectively. For the year ended 31 December 2016, the net loss (before taxation and extraordinary items) attributable to the Property and the net loss (after taxation and extraordinary items) attributable to the Property were approximately HK\$25,837,660 and HK\$25,837,660 respectively.

INFORMATION OF THE COMPANY

The Company is an investment holding company with its subsidiaries 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 PRC.

INFORMATION OF THE SELLER

The Seller is a company incorporated in the British Virgin Islands with limited liability and its principal activities include investment holding.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in the Hong Kong with limited liability and its principal activities includes investment holding.

REASONS FOR AND BENEFITS OF 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, if completed, will make a positive contribution to the cash flow and financial position 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

Upon Completion, assuming that no adjustment will be made under the Completion Adjustment, (i) the Consideration is the sum of HK\$530,100,000 for the Disposal; (ii) the estimated transaction cost (including legal costs, consultancy fee and expenses related to the Disposal) of the Disposal approximately HK\$7,219,600.

Shareholders and potential investors of the Company should note that the above figures are 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 financial position of the Target Company on the date of Completion and the actual amount of expenses incidental to the Disposal.

The net proceeds from the Disposal (currently estimated to be approximately HK\$522,880,400) will be used by the Group primarily for future investment and development of the Group and as general working capital.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios as defined in the Listing Rules calculated with reference to the Disposal is over 5% but less than 25%, the Disposal constitutes a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Adjustment Amount”	the adjustment amount as set out in the Completion Statement as ascertained in accordance with the Agreement;
“Agreement”	the sale and purchase agreement dated 2 August 2018 entered into between the Purchaser and the Seller in relation to the Disposal;
“Board”	the board of Directors;
“Business Day”	a day on which banks in Hong Kong and are generally open for business (other than a Saturday or Sunday or public holiday or any day on which a tropical cyclone signal no. 8 or above or black rainstorm signal is in force in Hong Kong);
“Company”	Soundwill Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 878);
“Completion”	completion of the sale and purchase of the Sale Share and the assignment of the Sale Loan;
“Completion Adjustment”	has the meaning as ascribed to it under the section headed “ Consideration ” in this announcement;
“Completion Accounts”	the statement of financial position of the Target Group as at the date of Completion to be prepared in accordance with the Agreement after Completion having taken place;
“Completion Date”	on or before 18 September 2018 (or such other date as the Purchaser and the Seller may agree in writing);
“Completion Statement”	the final statement setting out the calculation of the Adjustment Amount based on the Completion Accounts;

“Connected Person(s)”	having the meaning as ascribed thereto in the Listing Rules;
“Consideration”	the aggregate consideration payable by the Purchaser to the Seller for the Sale Share and the Sale Loan under the Agreement;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Sale Share and the assignment of the Sale Loan by the Seller to the Purchaser pursuant to the Agreement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong Dollars, the lawful currency for the time being of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Initial Consideration”	the sum of HK\$530,100,000, being the initial amount of Consideration before taking into account the adjustments (if any) pursuant to the Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan Vendor”	Wholly-owned subsidiary of the Company;
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan);
“Property”	property is a bare site situated at 71-75 Chai Wan Kok Street, Tsuen Wan, Hong Kong;
“Purchaser”	1 PLUS 11 INVESTMENT COMPANY LIMITED, a company incorporated in the Hong Kong with limited liability;

“Sale Loan”	all of the outstanding loans being owed by the Target Company and/or its subsidiaries to the Seller as at Completion;
“Sale Share”	one issued share of the Target Company, representing the entire issued share capital of the Target Company;
“Seller”	REAL BENEFIT GROUP LIMITED, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company;
“Seller’s Solicitors “	Solicitors for the Seller and the Loan Vendor;
“Shareholder(s)”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	BENEFIT AIM LIMITED, a company incorporated in the British Virgin Islands with limited liability;
“Target Group”	collectively, the Target Company and its subsidiaries; and
“%”	per cent.

By Order of the Board
SOUNDWILL HOLDINGS LIMITED
Foo Kam Chu Grace
Chairman

Hong Kong, 2 August 2018

As at the date of this announcement, the Board of Directors of the Company comprises (i) Executive Directors: Foo Kam Chu Grace, Chan Wai Ling and Kong Siu Man Kenny; and (ii) Independent Non-Executive Directors: Chan Kai Nang, Pao Ping Wing and Ng Chi Keung.