



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
CHAN Wai Ling (*Deputy Chairman*)
CHAN Hing Tat (*Chairman*)
TSE Wai Hang

Registered Office:

Clarendon House 2
Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

CHAN Kai Nang
PAO Ping Wing
YOUNG Chun Man, Kenneth

Head Office and Principal

Place of Business in Hong Kong:
21st Floor, Soundwill Plaza
No. 38 Russell Street
Causeway Bay
Hong Kong

30 April 2025

To the Shareholders

Dear Sir or Madam,

- (1) **PROPOSED PRIVATISATION OF
SOUNDWILL HOLDINGS LIMITED
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF THE COMPANIES ACT;**
- (2) **PROPOSED WITHDRAWAL OF LISTING
OF SOUNDWILL HOLDINGS LIMITED;**
- AND**
- (3) **PROPOSED SPECIAL DIVIDEND**

** For identification purpose only*

1. INTRODUCTION

On 7 March 2025, the Offeror and the Company jointly announced that on 5 March 2025, after trading hours, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal, the Special Dividend and the expected timetable as well as to give you notices of the Court Meeting and the SGM (together with proxy forms in relation thereto). Your attention is drawn to the following sections of this Scheme Document: (i) the letter from the Independent Board Committee set out in Part IV; (ii) the letter from Altus Capital set out in Part V; (iii) the Explanatory Statement set out in Part VI; and (iv) the terms of the Scheme set out in Appendix IV to this Scheme Document.

2. TERMS OF THE PROPOSAL

If the Proposal is approved and implemented, all the Scheme Shares will be cancelled and the Scheme Shareholders will receive the Total Price of HK\$8.5 for each Scheme Share, comprising (i) the Cancellation Price of HK\$7.5 in cash for each Scheme Share to be paid by the Offeror under the Scheme, and (ii) the Special Dividend of HK\$1.0^(Note) in cash for each Share to be paid by the Company.

The Total Price (comprising the Cancellation Price and the Special Dividend) will not be increased, and the Offeror and the Company do not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror and the Company will not be allowed to increase the Total Price.

If, after Latest Practicable Date, any dividend and/or other distribution and/or other return of capital other than the Special Dividend is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the net amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in this Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

Note: The declaration of the Special Dividend of HK\$1.0, which forms part of the Total Price, is subject to (i) the passing of an ordinary resolution at the SGM to approve the Special Dividend; and (ii) the Scheme having become binding and effective in accordance with its terms and conditions. Having said that, Ko Bee (which, together with Full Match, holds 212,305,028 Shares representing approximately 74.94% of the issued Shares as at the Latest Practicable Date) has irrevocably undertaken to vote in favor of the ordinary resolution at the SGM to approve the Special Dividend and hence the Special Dividend will be paid if the Scheme becomes effective. For further details, please refer to section headed “6. Special Dividend” in the Letter from the Board in this Scheme Document.

As at the Latest Practicable Date, (i) the Company has not declared any dividend which remains unpaid; and (ii) the Company has confirmed that, other than the Special Dividend, it does not intend to declare any dividend or other distribution on or before the Effective Date, or the date on which the Scheme is not approved or the Proposal otherwise lapses (as the case may be).

The table below sets out (i) the Cancellation Price of HK\$7.5 per Scheme Share; and (ii) the Total Price of HK\$8.5 per Scheme Share, respectively, compared to various benchmarks, including historical trading prices of the Shares, the audited consolidated NAV and Adjusted NAV:

Comparison Metric	Price/NAV per Share HK\$ (approx.)	Percentage of Premium or (Discount) represented by the Cancellation Price % (approx.)	Percentage of Premium or (Discount) represented by the Total Price % (approx.)
Closing price on the Benchmark Date	5.22	43.68	62.84
Average of:			
Closing prices for the five consecutive trading days up to and including the Benchmark Date	5.29	41.78	60.68
Closing prices for the 10 consecutive trading days up to and including the Benchmark Date	5.30	41.51	60.38
Closing prices for the 30 consecutive trading days up to and including the Benchmark Date	5.33	40.71	59.47
Closing prices for the 60 consecutive trading days up to and including the Benchmark Date	5.36	39.93	58.58
Closing prices for the 120 consecutive trading days up to and including the Benchmark Date	5.41	38.63	57.12
Closing price on the Last Trading Date	5.5	36.36	54.55
Closing price on the Latest Practicable Date	8.04	(6.72)	5.72
Audited consolidated NAV per Share as at 31 December 2024	55.33	(86.44)	(84.64)
Adjusted NAV per Share	56.69	(86.77)	(85.01)

Total Price has been determined on a commercial basis after taking into account key factors, including recent and historical traded prices of the Shares, the financial performance of the Group, trading multiples of four comparable companies listed on the Stock Exchange with a similar business model and a net asset value attributable to shareholders between HK\$5 billion and HK\$30 billion, and the factors as set out in the section headed “9. REASONS FOR AND BENEFITS OF THE PROPOSAL” in the Explanatory Statement in Part VI of this Scheme Document, including the challenges of the prevailing property market that are perceived as structural changes in the property market rather than temporary cyclical fluctuations, which may take substantial time to improve. Shareholders are advised to read the Explanatory Statement in Part VI of this Scheme Document for further details of the Scheme.

3. FINANCIAL RESOURCES

As at the Latest Practicable Date, the total issued share capital of the Company comprises 283,308,635 Shares.

On the assumption that no further Shares will be issued before the Record Date, there would be 70,907,005 Scheme Shares and accordingly, the amount of cash required for the Scheme is approximately HK\$531.80 million (representing the aggregate Cancellation Price payable under the Scheme).

On the assumption that there is no other change in the shareholding structure of the Company before the completion of the Proposal, subject to (i) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the SGM to approve the Special Dividend; and (ii) the Scheme having become binding and effective in accordance with its terms and conditions, the total amount of the Special Dividend payable to the Scheme Shareholders will be approximately HK\$70.91 million, which will be funded by the Company.

The sum of the Total Price payable to Scheme Shareholders amounts to approximately HK\$602.71 million, the payment of which will be subject to satisfaction of their respective conditions.

Payment of the Cancellation Price will be funded by external debt and/or internal resources of a controlled entity under Madam Foo's family trust.

Payment of the Special Dividend will be funded by the internal cash resources of the Group.

Anglo Chinese is the financial adviser to the Offeror in relation to the Proposal, is satisfied that sufficient financial resources are available to (i) the Offeror to satisfy the Cancellation Price; and (ii) the Company to satisfy the Special Dividend for the Scheme Shareholders.

4. CONDITIONS OF THE PROPOSAL AND THE SCHEME

The Proposal is, and the Scheme will become effective and binding on the Company and all Scheme Shareholders, subject to the fulfilment or waiver (as applicable) of all the Conditions on or before the Long Stop Date, failing which the Proposal and the Scheme will lapse.

For details of the Conditions, your attention is drawn to the section headed "3. CONDITIONS OF THE PROPOSAL AND THE SCHEME" in the Explanatory Statement in Part VI of this Scheme Document.

Warning: Shareholders and potential investors of the Company should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors of the Company should therefore exercise caution when dealing in securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

5. SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon the Scheme becoming effective.

	As at the Latest Practicable Date		Upon the Scheme becoming effective	
	<i>Approximate % of the issued share Number of Shares</i>	<i>capital of the Company⁽⁵⁾</i>	<i>Approximate % of the issued share Number of Shares</i>	<i>capital of the Company⁽⁵⁾</i>
The Offeror ⁽¹⁾	—	—	70,907,005	25.03%
The Offeror Concert Parties not subject to the Scheme				
— Foo Kam Chu Grace ⁽²⁾	96,602	0.03%	96,602	0.03%
— Ko Bee Limited ⁽³⁾	209,919,028	74.10%	209,919,028	74.10%
— Full Match Limited ⁽⁴⁾	2,386,000	0.84%	2,386,000	0.84%
— Other Offeror Concert Parties	—	—	—	—
Sub-total: Offeror and Offeror Concert Parties	<u>212,401,630</u>	<u>74.97%</u>	<u>283,308,635</u>	<u>100%</u>
Disinterested Scheme Shareholders	<u>70,907,005</u>	<u>25.03%</u>	<u>—</u>	<u>—</u>
Total	<u>283,308,635</u>	<u>100%</u>	<u>283,308,635</u>	<u>100%</u>

Notes:

- (1) The Offeror is a company incorporated in BVI established and wholly-owned by Ko Bee and does not own any Shares. See Note 3 for information regarding Ko Bee.
- (2) 96,602 Shares were held by Madam Foo personally. Madam Foo is an executive Director.
- (3) Ko Bee is a company wholly-owned by a family discretionary trust whose beneficiaries include Madam Foo and her family members including but not limited to (a) Ms. Chan Wai Ling (daughter of Madam Foo and an executive Director), (b) Mr. Chan Hing Tat (son of Madam Foo and an executive Director) and (c) Ms. Winnie Chan (daughter of Madam Foo). The trustee of the family trust is Century Pine (PTC) Limited. The trustee and the beneficiaries of the said family trust (other than Madam Foo) do not own any Shares directly.
- (4) Full Match is a company wholly-owned by Ko Bee.
- (5) All percentages in the above table are approximations and rounded to the nearest 2 decimal places and the aggregate percentages may not add up due to rounding.

6. SPECIAL DIVIDEND

Under the Proposal, the Offeror will procure the Company to, and the Company will, declare a Special Dividend of HK\$1.0 which, subject to (i) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the SGM to approve the Special Dividend; and (ii) the Scheme having become binding and effective in accordance with its terms and conditions, shall be payable to the Shareholders whose names appear on the register of members of the Company as of the Record Date, including but not limited to the Offeror Concert Parties who are holders of the Shares. None of the foregoing conditions to the payment of the Special Dividend can be waived.

The Board recommended the amount of the Special Dividend of HK\$1.0, subject to the conditions of the Special Dividend being satisfied on or before the Long Stop Date.

Ko Bee (which, together with Full Match, holds 212,305,028 Shares representing approximately 74.94% of the issued Shares as at the Latest Practicable Date) has irrevocably undertaken, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares held by Ko Bee and Full Match (being its wholly-owned subsidiary) to vote in favour of the ordinary resolution at the SGM to approve the Special Dividend. As at the Latest Practicable Date, each of the Offeror and the Company is not aware of any requirement under the Takeovers Code, the Listing Rules and applicable laws and regulations that would restrict Ko Bee and/or Full Match from voting in favour of the aforesaid resolution. Accordingly, Ko Bee shall fulfill its legal commitments undertaken in the undertaking to vote in favour of the aforesaid resolution, so that the Special Dividend will be approved at the SGM, and subject to the Scheme becoming binding and effective in accordance with its terms and conditions, the Special Dividend will be paid to the Shareholders whose name appear on register of members of the Company as of the Record Date.

The Special Dividend will be paid by the Company to the Shareholders in cash after the Scheme having become binding and effective in accordance with its terms and conditions and will be paid on the same date on which the Cancellation Price will be paid by the Offeror to the Scheme Shareholders.

7. REASONS FOR AND BENEFITS OF THE PROPOSAL

Your attention is drawn to the section headed “9. REASONS FOR AND BENEFITS OF THE PROPOSAL” in the Explanatory Statement in Part VI of this Scheme Document.

8. INFORMATION ON THE GROUP

The Company is an exempted company incorporated in Bermuda with limited liability, and the shares of which are listed 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 PRC.

9. INFORMATION ON THE OFFEROR AND THE OFFEROR CONCERT PARTIES

The Offeror is a company incorporated in BVI with limited liability which is wholly owned by Ko Bee. Ko Bee is a company incorporated in BVI with limited liability which in turn, is wholly owned by a family discretionary trust whose beneficiaries include Madam Foo and her family members including but not limited to Ms. Chan Wai Ling, Mr. Chan Hing Tat and Ms. Winnie Chan. The trustee of this Madam Foo's family trust is Century Pine (PTC) Limited.

Full Match is a company incorporated in BVI with limited liability which is wholly owned by Ko Bee.

Madam Foo is the founder of the Group and an executive Director and a director of certain subsidiaries of the Group. Madam Foo has extensive experience in the property market. She has been engaged in the property business in Hong Kong since early 1970s, particularly specialised in the acquisition of old buildings for redevelopment into commercial or residential buildings. Madam Foo is the mother of Ms. Chan Wai Ling, Mr. Chan Hing Tat and Ms. Winnie Chan.

Ms. Chan Wai Ling is the Deputy Chairman of the Company and an executive Director and a director of certain subsidiaries of the Group. She is in charge of the Hong Kong property department and is responsible for the property development and leasing of Hong Kong properties of the Group. She is the daughter of Madam Foo and the sister of Mr. Chan Hing Tat and Ms. Winnie Chan.

Mr. Chan Hing Tat is the Chairman of the Company and an executive Director and a director of certain subsidiaries of the Group. He is mainly responsible for the Group's business development. He is the son of Madam Foo and the brother of Ms. Chan Wai Ling and Ms. Winnie Chan.

Ms. Winnie Chan is the daughter of Madam Foo and the sister of Ms. Chan Wai Ling and Mr. Chan Hing Tat.

10. INTENTIONS OF THE OFFEROR WITH REGARD TO THE GROUP

Your attention is drawn to the section headed "10. INTENTIONS OF THE OFFEROR WITH REGARD TO THE GROUP" in the Explanatory Statement in Part VI of this Scheme Document.

The Board welcomes the intentions of the Offeror in respect of the Group and its employees and will cooperate with and provide full support to the Offeror to facilitate the continued smooth business operations and management of the Group.

11. INDEPENDENT BOARD COMMITTEE

The Board has established the Independent Board Committee, which comprises all the independent non-executive Directors, namely, Mr. Chan Kai Nang, Mr. Pao Ping Wing and Mr. Young Chun Man, Kenneth, to make a recommendation to the Disinterested Scheme Shareholders as to whether the terms of the Proposal and the Scheme are or are not fair and reasonable, and as to voting by the Disinterested Scheme Shareholders at the Court Meeting and the SGM.

The full text of the letter from the Independent Board Committee is set out in the “Letter from the Independent Board Committee” in Part IV of this Scheme Document.

12. INDEPENDENT FINANCIAL ADVISER

The Company has appointed Altus Capital as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal. Such appointment has been approved by the Independent Board Committee.

The full text of the letter from the Independent Financial Adviser is set out in the “Letter from Altus Capital” in Part V of this Scheme Document.

13. WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates in respect of the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, subject to the Scheme becoming effective, immediately following the Effective Date.

14. IF THE PROPOSAL IS NOT APPROVED OR LAPSES

The Scheme will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Shares on the Stock Exchange will not be withdrawn and the Special Dividend will not be paid if the Scheme does not become effective or the Proposal otherwise lapses, in which case the Board expects that the Company will continue to meet the minimum public float requirements under the Listing Rules given that there will be no cancellation of Scheme Shares and assuming there is no change in the shareholding of the Company.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive. The Offeror has no intention to seek such consent.

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code. Since the Independent Board Committee and the Independent Financial Adviser have both recommended the Proposal, the Company and the Offeror have agreed that each party shall bear their own costs, charges and expenses of and incidental to the Scheme and the Proposal.

15. COURT MEETING AND SGM

Notices convening the Court Meeting and the SGM to be held at Room A, 16/F, Soundwill Plaza II — Midtown, No. 1 Tang Lung Street, Causeway Bay, Hong Kong on Friday, 23 May 2025 at 11 : 00 a.m. and 11 : 30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting), respectively, are set out in Appendix V and Appendix VI to this Scheme Document.

The Court has directed the Court Meeting to be convened and held for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme. The Scheme is subject to the approval by the Scheme Shareholders at the Court Meeting in the manner referred to in Condition (a) in the section headed “3. CONDITIONS OF THE PROPOSAL AND THE SCHEME” in the Explanatory Statement in Part VI of this Scheme Document. The Scheme must also be sanctioned by the Court as required by section 99 of the Companies Act.

Immediately after the conclusion or adjournment of the Court Meeting, the SGM will be held for the purpose of considering and, if thought fit, passing a special resolution for the implementation of the Proposal in the manner referred to in Condition (b) in the section headed “3. CONDITIONS OF THE PROPOSAL AND THE SCHEME” in the Explanatory Statement in Part VI of this Scheme Document and an ordinary resolution for the approval of the Special Dividend.

An announcement will be made by the Company in relation to the results of the Court Meeting and the SGM. Such announcement will contain the information as required by Rule 19.1 of the Takeovers Code.

16. OVERSEAS SCHEME SHAREHOLDERS

Your attention is drawn to the section headed “17. OVERSEAS SCHEME SHAREHOLDERS” in the Explanatory Statement in Part VI of this Scheme Document.

17. ACTIONS TO BE TAKEN

Your attention is drawn to the section headed “IMPORTANT NOTICE AND ACTIONS TO BE TAKEN” of this Scheme Document for details of the actions you should take as a Shareholder, as a Beneficial Owner whose Shares are held by a Registered Owner, as a Beneficial Owner whose Shares are deposited in CCASS.

18. RECOMMENDATIONS

Your attention is drawn to (i) the recommendations of the Independent Board Committee in respect of the Proposal and the Scheme as set out in the letter from the Independent Board Committee in Part IV of this Scheme Document; and (ii) the recommendations of the Independent Financial Adviser in respect of the Proposal and the Scheme as set out in the letter from Altus Capital in Part V of this Scheme Document which sets out the factors and reasons taken into account by Altus Capital in arriving at its advice to the Independent Board Committee. We would advise you to read this letter carefully before you take any action in respect of the Proposal and the Scheme.

19. TAXATION AND INDEPENDENT ADVICE

Your attention is drawn to the section headed “18. TAXATION” in the Explanatory Statement in Part VI of this Scheme Document.

It is emphasised that none of the Offeror, the Company, Anglo Chinese, Altus Capital nor any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility or has any liability for any taxation effects on, or liabilities of, any persons as a result of their approval or disapproval of the Proposal. All Scheme Shareholders are recommended to consult their professional advisers if in any doubt as to the taxation implications of the Proposal.

20. FURTHER INFORMATION

You are urged to read the whole of this Scheme Document, in particular:

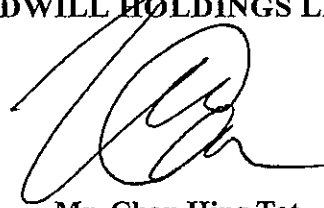
- (i) the letter from the Independent Board Committee in Part IV of this Scheme Document;
- (ii) the letter from Altus Capital in Part V of this Scheme Document;
- (iii) the Explanatory Statement in Part VI of this Scheme Document;
- (iv) the Appendices to this Scheme Document;
- (v) the Scheme as set out in Appendix IV to this Scheme Document; and
- (vi) the notice of Court Meeting and the notice of SGM as set out in Appendix V and Appendix VI to this Scheme Document.

In addition, a pink form of proxy for the Court Meeting and a white form of proxy for the SGM are enclosed with this Scheme Document.

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective.

Shareholders and potential investors of the Company should be aware that the payment of the Special Dividend is in turn subject to, among other things, the Scheme having become binding and effective in accordance with its terms and conditions. Accordingly, the Special Dividend may or may not materialise. Shareholders and potential investors of the Company should therefore exercise caution when dealing in securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Yours faithfully,
By order of the Board
SOUNDWILL HOLDINGS LIMITED

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a series of loops and a horizontal stroke at the end.

Mr. Chan Hing Tat
Chairman and Executive Director