



SOUNDWILL HOLDINGS LIMITED
Final Settlement of Property Related Litigation
HK\$54 Million to be Repaid to the Group

【 Hong Kong, 1 November 2005 】 Soundwill Holdings Limited (Stock Code: 878) announces that a final settlement was reached on 27 October 2005 with regard to a property related litigation involving its wholly owned subsidiary, Pacific Well Realty Limited (“Pacific Well”) and Chung To Chinese Products Company Limited (“Chung To”) as the plaintiff. Chung To has retracted its appeal against a previous High Court judgment in favour of Pacific Well, and it will repay Pacific Well about HK\$54 million approximately before 31 December 2005, the Group expects to record a write-back of the returned moneys in this financial year.

The litigation commenced in 1998 and is related to Pacific Well’s purchase of certain commercial properties in Yuen Long from Chung To in 1997 for a consideration of HK\$200 million. The transaction has fallen through resulting in the litigation. Under the transaction, Pacific Well has paid to Chung To a deposit of HK\$65 million. Full provision has been made by the Group for the said sum of HK\$65 million from 1998 to 2000.

In November 2004, the High Court ordered Chung To to return to Pacific Well the sum of HK\$45 million together with interest. Chung To subsequently lodged an appeal against the judgment.

A final settlement was reached between Pacific Well and Chung To on 27 October 2005, whereby Chung To would repay Pacific Well about HK\$54 million. The payment is expected to be received before 31 December 2005.