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SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

The board of directors of the Company is pleased to announce that the Debt Restructure Agreement dated 8 May 2000 as supplemented by a Debt Restructure First Supplemental Agreement dated 20 October 2000 made by the Company and its bank creditors have been cancelled. At the same time, the Company has entered into re-finance arrangements with its bank creditors on normal commercial terms.

Background

Reference is made to the announcement dated 10 May 2000 of Soundwill Holdings Limited (the “Company”) in relation to the debt restructure of the Company and its subsidiaries (collectively the “Group”).

The board of directors of the Company is pleased to announce that the Debt Restructure Agreement dated 8 May 2000 as supplemented by a Debt Restructure First Supplemental Agreement dated 20 October 2000 (collectively the “DRA”) made by the Company and its bank creditors have been cancelled.

Re-finance Arrangements

Upon cancellation of the DRA, the Group has entered into re-finance arrangements with its bank creditors which include The Hongkong and Shanghai Banking Corporation Limited, The Bank of China (Hong Kong) Limited, Hang Seng Bank Limited, Nanyang Commercial Bank Limited and China Agricultural Finance Company Limited. The re-finance arrangements comprise long term loans on normal commercial terms.

Financial Position of the Group

As a result of the cancellation of the DRA and the re-finance arrangements with the bank creditors, the financial position of the Group will be further improved by the reduction of the interest margin substantially under the re-finance arrangements.

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

Hong Kong, 26 September 2002

Please also refer to the published version of this announcement in the (China Daily)