



SOUNDWILL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 878)

ANNOUNCEMENT — SETTLEMENT OF LITIGATION

The Board of Directors (the “Board”) of Soundwill Holdings Limited (the “Company”) refers to the property related litigation (the “Litigation”) involving its wholly owned subsidiary, Pacific Well Realty Limited (“Pacific Well”) as the Defendant and Chung To Chinese Products Company Limited as the plaintiff (the “Plaintiff”) and wish to announce that the parties reached a final settlement.

Reference is made to the Litigation as disclosed in the 2004 annual report (under note 39 to the financial statements) of the Company. The Litigation commenced in 1998 relates to the purchase of certain properties in Yuen Long by Pacific Well from the Plaintiff, which transaction has fallen through. Under the transaction, Pacific Well has paid a deposit of HK\$65,000,000.00 which had been forfeited by the Plaintiff. Full provision has been made as to the said sum of HK\$65,000,000.00 from 1998 to 2000. The High Court ordered (the “Judgement”) in November 2004 that a sum of HK\$45,000,000.00 together with interest be repaid to Pacific Well. The Plaintiff lodged an appeal against the Judgement.

Pursuant to Rule 13.09 of the Rules Governing The Listing of Securities on The Stock of Exchange of Hong Kong Limited, the Board announces that the parties have reached a final settlement on 27 October 2005 whereby the Plaintiff would repay Pacific Well approximately HK\$54,000,000.00. The payment is expected to be received approximately before 31 December 2005.

By Order of the Board
Soundwill Holdings Limited
Kwan Chai Ming
Executive Director

Hong Kong, 31 October 2005

As at the date of this announcement, the Board comprises of (1) Executive Directors : Foo Kam Chu, Grace, Chan Wai Ling, Tse Chun Kong, Thomas, Kwan Chai Ming; (2) Non-Executive Directors : Liu Hanbo, Meng Qinghui; and (3) Independent Non-Executive Directors: Heng Kwoo Seng, Kwan Kai Cheong and Ho Suk Yin.

*Please also refer to the published version of this announcement in **The Standard**.*