

**SOUNDWILL HOLDINGS LTD:  
WHO'S THAT KNOCKING AT MY DOOR ?**

Two former (assumed by **TARGET**), wholly owned subsidiaries of Soundwill Holdings Ltd) (金朝陽集團有限公司) (Code: 878, Main Board, The Stock Exchange of Hongkong Ltd) have been sued by The Commissioner of Inland Revenue of Hongkong in respect of alleged non-payment of taxes.

The 2 former subsidiaries are: Asia View Holdings Ltd and Soundwill (Hongkong) Ltd.

The Commissioner of Inland Revenue is seeking \$HK4,872,000 from Asia View Holdings Ltd and \$HK1,680,000 from Soundwill (Hongkong) Ltd.

Both of these companies ceased to be wholly owned subsidiaries of Soundwill Holdings Ltd, as at December 31, 2002, according to the database of **TOLFIN** ( The Computerised Online Financial Intelligence Service and Web-Based, Credit-Checking Provider).

These companies' names were omitted in the successive annual reports of this company so either they ceased to be subsidiaries or, alternatively, the company determined that they were too insignificant, in terms of the affairs/finances of the company, to include them in the list of subsidiaries.

The recent cases of The Commissioner of Inland Revenue of Hongkong, suing Soundwill companies for alleged non-payment of back taxes, follows 2 other cases, which were launched by The Commissioner.

According to the database of **TOLFIN**, on August 18, 2004, The Commissioner launched District Court Action Number 10110 of 2004, claiming \$HK1,559,250 from Well Pacific Development Ltd.

Then, on February 1, 2005, once again, The Commissioner sued Well Pacific Development Ltd, this time for \$HK155,925 (District Court Action Number 990 of 2005).

Well Pacific Development Ltd was, also, a wholly owned by Soundwill Holdings Ltd, up until December 31, 2002, according to **TOLFIN**.

Déjà vu!

There would appear to be no question that Soundwill Holdings Ltd, a property developer and investor in property in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), can pay that which is being demanded by the HKSAR Government taxman of the company's former subsidiaries, if in fact it is held that the parent company of these former subsidiaries is liable for the claims, now being demanded, because, for the Financial Year, ended December 31, 2004, Soundwill Holdings Ltd reported a Net Profit Attributable to Shareholders of about \$HK28.33 million.

Soundwill recommended and paid out a dividend of about \$HK4.12 million for the 2004 Financial Year.

As at the 2004 Balance Sheet Date, the company had cash and bank balances of about \$HK46.72 million, according to the Consolidated Balance Sheet.

In the 5 Financial Years, ended December 31, 2004, Soundwill lost money for 3 of those Years and recorded profits for 2 of them.

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