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SONAVOX INTERNATIONAL HOLDINGS LIMITED

上聲國際控股有限公司

Fame Global Enterprises Limited

(incorporated in the British Virgin Islands with limited liability)

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8226)

JOINT ANNOUNCEMENT

**(I) AGREEMENT IN RELATION TO
THE SALE AND PURCHASE OF SHARES IN
SONAVOX INTERNATIONAL HOLDINGS LIMITED;**

**(II) UNCONDITIONAL MANDATORY CASH OFFERS BY
OPTIMA CAPITAL LIMITED**

ON BEHALF OF

**FAME GLOBAL ENTERPRISES LIMITED
FOR ALL THE ISSUED SHARES IN AND
OUTSTANDING CONVERTIBLE BONDS OF
SONAVOX INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED
BY FAME GLOBAL ENTERPRISES LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

AND

**FOR THE CANCELLATION OF ALL THE OPTIONS OF
SONAVOX INTERNATIONAL HOLDINGS LIMITED;**

**(III) MAJOR AND CONNECTED TRANSACTION AND SPECIAL DEALS
IN RELATION TO THE DISPOSALS OF INDIGO ENTERPRISES INC. AND
TARAKI SERVICES COMPANY LIMITED;**

AND

**(IV) RESUMPTION OF TRADING IN THE SHARES OF
SONAVOX INTERNATIONAL HOLDINGS LIMITED**

Financial adviser to

Fame Global Enterprises Limited



Optima Capital Limited

Financial adviser to

Sonavox International Holdings Limited



Independent financial adviser to

the Independent Board Committee and the Independent Shareholders



高銀融資有限公司
GOLDIN FINANCIAL LIMITED

THE SP AGREEMENT

On 12 July 2010, the Offeror, Newood and the Guarantors entered into the SP Agreement, pursuant to which Newood agreed to sell and the Offeror agreed to acquire 240,000,000 Shares, representing approximately 73.83% of the entire issued share capital of the Company. The consideration for the Sale Shares of HK\$96,000,000 (equivalent to HK\$0.4 per Sale Share) was agreed between the Offeror and Newood after arm’s length negotiations with reference to the prevailing market prices of the Shares. SP Completion took place on 16 July 2010.

UNCONDITIONAL MANDATORY CASH OFFERS

As at the date hereof, the Offeror is interested in 240,000,000 Shares, representing approximately 73.83% of the entire issued share capital of the Company. Save for the aforesaid, the Offeror and parties acting in concert with it do not have any other interests in any securities of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make unconditional mandatory general offers in cash for all the issued Shares, the outstanding Convertible Bonds and outstanding Options other than those already owned by the Offeror and parties acting in concert with it.

Optima Capital, the financial adviser to the Offeror, will make the Offers, which are unconditional in all respects, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:-

The Share Offer

For every Offer Share HK\$0.40 in cash

The Share Offer Price of HK\$0.40 per Offer Share is the same as the price per Sale Share paid by the Offeror under the SP Agreement. The Offer Shares acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of SP Completion.

The CB Offer

For each outstanding HK\$1 face value of
the Convertible BondsHK\$1.0 in cash

Pursuant to the instrument constituting the Convertible Bonds, the conversion price of the Convertible Bonds shall be the US\$ equivalent of HK\$0.4 per new Share (subject to adjustments). Based on the Share Offer Price of HK\$0.40 per Offer Share divided by the prevailing conversion price of the Convertible Bonds of HK\$0.40 per new Share (subject to adjustments), the offer price under the CB Offer is HK\$1.0 for each outstanding HK\$1 face value of the Convertible Bonds. The Convertible Bonds to be acquired under the CB Offer shall be free from all Encumbrances and any other third party rights of any nature and together with all rights attaching to them.

The Option Offer

For cancellation of each Option carrying
right to subscribe for one Option Share HK\$0.055 in cash

The Option Offer Price of HK\$0.055 for every Option represents the difference between the Share Offer Price of HK\$0.4 and the prevailing exercise price of the Options of HK\$0.345 each. Any holder of the Options accepting the Option Offer in respect of all or part of their Options will surrender and give up the subscription rights attaching to the relevant Options.

THE DISPOSALS

On 12 July 2010, the Indigo Agreement and the Taraki Agreement were entered into in respect of the Disposals.

The Indigo Agreement

Pursuant to the Indigo Agreement, the Company agreed to sell and Newwood agreed to purchase the Indigo Sale Share and the rights, title, benefits and interests of the Company in, the Indigo Sale Loan. The aggregate consideration for the Indigo Sale Share and the Indigo Sale Loan is HK\$43,753,187.50.

The Taraki Agreement

Pursuant to the Taraki Agreement, Taraki Inc. agreed to sell and Newwood agreed to purchase the Taraki Sale Shares and the rights, title, benefits and interests of Taraki Inc. in, the Taraki Sale Loan. The aggregate consideration for the Taraki Sale Shares and the Taraki Sale Loan is HK\$8,000,000.

IMPLICATIONS OF THE DISPOSALS UNDER THE GEM LISTING RULES AND THE TAKEOVERS CODE

Major and connected transaction

As one of the applicable percentage ratios as defined under Rule 19.07 of the GEM Listing Rules in respect of the Disposals is more than 25% but less than 75%, the Disposals constitute major transaction for the Company under Chapter 19 of the GEM Listing Rule. As at the date of the Indigo Agreement and the Taraki Agreement, Newwood was interested in approximately 73.83% of the issued share capital of the Company and is therefore a connected person of the Company under the GEM Listing Rules. Accordingly, the Disposals also constitute connected transaction for the Company under Chapter 20 of the GEM Listing Rules and the Disposals are therefore subject to the reporting, announcement and Independent Shareholders' approval requirements of Chapter 20 of the GEM Listing Rules.

Special deals

The Disposals constitute special deals for the Company under Note 4 to Rule 25 of the Takeovers Code and therefore requires the consent of the Executive. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in his opinion the respective terms of the Disposals are fair and reasonable; and (ii) the approval of the Disposals by the Independent Shareholders by way of a poll at the EGM. Shareholders including (i) the Offeror and parties acting in concert with it; and (ii) any Shareholders who are involved or interested in the Indigo Agreement or the Taraki Agreement or the transactions respectively contemplated therein shall abstain from voting on the proposed resolutions in respect of the Indigo Agreement or the Taraki Agreement or the transactions respectively contemplated therein at the EGM.

The Company will make an application to the Executive for consents under Rule 25 of the Takeovers Code in relation to the Disposals.

GENERAL

Under Rule 8.2 of the Takeovers Code, an offer document containing, among other things, details of the Offers, together with the relevant forms of acceptance and transfer, should be despatched to the Independent Shareholders, the Bondholders and the Optionholders as soon as practicable, but in any event within 21 days of the date of this joint announcement or such later date as the Executive may approve. In accordance with the Takeovers Code, the Company is required to send the offeree board circular in relation to the Offers to the Independent Shareholders, the Bondholders and the Optionholders within 14 days of the posting of the offer document, or such later date as the Executive may approve.

An offer document containing, among other things, details of the Offers and the expected timetable in connection with the Offers will be despatched to the Independent Shareholders, the Bondholders and the Optionholders within 21 days of the date of this joint announcement.

In order that the Independent Board Committee and the Independent Financial Adviser can give their respective advice on the Offers taking into consideration the completion or not of the Disposals, the Company will apply to the Executive for a waiver from strict compliance with Rule 8.4 of the Takeovers Code for an extension of time to despatch the offeree board circular to a date on or before 27 August 2010, which is a date after the tentative date of the EGM. The Offeror has indicated its consent to an extension of the first closing date of the Offers by the number of days in respect of which the posting of the offeree board circular is delayed.

Rule 2.8 of the Takeovers Code requires the Company to establish an independent committee of the Board to advise the Independent Shareholders, the Bondholders and the Optionholders on the Offers and the Indigo Agreement and the Taraki Agreement and transactions contemplated thereunder and that such independent committee should comprise all non-executive Directors who have no direct or indirect interest in the Offers and the Disposals other than as a Shareholder. The Company has three non-executive Directors, namely Mr. Yiu Chi Wah, Mr. Fan Chi Fai, Paul and Mr. Lee Fang Yu. As Mr. Yiu Chi Wah was involved in the negotiation of the Offers and the Disposals, the Directors consider that it would be more appropriate that Mr. Yiu Chi Wah does not sit on the Independent Board Committee. Accordingly, the Independent Board Committee comprising the remaining two non-executive Directors, namely Mr. Fan Chi Fai, Paul and Mr. Lee Fang Yu, has been established to advise and give recommendation to the Independent Shareholders, the Bondholders and the Optionholders in connection with the Offers and to the Independent Shareholders in respect of the Indigo Agreement and the Taraki Agreement and transactions contemplated therein. The Company has appointed Goldin Financial Limited as the independent financial adviser to advise (i) the Independent Board Committee in respect of the Offers and the Indigo Agreement and the Taraki Agreement and transactions respectively contemplated thereunder; and (ii) the Independent Shareholders in respect of the Indigo Agreement and the Taraki Agreement and transactions respectively contemplated thereunder. The Independent Board Committee has approved the appointment of the Independent Financial Adviser.

The Circular containing, among other things, (i) further details of the Disposals; (ii) the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser in respect of the Indigo Agreement and the Taraki Agreement and transactions respectively contemplated thereunder; and (iii) a notice convening the EGM will be sent to the Shareholders as soon as practicable in accordance with the GEM Listing Rules and the Takeovers Code. The Board expects that the Circular will be despatched to the Shareholders on or before 6 August 2010.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 13 July 2010 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 19 July 2010.

Warning: Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

On 12 July 2010, the Offeror, Newood and the Guarantors entered into the SP Agreement, pursuant to which Newood agreed to sell and the Offeror agreed to acquire 240,000,000 Shares, representing approximately 73.83% of the entire issued share capital of the Company. The principal terms of the SP Agreement are summarised below.

THE SP AGREEMENT

Parties

Vendor : Newood, which held 240,000,000 Shares immediately before SP Completion, representing approximately 73.83% of the issued share capital of the Company

Purchaser : the Offeror

Guarantors : Mr. Shan, as guarantor to the Offeror, has unconditionally and irrevocably guaranteed to Newood to procure the Offeror to fulfill all obligations and responsibilities contemplated under the SP Agreement

Mr. Yang, as guarantor to Newood, has unconditionally and irrevocably guaranteed to the Offeror to procure Newood to fulfill all obligations and responsibilities contemplated under the SP Agreement

Subject of the SP Agreement

Pursuant to the SP Agreement, Newood agreed to sell and the Offeror agreed to acquire the Sale Shares free from all Encumbrances and together with all rights attaching to them, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of SP Completion, being 240,000,000 Shares, representing approximately 73.83% of the issued share capital of the Company.

The consideration for the Sale Shares

The consideration for the Sale Shares is HK\$96,000,000 (equivalent to HK\$0.40 per Sale Share), which was agreed between the Offeror and Newood after arm's length negotiations with reference to the prevailing market prices of the Shares, and which was settled in full by the Offeror to Newood according to Newood's direction upon SP Completion.

SP Completion

There are no conditions precedent to the SP Completion. The SP Completion took place on 16 July 2010. The cash consideration for the Sale Shares of HK\$96,000,000 has been paid by the Offeror to Newood at SP Completion, of which HK\$33,000,000 has been deposited with the Escrow Agent pursuant to the terms of the Escrow Letter for the settlement of the considerations under the Indigo Agreement and the Taraki Agreement, details of which are set out in the section headed “The Disposals” below.

Undertakings from Newood and Mr. Yang

As at the date of the SP Agreement, the Company has outstanding Options with 10,000,000 Option Shares to be issued upon the exercise thereof. Pursuant to the SP Agreement, Newood and Mr. Yang has undertaken to the Offeror that upon SP Completion (i) Mr. Yang will surrender and give up the Options held by him; and (ii) Newood and Mr. Yang will procure Mr. Yang Tsu Ying to surrender and give up the Options held by him. Upon SP Completion on 16 July 2010, both Mr. Yang and Mr. Yang Tsu Ying have surrendered an aggregate of 4,000,000 Options. Accordingly, the Company has 6,000,000 Options outstanding with 6,000,000 Option Shares to be issued upon the exercise thereof as at the date hereof.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are (i) the shareholding structure of the Company immediately before SP Completion; and (ii) the shareholding structure of the Company immediately after SP Completion and as at the date of this joint announcement:

| | Immediately before SP Completion | | Immediately after SP Completion and as at the date of this joint announcement | |
|--|---|--------------------------|--|--------------------------|
| | <i>Number of Shares</i> | <i>Approximate %</i> | <i>Number of Shares</i> | <i>Approximate %</i> |
| The Offeror and parties acting in concert with it | – | – | 240,000,000 | 73.83 |
| Newood (<i>Note</i>) | 240,000,000 | 73.83 | – | – |
| Public Shareholders | <u>85,089,974</u> | <u>26.17</u> | <u>85,089,974</u> | <u>26.17</u> |
| Total | <u><u>325,089,974</u></u> | <u><u>100.00</u></u> | <u><u>325,089,974</u></u> | <u><u>100.00</u></u> |

Note:

Newood is a company wholly owned by Silver Way Limited, the entire issued share capital of which is in turn owned by Deutsche Bank International Trust Co. (Cayman) Limited as the trustee of The SEI Trust, and the discretionary objects of which are Mr. Yang and Mr. Yang Tsu Ying.

UNCONDITIONAL MANDATORY CASH OFFERS

As at the date hereof, the Offeror is interested in 240,000,000 Shares, representing approximately 73.83% of the issued share capital of the Company. Save for the aforesaid, the Offeror and parties acting in concert with it do not have any other interests in any securities of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make mandatory unconditional general offers in cash for all the issued Shares, the outstanding Convertible Bonds and outstanding Options other than those already owned by the Offeror and parties acting in concert with it.

As at the date hereof, the Company has 325,089,974 Shares in issue, outstanding Convertible Bonds in the principal amount of US\$5,000,000 and outstanding Options with 6,000,000 Option Shares to be issued upon the exercise thereof. Save for the aforesaid, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Principal terms of the Offers

Optima Capital, the financial adviser to the Offeror, will make the Offers, which are unconditional in all respects, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:-

The Share Offer

For every Offer Share HK\$0.40 in cash

The Share Offer Price of HK\$0.40 per Offer Share is the same as the price per Sale Share paid by the Offeror under the SP Agreement. The Offer Shares acquired under the Share Offer shall be fully paid and free and clear from all Encumbrances and together with all rights attaching to them, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of SP Completion.

The CB Offer

For each outstanding HK\$1 face value of
the Convertible Bonds HK\$1.0 in cash

Pursuant to the instrument constituting the Convertible Bonds, the conversion price of the Convertible Bonds shall be the US\$ equivalent of HK\$0.4 per new Share (subject to adjustments). Based on the Share Offer Price of HK\$0.40 per Offer Share divided by the prevailing conversion price of the Convertible Bonds of HK\$0.40 per new Shares (subject to adjustments), the offer price under the CB Offer is HK\$1.0 for each outstanding HK\$1 face value of the Convertible Bonds. The Convertible Bonds to be acquired under the CB Offer shall be free from all Encumbrances and any other third party rights of any nature and together with all rights attaching to them.

The Option Offer

For cancellation of each Option carrying

right to subscribe for one Option Share HK\$0.055 in cash

The Option Offer Price of HK\$0.055 for every Option represents the difference between the Share Offer Price of HK\$0.4 and the prevailing exercise price of the Options of HK\$0.345 each. Any holder of the Options accepting the Option Offer in respect of all or part of their Options will surrender and give up the subscription rights attaching to the relevant Options.

Comparison of value

The Share Offer Price of HK\$0.40 per Offer Share:

- (i) is equivalent to the closing price of HK\$0.40 per Share as quoted on the Stock Exchange on 12 July 2010, being the last trading day immediately before the date of this joint announcement;
- (ii) is equivalent to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 5 trading days up to and including 12 July 2010 of HK\$0.40 per Share;
- (iii) is equivalent to the average of the closing prices of the Shares as quoted on the Stock Exchange for the 10 trading days up to and including 12 July 2010 of HK\$0.40 per Share; and
- (iv) represents a premium of approximately 60.0% over the audited consolidated total equity attributable to equity holders of the Company of approximately HK\$0.25 per Share as at 31 December 2009, the date to which the latest audited financial results of the Group were made up.

Highest and lowest Share prices

The highest closing price of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Last Trading Day was HK\$0.57 per Share on 9 February 2010. The lowest closing price of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Last Trading Day was HK\$0.35 per Share on 12 January 2010, 13 January 2010, 14 January 2010, 15 January 2010 and 18 January 2010 respectively.

Value of the Offers

On the basis of the Share Offer Price of HK\$0.40 per Offer Share and 325,089,974 Shares in issue, the entire issued share capital of the Company is valued at HK\$130,035,989.6. Excluding the 240,000,000 Shares acquired by the Offeror pursuant to the SP Agreement, 85,089,974 Shares will be subject to the Share Offer and the Share Offer is therefore valued at HK\$34,035,989.6 based on the Share Offer Price. Pursuant to the instrument constituting the Convertible Bonds, all conversions between US\$ and HK\$ shall be converted at a fixed exchange rate of US\$1.00 to HK\$7.75. Accordingly, the consideration payable by the Offeror under the CB Offer for all the outstanding Convertible Bonds is HK\$38,750,000. The consideration payable by the Offeror for the Option Offer for the cancellation of all Options is HK\$330,000. The Offers, therefore, are valued at HK\$73,115,989.6 in aggregate.

Financial resources available to the Offeror

Optima Capital is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers. It is intended that the Offeror will be the transferee for the Shares tendered for acceptance under the Share Offer and Mr. Chan will be the transferee for the Convertible Bonds tendered for acceptance under the CB Offer. Details of the Offeror and Mr. Chan is set out in the section headed “Information on the Offeror and Mr. Chan” below.

Dealing and interests in the Company’s securities

Save for the acquisition of the Sale Shares under the SP Agreement, none of the Offeror nor parties acting in concert with it has dealt in the Shares, the Convertible Bonds, outstanding Options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the Last Trading Day. As at the date of this joint announcement, the Offeror and parties acting in concert with it have not entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company nor have any of them borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company. As at the date of this joint announcement, save for the Sale Shares held by the Offeror, the Offeror and parties acting in concert with it do not hold, own or control any Shares, outstanding options, derivatives, warrants or other securities convertible into Shares.

Stamp duty

Seller's ad valorem stamp duty payable by the Independent Shareholders and the Bondholders who accept the Share Offer and the CB Offer and calculated at a rate of 0.1% of (i) the market value of the Offer Shares or the Convertible Bonds (as the case may be); or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer and the CB Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer and the CB Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders and the Bondholders and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the CB Offer and the transfer of the Offer Shares and the Convertible Bonds to the Stamp Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offers will be made as soon as practicable but in any event within 10 days of the date on which the relevant documents of title are received by the Offeror to render such acceptance complete and valid. As the Option Offer Price of HK\$0.055 is of three decimal places, the remittances in respect of the cash consideration payable for the Options tendered for acceptance under the Option Offer will be rounded up to the nearest cent.

Other arrangements

As at the date of this joint announcement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company which might be material to the Offers. There is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers.

As at the date of this joint announcement, none of the Offeror or parties acting in concert with it has received any irrevocable commitment to accept the Offers.

Overseas holders of Shares, Convertible Bonds and Options

As the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, overseas holders of Shares, Convertible Bonds and Options who are citizens or residents or nationals of a jurisdiction outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the overseas holders of Shares, Convertible Bonds and Options who wish to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Shareholders, Bondholders and Optionholders in respect of such jurisdiction).

INFORMATION ON THE OFFEROR AND MR. CHAN

The Offeror is an investment holding company incorporated in the BVI with limited liability. The principal activity of the Offeror is investment holding and the principal assets held by the Offeror are the Sale Shares acquired from the Vendor. The sole beneficial owner and the sole director of the Offeror is Mr. Shan. Mr. Shan, aged 45, is an entrepreneur in the PRC with over 15 years of experience in corporate finance, operation and cashflow management and research and development. He also held senior positions in various private companies engaged in agriculture, environmental protection and chemical fertilizers in the PRC.

Mr. Chan Ping Yee, aged 59, as a strategic investor in respect of its investment in the Company, is a businessman who possesses over 20 years experience in the manufacturing of consumer products, and held senior management positions in various business units relating to finance and operations. His family business has diversified into investments in securities, real estate development and mineral resources mining, both in Hong Kong and the PRC.

INFORMATION ON THE GROUP

The principal activity of the Company is investment holding with its subsidiaries principally engaged in the manufacture and sale of loudspeaker systems to customers in the PRC and overseas market.

The Group recorded audited consolidated losses attributable to equity holders of the Company of approximately HK\$14.4 million and approximately HK\$3.2 million for the two financial years ended 31 December 2008 and 2009 respectively. The Group recorded unaudited profit attributable to equity holders of the Company of approximately HK\$2.0 million for the three months ended 31 March 2010. The audited consolidated total equity attributable to equity holders of the Company as at 31 December 2009 was approximately HK\$82.5 million. As stated in the first quarterly report of the Company for the three months ended 31 March 2010, the Group was committed to strengthen its core businesses of manufacture and sales of high performance loudspeaker products to major automakers and consumer electronics companies around the world, such as Ford Motor Company, Volkswagen and Audi. In addition, the Group continued to launch new and competitive multimedia and home theatre products to satisfy our renowned customers' needs. The sales of loudspeaker systems for automobiles were increased by 118% to approximately HK\$118.0 million for three months ended 31 March 2010. Increase in overall sales by 101% for the first quarter of 2010 was primarily attributable to recovery of automobile market and hence rebound of shipments to customers.

OFFEROR'S INTENTION ON THE GROUP

The Offeror intends that the Group will continue its existing principal activities, and leveraged on Mr. Shan's assistance and experience in environmental protection and agricultural business, the Group will look for business opportunities in the aforesaid sectors with a view to expanding the business activities of the Group. The Offeror will conduct a detailed review on the operations of the Group after the close of the Offers with a view to formulating a suitable business strategy for the Group and consider whether diversification of the Group's business into the above sector will be appropriate to enhance the growth of the Remaining Group. In the event that any of the aforesaid business opportunities materialize or the Offeror introduces any major changes to the existing operation and business of the Company after the Offers, further announcement will be made by the Company as and when required under the GEM Listing Rules. As at the date of this joint announcement, the Offeror has no intention or plan for disposal of assets and/or business of the Remaining Group.

As at the date of this joint announcement, the Board comprises two executive Directors and three independent non-executive Directors. The Offeror intends that it will nominate new Directors to the Board on such date as the Takeovers Code, the GEM Listing Rules and the Company's articles of association permit. At present, the Offeror has not decided on the nominees to be appointed to the Board. Any changes to the Board composition will be announced by the Company in due course and in accordance with the GEM Listing Rules.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, upon close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers. The new Directors to be nominated by the Offeror and appointed to the Board at the earliest time permitted by the Takeovers Code and the Company's articles of association and the director of the Offeror will undertake to the Stock Exchange to take appropriate steps following the close of the Offers to ensure that such number of Shares as may be required by the Stock Exchange are held by the public.

DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code) of the Company and the Offeror (within the meaning of the Takeovers Code) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

THE DISPOSALS

On 12 July 2010, the Indigo Agreement and the Taraki Agreement were entered into in respect of the Disposals.

The Indigo Agreement

Date

12 July 2010

Parties

Purchaser: Newood

Vendor: the Company

Subject matter of the Indigo Agreement

Pursuant to the Indigo Agreement, the Company agreed to sell and Newood agreed to purchase the Indigo Sale Share and the rights, title, benefits and interests of the Company in, the Indigo Sale Loan.

The Company shall not be obliged to sell any of the Indigo Sale Share or the Indigo Sale Loan unless the sale and purchase of all the Indigo Sale Share and the Indigo Sale Loan is completed simultaneously.

Consideration

The aggregate consideration for the Indigo Sale Share and the Indigo Sale Loan is HK\$43,753,187.50, which was agreed between the Company and Newood after arm's length negotiations with reference to the consolidated net liability position of Indigo as at 31 December 2009 and the amount of the Indigo Sale Loan of approximately HK\$18.8 million, and shall be paid in the following manner:

- (i) HK\$25,000,000 in cash shall be deposited with the Escrow Agent upon the completion of the SP Agreement in accordance with the terms of the Escrow Letter. The Escrow Agent shall upon the instruction of the Offeror release from escrow the amount in escrow and pay the same to the Company in accordance with the Escrow Letter after completion of the sale and purchase of the Indigo Sale Share and the Indigo Sale Loan; and
- (ii) HK\$18,753,187.50 shall be set-off pursuant to the deed of set-off against the debt owing by the Company to Newood, which amounts to HK\$18,753,187.50 as at the date of the Indigo Agreement, at completion of the sale and purchase of the Indigo Sale Share and the Indigo Sale Loan.

Pursuant to the terms of the Escrow Letter, it is expected that the Escrow Agent shall upon instruction of the Offeror release the HK\$25,000,000 to the Company directly within two Business Days after completion of the sale and purchase of the Indigo Sale Share and the Indigo Sale Loan and receipt of relevant notification from the Offeror in accordance with other terms of the Escrow Letter.

Conditions precedent of the Indigo Agreement

The Indigo Agreement is conditional upon the fulfillment of the following conditions:

- (i) if necessary, the passing by the Independent Shareholders at an extraordinary general meeting of the Company to be convened and held of the necessary resolutions to approve the Indigo Agreement and the transactions contemplated thereunder;
- (ii) the consent of the Executive in relation to the Indigo Agreement and the transactions contemplated thereunder as a "special deal" under Rule 25 of the Takeovers Code having been obtained and not revoked prior to completion of the Indigo Agreement, and any conditions attaching to such consent being fulfilled;
- (iii) all necessary consents and approvals required to be obtained on the part of Newood in respect of the Indigo Agreement and the transactions contemplated thereby having been obtained;

- (iv) if necessary, the requisite waivers, consents and approvals from any relevant governmental or regulatory authorities in connection with the transactions contemplated by the Indigo Agreement (including, without limitation, the change in control of Indigo upon completion of the Indigo Agreement) having been obtained; and
- (v) completion of the SP Agreement in accordance with its terms and conditions.

All conditions set out above are incapable of being waived by the parties thereto. If the conditions set out above have not been satisfied on or before 4:00 p.m. on 12 October 2010, or such other date as Newwood and the Company may agree, the Indigo Agreement shall cease and determine (save and except for the clauses as stipulated in the Indigo Agreement) and thereafter neither party shall have any obligations and liabilities towards each other.

Completion

Completion shall take place on the date falling two Business Days after the fulfillment of the conditions precedent of the Indigo Agreement (or such other date as the parties thereto may mutually agree). Upon completion of the Indigo Agreement, members of the Indigo Group will cease to be subsidiaries of the Company.

The Taraki Agreement

Date

12 July 2010

Parties

Purchaser: Newwood

Vendor: Taraki Inc., a wholly-owned subsidiary of the Company

Subject matter of the Taraki Agreement

Pursuant to the Taraki Agreement, Taraki Inc. agreed to sell and Newwood agreed to purchase the Taraki Sale Shares and the rights, title, benefits and interests of Taraki Inc. in, the Taraki Sale Loan.

Taraki Inc. shall not be obliged to sell any of the Taraki Sale Shares or the Taraki Sale Loan unless the sale and purchase of all the Taraki Sale Shares and the Taraki Sale Loan is completed simultaneously.

Consideration

The aggregate consideration for the Taraki Sale Shares and the Taraki Sale Loan is HK\$8,000,000, which was agreed between Taraki Inc. and Newood after arm's length negotiations with reference to the audited net asset value of Taraki as at 31 December 2009 of approximately HK\$1 million and the amount of the Taraki Sale Loan of approximately HK\$5.2 million and shall be deposited with the Escrow Agent upon the SP Completion in accordance with the terms of the Escrow Letter. The Escrow Agent shall upon the instruction of the Offeror release from escrow an amount equivalent to the consideration and pay the same to Taraki Inc. in accordance with the Escrow Letter after completion of the sale and purchase of the Taraki Sale Shares and the Taraki Sale Loan.

Pursuant to the terms of the Escrow Letter, it is expected that the Escrow Agent shall upon instruction of the Offeror release the HK\$8,000,000 to Taraki Inc. directly within two Business Days after completion of the sale and purchase of the Taraki Sale Shares and the Taraki Sale Loan and receipt of relevant notification from the Offeror in accordance with other terms of the Escrow Letter.

Conditions precedent of the Taraki Agreement

The Taraki Agreement is conditional upon the fulfillment of the following conditions:

- (i) if necessary, the passing by the Independent Shareholders at an extraordinary general meeting of the Company to be convened and held of the necessary resolutions to approve the Taraki Agreement and the transactions contemplated thereunder;
- (ii) the consent of the Executive in relation to the Taraki Agreement and the transactions contemplated thereunder as a "special deal" under Rule 25 of the Takeovers Code having been obtained and not revoked prior to completion of the Taraki Agreement, and any conditions attaching to such consent being fulfilled;
- (iii) all necessary consents and approvals required to be obtained on the part of Newood in respect of the Taraki Agreement and the transactions contemplated thereby having been obtained;
- (iv) if necessary, the requisite waivers, consents and approvals from any relevant governmental or regulatory authorities in connection with the transactions contemplated by the Taraki Agreement (including, without limitation, the change in control of Taraki upon completion of the Taraki Agreement) having been obtained; and
- (v) completion of the SP Agreement in accordance with its terms and conditions.

All conditions set out above are incapable of being waived by the parties thereto. If the conditions set out above have not been satisfied on or before 4:00 p.m. on 12 October 2010, or such other date as Newwood and Taraki Inc. may agree, the Taraki Agreement shall cease and determine (save and except for the clauses as stipulated in the Taraki Agreement) and thereafter neither party shall have any obligations and liabilities towards each other.

Completion

Completion shall take place on the date falling two Business Days after the fulfillment of the conditions precedent of the Taraki Agreement (or such other date as the parties thereto may mutually agree). Upon completion of the Taraki Agreement, Taraki will cease to be a subsidiary of the Company.

Information on Indigo

Indigo, a company incorporated in Samoa with limited liability, is an investment holding company and wholly-owned by the Company. Based in the North America, the Indigo Group is principally engaged in the provision of design, development and marketing of home and automotive audio products in the North American, European and Asian markets.

Information on Taraki

Taraki, a company incorporated in Hong Kong with limited liability, is a wholly-owned subsidiary of Taraki Inc., which in turn is a wholly-owned subsidiary of the Company, and is principally engaged in the provision of management services to companies of the Group, and holding of the Taraki Property. Taraki has no major assets or investment other than its holding of the Taraki Property, which had a carrying value of approximately HK\$6.62 million as at 31 December 2009 as appraised by an independent valuer.

Set out below are the audited financial results of Taraki for the two years ended 31 December 2009:

| | For the year ended 31 December | |
|----------------------|---|-------------|
| | 2009 | 2008 |
| | HK\$ | HK\$ |
| Revenue | – | – |
| Loss before taxation | 256,912 | 168,795 |
| Loss after taxation | 256,912 | 168,795 |

According to the financial statements of Taraki for the year ended 31 December 2009, the audited net assets value of Taraki as at 31 December 2009 was HK\$968,136. The Company is expected to recognise a gain for the disposal of the Taraki Sale Shares and the Taraki Sale Loan of approximately HK\$1.9 million based on the consideration of the disposal of the Taraki Sale Share and the Taraki Sale Loan and the aggregate of the net asset value of Taraki and the amount of the Taraki Sale Loan.

Required Financial information

Rules 19.58(7), 19.58(8) and 19.60(3)(a) of the GEM Listing Rules respectively requires the disclosure by the Company of (i) the asset value of and the net profits or loss attributable to the assets that are the subject of the Indigo Agreement; and (ii) the gain or loss expected to accrue to the Group and the basis for calculating such gain or loss as a result of the transactions contemplated under the Indigo Agreement (the “**Required Financial Information**”) in this joint announcement. In connection with these requirements, applications for waivers were made by the Company for including such information in this joint announcement. Such applications were made on the grounds that (i) the Required Financial Information are unaudited and unpublished figures (which is the only available information as at the date of this joint announcement) and, if disclosed in this joint announcement, will constitute profit forecasts within the meaning of Rule 10 of the Takeovers Code which would need to be reported on by an auditor and financial adviser of the Company, it would be burdensome for the Company to withhold this joint announcement until such reports are available; (ii) the grant of the waiver would not result in undue risks to the Shareholders and be repugnant to the general principles under Rule 2.06 of the GEM Listing Rules as the Disposals are still subject to the approval of the Independent Shareholders who will be properly informed of the Required Financial Information in the Circular and will have the benefit of perusing the advice from the Independent Board Committee and the Independent Financial Adviser before making their decision on how to cast their votes in the EGM; and (iii) the basis upon which the consideration was determined has been disclosed in this joint announcement pursuant to Rule 19.58(6) of the GEM Listing Rules.

The Required Financial Information will be contained in the Circular and an announcement to be issued by the Company when the Circular is despatched.

Reasons for the Disposals

The operation of the Group in the North America is conducted only through the Indigo Group. As reflected in the segment reporting disclosed in the annual report of the Company for the year ended 31 December 2009, the results of the operation of the Group in the North American segment (the segmentation of which is based on the geographical location of the relevant operations) was unsatisfactory in the past, which has reported loss for each of the two years ended 31 December 2009. The entering of the Indigo Agreement represents an opportunity for the Group to cease the loss making operation of the said segment and spare resources for its other business operations at a reasonable price.

The head office and principal place of business of the Company in Hong Kong is situated at the Taraki Property. It is the intention of the Company to move to other location for the head office and principal place of business in Hong Kong which may better suit the scale and costs of operation of the Company in Hong Kong. Accordingly, it makes commercial sense for the Company not to retain Taraki and realise the investment in the Taraki Property for cash for the Company's other business operations.

Having taken into account the above reasons and given that the Company will benefit from an increased cash balance by the amount of the cash portion of the proceeds from the Disposals and a reduction of liability as a result of the offsetting of the debt owing by the Company to Newood pursuant to the Indigo Agreement, the Directors (excluding the independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser) consider the Disposals to be fair and reasonable and in the interests of the Group and the Shareholders as a whole.

IMPLICATIONS OF THE DISPOSALS UNDER THE GEM LISTING RULES AND THE TAKEOVERS CODE

Major and connected transaction

As one of the applicable percentage ratios as defined under Rule 19.07 of the GEM Listing Rules in respect of the Disposals is more than 25% but less than 75%, the Disposals constitute major transaction for the Company under Chapter 19 of the GEM Listing Rule. As at the date of the Indigo Agreement and the Taraki Agreement, Newood was interested in approximately 73.83% of the issued share capital of the Company and is therefore a connected person of the Company under the GEM Listing Rules. Accordingly, the Disposals also constitute connected transaction for the Company under Chapter 20 of the GEM Listing Rules and the Disposals are therefore subject to the reporting, announcement and Independent Shareholders' approval requirements of Chapter 20 of the GEM Listing Rules.

Special deals

The Disposals constitute special deals for the Company under Note 4 to Rule 25 of the Takeovers Code and therefore requires the consent of the Executive. Such consent, if granted, will be subject to (i) the Independent Financial Adviser publicly stating that in his opinion the respective terms of the Disposals are fair and reasonable; and (ii) the approval of the Disposals by the Independent Shareholders by way of a poll at the EGM. Shareholders including (i) the Offeror and parties acting in concert with it; and (ii) any Shareholders who are involved in or interested in, the Indigo Agreement or the Taraki Agreement or the transactions contemplated therein shall abstain from voting on the proposed resolutions in respect of the Indigo Agreement or the Taraki Agreement or the transactions contemplated thereunder at the EGM.

The Company will make an application to the Executive for consents under Rule 25 of the Takeovers Code in relation to the Disposals.

GENERAL

Under Rule 8.2 of the Takeovers Code, an offer document containing, among other things, details of the Offers, together with the relevant forms of acceptance and transfer, should be despatched to the Independent Shareholders, the Bondholders and the Optionholders as soon as practicable, but in any event within 21 days of the date of this joint announcement or such later date as the Executive may approve. In accordance with the Takeovers Code, the Company is required to send the offeree board circular in relation to the Offers to the Independent Shareholders, the Bondholders and the Optionholders within 14 days of the posting of the offer document, or such later date as the Executive may approve.

An offer document containing, among other things, details of the Offers and the expected timetable in connection with the Offers will be despatched to the Independent Shareholders, the Bondholders and the Optionholders within 21 days of the date of this joint announcement.

In order that the Independent Board Committee and the Independent Financial Adviser can give their respective advice on the Offers taking into consideration the completion or not of the Disposals, the Company will apply to the Executive for a waiver from strict compliance with Rule 8.4 of the Takeovers Code for an extension of time to despatch the offeree board circular to a date on or before 27 August 2010, which is a date after the tentative date of the EGM. The Offeror has indicated its consent to an extension of the first closing date of the Offers by the number of days in respect of which the delay in posting of the offeree board circular is delayed.

Rule 2.8 of the Takeovers Code requires the Company to establish an independent committee of the Board to advise the Independent Shareholders, the Bondholders and the Optionholders on the Offers and the Indigo Agreement and the Taraki Agreement and transactions contemplated thereunder and that such independent committee should comprise all non-executive Directors who have no direct or indirect interest in the Offers and the Disposals other than as a Shareholder. The Company has three non-executive Directors, namely Mr. Yiu Chi Wah, Mr. Fan Chi Fai, Paul and Mr. Lee Fang Yu. As Mr. Yiu Chi Wah was involved in the negotiation of the Offers and the Disposals, the Directors consider that it would be more appropriate that Mr. Yiu Chi Wah does not sit on the Independent Board Committee. Accordingly, the Independent Board Committee comprising the remaining two non-executive Directors, namely Mr. Fan Chi Fai, Paul and Mr. Lee Fang Yu, has been established to advise and give recommendation to the Independent Shareholders, the Bondholders and the Optionholders in connection with the Offers and to the Independent Shareholders in respect of the Indigo Agreement and the Taraki Agreement and transactions contemplated therein. The Company has appointed Goldin Financial Limited as the independent financial adviser to advise (i) the Independent Board Committee in respect of the Offers and the Indigo Agreement and the Taraki Agreement and transactions contemplated thereunder; and (ii) the Independent Shareholders in respect of the Indigo Agreement and the Taraki Agreement and transactions contemplated thereunder. The Independent Board Committee has approved the appointment of the Independent Financial Adviser.

The Circular containing, among other things, (i) further details of the Disposals; (ii) the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser in respect of the Indigo Agreement and the Taraki Agreement and transactions contemplated thereunder; and (iii) a notice convening the EGM will be sent to the Shareholders as soon as practicable in accordance with the GEM Listing Rules and the Takeovers Code. The Board expects that the Circular will be despatched to the Shareholders on or before 6 August 2010.

Warning: Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:30 a.m. on 13 July 2010 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 19 July 2010.

DEFINITIONS

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise.

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| “acting in concert” | has the meaning ascribed thereto in the Takeovers Code |
| “Board” | the board of Directors |
| “Bondholders” | holders of the Convertible Bonds |
| “Business Day” | a day (other than Saturday) on which banks in Hong Kong are generally open for business |
| “BVI” | British Virgin Islands |
| “CB Offer” | the unconditional mandatory cash offer to be made by Optima Capital on behalf of the Offeror for all the outstanding Convertible Bonds other than those already owned by the Offeror and parties acting in concert with it in accordance with the Takeovers Code |

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| “Circular” | the circular to be despatched to the Shareholders containing, among other things, further details of the Disposals, the letter of advice of the Independent Board Committee and the letter of advice of the Independent Financial Adviser in respect of the Indigo Agreement and the Taraki Agreement and the transactions respectively contemplated thereunder |
| “Company” | Sonavox International Holdings Limited (stock code: 8226), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM |
| “Convertible Bonds” | the outstanding 8% redeemable convertible bonds due 2011 issued by the Company in the aggregate outstanding principal amount of US\$5,000,000 as at the date of this joint announcement, which entitles the holders thereof to convert into new Shares of the Company at the prevailing conversion price of HK\$0.40 (subject to adjustments) |
| “Directors” | directors of the Company |
| “Disposals” | collectively, the disposals of (i) the Indigo Sale Share and the Indigo Sale Loan; and (ii) the Taraki Sale Shares and the Taraki Sale Loan, pursuant to the Indigo Agreement and the Taraki Agreement respectively |
| “EGM” | the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the terms of the Indigo Agreement and the Taraki Agreement and the transactions respectively contemplated therein |
| “Encumbrances” | includes without any limitation, with respect to any asset, any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set-off, counterclaim, trust arrangement or other security or any equity or restriction (including any restriction imposed under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)) |
| “Escrow Agent” | Optima Capital, the escrow agent in respect of the cash components of the considerations for the Disposals |

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| “Escrow Letter” | the escrow letter dated 16 July 2010 entered into between the Company, Newwood, Taraki Inc., the Offeror and the Escrow Agent in relation to the deposit of the cash components of the considerations for the Disposals in the account of the Escrow Agent pursuant to the SP Agreement |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any delegates of the executive director |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Group” | the Company and its subsidiaries |
| “Guarantors” | Mr. Shan and Mr. Yang |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Independent Board Committee” | the independent committee of the Board, excluding Mr. Yiu Chi Wah who is an independent non-executive Directors and was involved in the negotiation of the Offers and the Disposals, comprising Mr. Fan Chi Fai, Paul and Mr. Lee Fang Yu, being non-executive Directors who have no direct or indirect interest in the Offers and the Disposals, established to make recommendation to (i) the Independent Shareholders, the Bondholders and the Optionholders in connection with the Offers; (ii) the Independent Shareholders in respect of the Indigo Agreement and the Taraki Agreement and the transactions contemplated thereunder |
| “Independent Financial Adviser” | Goldin Financial Limited, a corporation licensed to conduct type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser appointed by the Company to advise (i) the Independent Board Committee in respect of the Offers and the Indigo Agreement and the Taraki Agreement and transactions contemplated thereunder; and (ii) the Independent Shareholders in respect of the Indigo Agreement and the Taraki Agreement and transactions contemplated thereunder |

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| “Independent Shareholders” | (i) in respect of the Share Offer, Shareholders other than the Offeror and parties acting in concert with it; and (ii) in respect of the Disposals, Shareholders other than the Offeror and parties acting in concert with it and any other Shareholders who are involved or interested in the Indigo Agreement or the Taraki Agreement or the transactions contemplated thereunder |
| “Indigo” | Indigo Enterprises Inc., a company incorporated in Samoa with limited liability, which is wholly-owned subsidiary of the Company |
| “Indigo Agreement” | the agreement dated 12 July 2010 entered into between the Company and Newood in relation to the sale and purchase of the Indigo Sale Share and the Indigo Sale Loan |
| “Indigo Group” | Indigo and its subsidiary |
| “Indigo Sale Share” | 1 share of US\$1 each, being the entire issued share capital of Indigo |
| “Indigo Sale Loan” | all obligations, liabilities and debts owing or incurred by Indigo to the Company on or at any time prior to the completion of the Indigo Agreement whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on completion of the Indigo Agreement |
| “Last Trading Day” | 12 July 2010, being the last trading day of the Shares immediately prior to its suspension in trading on the Stock Exchange on 13 July 2010 pending the release of this joint announcement |
| “Mr. Chan” | Mr. Chan Ping Yee, a party acting in concert with the Offeror |
| “Mr. Shan” | Mr. Shan Xiaochang, the sole beneficial owner and the sole director of the Offeror |
| “Mr. Yang” | Mr. Yang Ching Yau, one of the ultimate beneficial owners of Newood and an executive Director |

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| “Newood” | Newood Consultancy Limited, a company incorporated in the BVI with limited liability which is wholly owned by Silver Way Limited, the entire issued share capital of which is in turn owned by Deutsche Bank International Trust Co. (Cayman) Limited as the trustee of The SEI Trust, and the discretionary objects of which are Mr. Yang and Mr. Yang Tsu Ying, both of which are the executive Directors |
| “Offeror” | Fame Global Enterprises Limited, a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Shan |
| “Offers” | collectively, the Share Offer, the CB Offer and the Option Offer |
| “Offer Share(s)” | Share(s) in respect of which the Share Offer is made, being Share(s) not already owned by the Offeror and parties acting in concert with it |
| “Optima Capital” | Optima Capital Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) permitted to engage in type 1 (dealings in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Offeror |
| “Option(s)” | the option(s) granted under the Share Option Scheme which are outstanding as at the date hereof and entitle the holders thereof to subscribe for Option Share(s) at a subscription price of HK\$0.345 per Option Share |
| “Optionholders” | holders of the Options |
| “Option Offer” | the unconditional mandatory cash offer to be made by Optima Capital on behalf of the Offeror for the cancellation of the Options in accordance with the Takeovers Code |
| “Option Offer Price” | the price at which the Option Offer will be made, being HK\$0.055 for the cancellation of each Option |

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| “Option Share(s)” | the new Share(s) which may fall to be issued upon the exercise by the holders of the Options of the subscription rights attaching to the Options at a price of HK\$0.345 per Share |
| “PRC” | the People’s Republic of China, for the purposes of this joint announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “Remaining Group” | the Group immediately after completion of the Disposals |
| “SP Agreement” | the sale and purchase agreement dated 12 July 2010 entered into among Newood, the Offeror and the Guarantors in relation to the sale and purchase of the Sale Shares |
| “SP Completion” | completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the SP Agreement |
| “Sale Shares” | a total of 240,000,000 Shares acquired by the Offeror from Newood pursuant to the terms and conditions of the SP Agreement |
| “SFC” | Securities and Futures Commission |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the issued share capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Share Offer” | the unconditional mandatory cash offer to be made by Optima Capital on behalf of the Offeror for all the Shares other than those already owned by the Offeror and parties acting in concert with it in accordance with the Takeovers Code |
| “Share Offer Price” | the price at which the Share Offer will be made, i.e. at HK\$0.40 per Offer Share |
| “Share Option Scheme” | the share option scheme of the Company adopted pursuant to an ordinary resolution of the Company passed on 8 July 2002 |

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| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “Taraki” | Taraki Services Company Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company |
| “Taraki Agreement” | the conditional sale and purchase agreement dated 12 July 2010 entered into between Taraki Inc. and Newwood in relation to the sale and purchase of the Taraki Sale Shares and the Taraki Sale Loan |
| “Taraki Property” | the property held by Taraki which situates at 14th Floor, Kam Sang Building, Nos. 255-257 Des Voeux Road Central, Hong Kong |
| “Taraki Sale Shares” | 2 shares of HK\$1.0 each, being the entire issued share capital of Taraki |
| “Taraki Sale Loan” | all obligations, liabilities and debts owing or incurred by Taraki to Taraki Inc. on or at any time prior to the completion of the Taraki Agreement whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on completion of the Taraki Agreement |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “US\$” | US dollars, the lawful currency of United States of America |
| “%” | per cent. |

For and on behalf of
Fame Global Enterprises Limited
Shan Xiaochang
Sole Director

By order of the Board
Sonavox International Holdings Limited
Yang Tsu Ying
Chairman

Hong Kong, 16 July 2010

As at the date of this joint announcement, the Board comprises five Directors namely Mr. Yang Tsu Ying and Mr. Yang Ching Yau, being the executive Directors, and Mr. Yiu Chi Wah, Mr. Fan Chi Fai, Paul and Mr. Lee Fang Yu, being the independent non-executive Directors.

As at the date of this joint announcement, the sole director of the Offeror is Mr. Shan Xiaochang.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Group, Newood and parties acting in concert with it), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Group, Newood and parties acting in concert with it) been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement contained in this joint announcement misleading.

This joint announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this joint announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this joint announcement misleading.

This joint announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.sonavox.com.hk.