

6 August 2010

*To the Independent Shareholders, the Bondholders
and the Optionholders*

Dear Sir or Madam,

**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**

INTRODUCTION

On 16 July 2010, the Offeror and the Company jointly announced that the Offeror, Newood and the Guarantors entered into the SP Agreement on 12 July 2010, 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.

As a result of the acquisition of the Sale Shares, the Offeror has become 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 the outstanding Options other than those already owned by the Offeror and parties acting in concert with it.

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In addition, on 12 July 2010, (i) the Company and Newood entered into an agreement in relation to the disposal of Indigo Enterprises Inc.; and (ii) Taraki Inc. and Newood entered into an agreement in relation to the disposal of Taraki Services Company Limited, details of the Disposals are disclosed in the Joint Announcement and the circular in respect thereof which is expected to be despatched to the Shareholders on 6 August 2010.

This letter sets out, among other things, the details of the Offers, information on the Offeror and the intention of the Offeror regarding the Remaining Group. Further details of the terms and procedures of acceptance of the Offers are set out in Appendix I to this Document and in the accompanying Form(s) of Acceptance.

UNCONDITIONAL MANDATORY CASH OFFERS

Prior to the SP Completion, the Offeror and parties acting in concert with it do not have any interests in any securities of the Company. As at the Latest Practicable Date, and as a result of the acquisition of the Sale Shares, the Offeror was interested in 240,000,000 Shares, representing approximately 73.83% of the entire issued share capital 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 Latest Practicable Date, 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, is making 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

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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 Optionholders 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. Pursuant to the Shares Option Scheme, in the case that a general offer is made to the Shareholders, any Options not yet exercised before the close of the Offers shall lapse immediately after the close of the Option Offer.

Acceptance of the Offers shall be unconditional and irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code. The procedures for acceptance and further terms of the Offers are set out in Appendix I to this Document.

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;
- (ii) is equivalent to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day 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 ten trading days up to and including the Last Trading Day of HK\$0.40 per Share;
- (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; and

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- (v) represents a discount of approximately 24.5% to the closing prices of HK\$0.53 per Shares as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

The highest closing price of the Shares as quoted on the Stock Exchange during the Relevant Period was HK\$0.61 per Share on 19 July 2010. The lowest closing price of the Shares as quoted on the Stock Exchange during the Relevant Period was HK\$0.35 per Share on 18 January 2010.

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. The Offers will be financed by the internal resources of the Offeror and Mr. Chan, and a loan in the amount of HK\$50,000,000 provided by Mr. Kwong Chi Shing to the Offeror. The Offeror does not intend that the payment of interest and repayment of the aforesaid loan will depend on the business of the Company. 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, its sole director, Mr. Kwong nor parties acting in concert with them has dealt in the Shares, the Convertible Bonds, the Options, derivatives, warrants or other securities convertible into Shares during the Relevant Period. As at the Latest Practicable Date, 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 Latest Practicable Date, save for the Sale Shares held by the Offeror, the Offeror, its sole director, Mr. Kwong and parties acting in concert with them do not hold, own or control any Shares, 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 respectively 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 in full as soon as possible but in any event within 10 days of the date on which the relevant documents of title are received by the Registrar (as regards the Share Offer) and the company secretary of the Company (as regards the CB offer and Option Offer) to render such acceptance complete and valid. As the Option Offer Price of HK\$0.055 is of three decimal places, the remittance in respect of the cash consideration payable for the options tendered for acceptance under the Option Offer will be rounded up to the nearest Hong Kong cent.

Overseas Shareholders, Overseas Bondholders and Overseas Optionholders

As the Offers made to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders, Overseas Bondholders and Overseas Optionholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should inform themselves of and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the Overseas Shareholders, Overseas Bondholders and Overseas Optionholders 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 Independent 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 it are the Sale Shares acquired from Newood. 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.

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Mr. Chan, aged 59, as a strategic investor in respect of its investment in the Company, is a businessman who possesses over 20 years of 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 REMAINING GROUP

The Offeror intends that the Remaining Group will continue its existing principal activities, and leveraged on Mr. Shan's assistance and experience in environmental protection and agricultural business, the Remaining Group will look for business opportunities in the sector of environmental protection in the PRC with a view to expanding the business activities of the Remaining Group. The Offeror will conduct a detailed review on the operations of the Remaining Group after the close of the Offers with a view to formulating a suitable business strategy for the Remaining Group and consider whether diversification of the business into the above sector will be appropriate to enhance the growth of the Remaining Group. In view of the foresaid, the Offeror is of the view that the Offers are in its long-term commercial interest. 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 (including re-deployment of fixed assets of the Remaining Group) after the close of the Offers, further announcement will be published by the Company as and when required under the GEM Listing Rules. As at the Latest Practicable Date, the Offeror has no intention or plan for re-deployment or disposal of assets and/or business of the Remaining Group.

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PROPOSED CHANGE OF BOARD COMPOSITION

As at the Latest Practicable Date, the Board comprises two executive Directors and three independent non-executive Directors. The Offeror intends to nominate Mr. Shan as the new Director to the Board on such date as the Takeovers Code, the GEM Listing Rules and the Company's articles of association shall permit. Mr. Shan will be responsible for the management of the Company's business with a view to enhancing the corporate management of the Group immediately after the appointment. Further announcement will be published by the Company in respect of the changes to the Board pursuant to Rule 17.50(2) of the GEM Listing Rules as and when appropriate.

Save as disclosed above, the Offeror does not intend that there would be any material changes to the existing management and employees of the Remaining Group following the close of the Offers.

COMPULSORY ACQUISITION

The Offeror does not intend to avail any powers of compulsory acquisition of any Shares after the close of the Offers.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, upon closing 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 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.

GENERAL

Acceptance of the Share Offer by the Independent Shareholder(s) will be deemed to constitute a warranty by such person to the Offeror that such Offer Share(s) acquired under the Share Offer are sold by the Independent Shareholders free from all third party rights, liens, claims, charges, equities and encumbrances and together with all rights accruing or attaching thereto on or after the date of SP Completion or subsequently becoming attached to it, including, without limitation, the rights to receive all future dividends and/or other distributions declared, paid or made, if any, on or after the date of SP Completion.

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Acceptance of the CB Offer by the Bondholders will be deemed to constitute a warranty by the Bondholders to the Offeror that the Convertible Bonds tendered for acceptance are free from all third party rights, liens, claims, charges, equities, and encumbrances whatsoever and renounced together with all rights accruing or attaching thereto on or after the date of SP Completion or subsequently becoming attached to them and that such Bondholders will surrender to the Offeror all of his existing rights, if any, in respect of the Convertible Bonds.

Acceptance of the Option Offer by the Optionholders will be deemed to constitute a warranty by the Optionholders to the Offeror that the Options tendered for acceptance are free from all third party rights, liens, claims, charges, equities, and encumbrances whatsoever and renounced together with all rights accruing or attaching thereto on or after the date of SP Completion or subsequently becoming attached to them and that such Optionholders will surrender to the Company all of his existing rights, if any, in respect of the Option, following which such Options will be cancelled and extinguished.

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold any Offer Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to accept the Share Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Share Offer.

The attention of the Independent Shareholders, Bondholders and the Optionholders with registered addresses in jurisdiction outside Hong Kong is drawn to the section headed "Overseas Shareholders, Overseas Bondholders and Overseas Optionholders" in Appendix I to this Document.

ADDITIONAL INFORMATION

Your attention is drawn to the accompanying Form(s) of Acceptance and the additional information set out in the appendices which form part of this Document.

You are also recommended to read carefully the letter from the Board, the recommendation from the independent committee of the Board, the advice of the independent financial adviser to the independent committee of the Board and other information about the Group which will be set out in the Response Document before deciding whether or not to accept the Offers.

Yours faithfully,
For and on behalf of
OPTIMA CAPITAL LIMITED

A handwritten signature in black ink, appearing to read 'Mei H. Leung'.

Mei H. Leung
Chairman