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SONAVOX INTERNATIONAL HOLDINGS LIMITED

上聲國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8226)

DISCLOSEABLE TRANSACTION

The Board announces that on 31 December 2010, the Development Construction Agreement was entered into between Shangsheng Technology and the Contractor in relation to the Project. The entering into of the Development Construction Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules.

INTRODUCTION

The Board announces that on 31 December 2010, the Development Construction Agreement was entered into between Shangsheng Technology and the Contractor in relation to the Project.

THE DEVELOPMENT CONSTRUCTION AGREEMENT

Parties

- (a) Shangsheng Technology, which is principally engaged in manufacture and sales of loudspeaker systems; and
- (b) the Contractor, which is principally engaged in provision of construction services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Contractor and its ultimate beneficial owner(s) are third parties independent of the Group and connected persons of the Group.

Project

Pursuant to the Development Construction Agreement, the Contractor has agreed to provide construction services to Shangsheng Technology for the construction of two blocks of 4-storey factory buildings, one 3-storey canteen, one pumping station and one outdoor fire fighting facility. The construction works shall be carried out at Yuanhe Technology Park, Xiangcheng District, Suzhou, the PRC which is within the property where the production facilities of Shangsheng Technology is situated. The aggregate

construction area is approximately 67,375.92m² and the Project is expected to be completed by 28 September 2011. After completion of the Project, the Group will carry out manufacture activities at the said factory buildings.

Consideration

The consideration to be paid in cash by Shangsheng Technology to the Contractor for the construction works shall be RMB63,000,000 (equivalent to approximately HK\$74,144,700) (subject to adjustment) which will be satisfied in the following manner:

- (1) as to RMB6,000,000 (equivalent to approximately HK\$7,061,400) payable by Shangsheng Technology upon completion of groundwork of the said factory buildings, the said canteen and the said pumping station;
- (2) as to RMB5,000,000 (equivalent to approximately HK\$5,884,500) payable by Shangsheng Technology upon completion of construction of the 2nd floor of the said factory buildings and the said canteen;
- (3) as to RMB5,000,000 (equivalent to approximately HK\$5,884,500) payable by Shangsheng Technology upon completion of construction of the 3rd floor of the said factory buildings and the said canteen;
- (4) as to RMB5,000,000 (equivalent to approximately HK\$5,884,500) payable by Shangsheng Technology upon completion of construction of the 4th floor of the said factory buildings;
- (5) as to RMB21,000,000 (equivalent to approximately HK\$24,714,900) payable by Shangsheng Technology upon completion of all construction works to the Project;
- (6) as to RMB10,500,000 (equivalent to approximately HK\$12,357,450), being half of the remaining part of the consideration, payable by Shangsheng Technology on or before the first anniversary of the completion date of all the construction works to the Project; and
- (7) as to RMB10,500,000 (equivalent to approximately HK\$12,357,450), being the remaining part of the consideration, payable by Shangsheng Technology on or before the second anniversary of the completion date of all the construction works to the Project.

The consideration of RMB63,000,000 (equivalent to approximately HK\$74,144,700) shall be adjusted in any of the following circumstances when the construction cost to the Project is changed:

- (a) when there is a reduction of construction works at the request of Shangsheng Technology;

- (b) when there is an increase in construction works at the request of Shangsheng Technology;
- (c) when there is a change in the cost on construction materials;
- (d) when there is an increase in construction works or a change in the construction design or construction works caused by Shangsheng Technology; or
- (e) when there is any change to the construction works which are not caused by the Contractor.

The adjustment on the consideration shall be made by way of cash on a dollar-to-dollar basis to Shangsheng Technology or the Contractor after completion of all the construction works to the Project.

The consideration was negotiated between the parties on an arm's length basis and was determined with reference to the prevailing market rate of similar kind of projects.

REASONS FOR THE TRANSACTION

The Group is principally engaged in the investment holding, manufacturing and sale of loudspeaker systems to customers in the PRC and overseas markets. The Group undertook the Project to implement its plan to expand its production facilities and operation size. The Directors believe that the expansion of production facilities and operation size will contribute positively to the future development and growth of the Group.

Having regard to the above factors, the Directors consider that the terms and conditions of the Development Construction Agreement are fair and reasonable and that the Project is on normal commercial terms and is in the interest of the Shareholders as a whole.

GENERAL

The entering into of the Development Construction Agreement constitutes a discloseable transaction for the Company under the GEM Listing Rules.

DEFINITIONS

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| “Board” | the board of Directors |
| “Company” | Sonavox International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM |

“Contractor”	蘇州市蠡口建築安裝實業有限公司 (Suzhou City Likou Construction Installation Industrial Co., Ltd.*), a limited liability company incorporated in the PRC, a party to the Development Construction Agreement
“Development Construction Agreement”	the development construction agreement dated 31 December 2010 entered into between Shangsheng Technology and the Contractor in relation to the Project
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“Project”	the construction works to be conducted at Yuanhe Technology Park, Xiangcheng District, Suzhou for the construction of two blocks of 4-storey factory buildings, one 3-storey canteen, one pumping station and one outdoor fire fighting facility
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shangsheng Technology”	蘇州上聲科技有限公司 (Suzhou Shangsheng Technology Co., Ltd.), a non-wholly-owned subsidiary of the Company which is a limited liability company incorporated in the PRC
“Shareholder(s)”	holder(s) of Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“m ² ”	square metres
“%”	per cent.

By order of the Board
Sonavox International Holdings Limited
Shan Xiaochang
Chairman

Hong Kong, 31 December 2010

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Shan Xiaochang, Ms. Shan Zhuojun, Mr. Ma Arthur On-hing and Mr. Yang Ching Yau; and three independent non-executive Directors, namely Mr. Lee Kam Fan, Andrew, Mr. Wang Jialian and Mr. Wang Zhihua.

This 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 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 announcement misleading.

This 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 posting and on the website of the Company at www.sonavox.com.hk.

For the purpose of this announcement, translations of RMB into HK\$ or vice versa have been calculated by using an exchange rate of HK\$1.00 = RMB1.1769.

* *For identification purpose only*