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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**

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The Board is pleased to announce that on 5 January 2011 (after trading hours), the Company entered into the Agreement with the Vendor and the Guarantor in relation to the Acquisition, pursuant to which the Vendor has agreed to sell and the Company has agreed to acquire the Sale Shares (representing 51% of the entire issued share capital of the Target Company) at the Consideration of HK\$15,000,000. The Acquisition is subject to the satisfaction of the conditions as set out in the paragraph headed “Conditions precedent” below.

Upon completion of the Acquisition, the Company shall hold 51% of the entire issued share capital of the Target Company and another shareholder of the Target Company shall hold the remaining 49% of the entire issued share capital of the Target Company. The Target Company will be regarded as a subsidiary of the Group and the accounts of the Target Group will be consolidated into the financial statements of the Group.

#### **Implication under the GEM Listing Rules**

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are not more than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

## **DISCLOSEABLE TRANSACTION**

### **Agreement**

#### **Date:**

5 January 2011 (after trading hours)

#### **Parties:**

1. the Company
2. the Vendor
3. the Guarantor

In addition, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor, the ultimate beneficial owner of the Vendor, the Guarantor and their respective associates are third parties independent of the Company and connected persons of the Company.

### **Target Company**

The Target Company is an investment holding company. The entire issued share capital of the Target Company is held by the Vendor and another company, which is incorporated in the British Virgin Islands, as to 51% and 49% respectively. Immediately before the completion of the Acquisition, the Guarantor is the ultimate beneficial owner of the Target Company.

### **Assets to be acquired**

Pursuant to the terms and conditions of the Agreement, the Company has conditionally agree to acquire the Sale Shares.

### **The Target Group**

The HK Company, a company incorporated in Hong Kong with limited liability, is an investment holding company and is wholly and beneficially owned by the Target Company.

The PRC Company, a company established in the PRC as a wholly foreign owned enterprise with limited liability and is wholly owned by the HK Company.

### **The Consideration**

The Consideration of HK\$15,000,000 shall be settled by the Company in the following manner:

- (a) as to HK\$6,000,000 payable by the Company in cash upon the signing of the Agreement which is a deposit paid by the Company to the Vendor and shall be regarded as part of the Consideration to be paid by the Company to the Vendor upon completion of the Agreement; and

- (b) as to HK\$9,000,000 payable by the Company in cash upon completion of the Agreement.

In the event that completion does not take place, the Vendor shall return the deposit of HK\$6,000,000 to the Company within 3 business days after the termination of the Agreement.

### **Basis of the Consideration**

The Consideration was determined among the Company and the Vendor after arm's length negotiations and on normal commercial terms, taking into account the asset value of the Target Group which is of the amount of approximately HK\$24 million as at 31 December 2009.

### **Conditions precedent**

Completion of the Acquisition is subject to the satisfactory fulfilment and/or waiver by the Company of the following conditions:

- (a) the Company being satisfied with the results of the due diligence exercise to be conducted pursuant to the terms of the Agreements;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the Agreement and the transactions contemplated thereby having been obtained; and
- (c) the representations, warranties and undertakings made by the Vendor under the Agreement remaining true and accurate in all respects.

The Company may at its absolute discretion at any time waive in writing all of the conditions set out in (a) to (c) above (to the extent it is capable of being waived) and such waiver may be made subject to such terms and conditions as are determined by the Company. If the conditions have not been satisfied on or before 5 p.m. on 30 June 2011, or such later date as the Vendor and the Company may agree in writing, the Vendor shall forthwith refund the deposit of HK\$6,000,000 to the Company pursuant to the terms of the Agreement and the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

### **Completion**

Completion shall take place on the Completion Date.

### **Guarantee**

The Guarantor has unconditionally and irrevocably guaranteed to the Company to procure the Vendor to fulfil all obligations and responsibilities contemplated under the Agreement.

### **Information on the Target Group**

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability. It owns the entire issued share capital of the HK Company. The Target Company has no operation except for holding the interests in the HK Company.

The HK Company is a company incorporated in Hong Kong with limited liability. It holds all the equity interest in the PRC Company. The HK Company has no operation except for holding the interests in the PRC Company.

The PRC Company is a company incorporated in the PRC as a wholly foreign owned enterprise with limited liability which is engaged in the business of environmental technology engineering and construction.

After completion of the Acquisition in accordance with the Agreement, the Target Company will be owned by the Company as to 51% and the Target Group will become subsidiaries of the Group and the accounts of the Target Group will be consolidated into the financial statements of the Group.

### **Reasons for the Acquisition**

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 Acquisition to diversify the business of the Group. The Directors believe that the diversification of the Group's business will contribute positively to the future development and growth of the Group.

### **Implication under the GEM Listing Rules**

As the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition are not more than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

### **DEFINITIONS**

“Acquisition”	the acquisition of the Sale Shares of the Target Company pursuant to the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement dated 5 January 2011 entered into between the Company, the Vendor and the Guarantor
“Board”	the board of Directors
“Company”	Sonavox International Holdings Limited, a company incorporated in the Cayman Islands whose shares are listed and traded on the GEM

“Completion Date”	the fifth business day after the date on which the last condition precedent to the Agreement is fulfilled or such other date as the parties thereto may agree
“Consideration”	HK\$15,000,000
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Tong Chi Keung Jose
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“HK Company”	Faith King Investment Limited, a company incorporated in Hong Kong with limited liability, the entire issued share capital of which are held by the Target Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“PRC Company”	Jiangsu Shengyi Environmental Technology Co., Ltd.* (江蘇晟宜環保科技有限公司), a company incorporated in the PRC with limited liability, the equity capital of which are held by the HK Company
“Sale Shares”	510 shares of US\$1.00 each of the Target Company
“Share(s)”	the share of HK\$0.01 each of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Confident Echo Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which are held by the Vendor as to 51%
“Target Group”	the Target Company and its subsidiaries

“Vendor”

Glad Phoenix Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, the principal business of which is investment holding

By Order of the Board  
**Sonavox International Holdings Limited**  
**Shan Xiaochang**  
*Chairman*

Hong Kong, 5 January 2011

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

*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](http://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](http://www.sonavox.com.hk).*

\* For identification purpose only