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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)*

(Trade code: 8226)

#### **CONNECTED TRANSACTION**

The Directors announce that on 9 January 2007, Sonavox Acoustics, a non wholly-owned subsidiary of the Company, entered into with Indigo the Sale and Purchase Contract, pursuant to which Sonavox Acoustics agreed to buy and Indigo agreed to sell the Machineries at a cash consideration of CAD876,461 (equivalent to approximately HK\$6,048,000) including the purchase price of Machineries and costs directly attributable to bringing the Machineries to the PRC. The terms of the Sale and Purchase Contract were determined on an arm's length basis and were on normal commercial terms.

As Shangsheng Electric, Shangsheng Technology and Suzhou Hesheng owned as to 49% by the Minority Shareholder and two directors were nominated by the Minority Shareholder to the board of directors of Shangsheng Electric, Shangsheng Technology, Suzhou Hesheng and Sonavox Acoustics in the PRC. Sonavox Acoustics is an associate of the Minority Shareholder and therefore is a connected person within the meaning of Chapter 20 of the GEM Listing Rules.

The Sale and Purchase Contract constitutes a connected transaction under Chapter 20 of the GEM Listing Rules. As the applicable ratios are either (i) less than 2.5% or (ii) more than 2.5% but less than 25% and the consideration is less than HK\$10,000,000, the transaction contemplated by the Sale and Purchase Contract is only subject to the reporting and announcement requirements set out in Rule 20.45 to 20.47 and is exempt from the independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

#### **SALE AND PURCHASE CONTRACT**

**Date: 9 January 2007**

**Parties:**

Vendor: Indigo  
Purchaser: Sonavox Acoustics

Shangsheng Electric, Shangsheng Technology and Suzhou Hesheng owned as to 49% by the Minority Shareholder and two directors were nominated by the Minority Shareholder to the board of directors of Shangsheng Electric, Shangsheng Technology, Suzhou Hesheng and Sonavox Acoustics. Sonavox Acoustics is an associate of the Minority Shareholder and therefore is a connected person within the meaning of Chapter 20 of the GEM Listing Rules.

**ASSETS SOLD:**

The Sale and Purchase Contract includes thirty (30) sets of machinery that are collectively designed for the functions of automatic grooving, gluing and drying wooden board in the home theatre loudspeaker systems production line. The machineries are expected to be delivered from Indigo located in Toronto, Canada, to Sonavox Acoustics located in the PRC, in the first quarter of 2007.

**CONSIDERATION:**

CAD876,461 (equivalent to approximately HK\$6,048,000) including the purchase price of Machineries and costs directly attributable to bringing the Machineries to the PRC, which shall be paid and settled in cash following the signing of the Sale and Purchase Contract on 9 January 2007. The cash payment is expected to be settled by Sonavox Acoustics in the first quarter of 2007. The cash consideration will be used by Indigo as general working capital. As at the date of this announcement, no payment of consideration has been made.

The consideration was determined on an arm's length negotiation between Indigo and Sonavox Acoustics and was on normal commercial terms with reference to the specifications of the machineries and after other independent suppliers' quotes were obtained and considered by the Group.

The Directors, including the independent non-executive Directors, consider that the terms of the Sale and Purchase Contract are on normal commercial terms, fair and reasonable and the transaction is in the interest of the Group and the Shareholders of the Company as a whole.

**REASON FOR THE TRANSACTION**

The Machineries was first purchased by Indigo in October 2006 from an Independent Third Party in preparation for the new production lines developed by Sonavox Acoustics in the PRC at US\$780,000 (equivalent to approximately HK\$6,045,000). As the new production lines have now been developed, Indigo is transferring the Machineries to Sonavox Acoustics at cost. The Machineries will be useful for automatically grooving, gluing and drying wooden board in the new home theatre loudspeaker systems production line. It is estimated that the Machineries will further enhance production efficiency of Sonavox Acoustics.

**GENERAL INFORMATION**

The Group is principally engaged in the investment holding, manufacture and sale of loudspeaker systems to customers in the PRC and overseas markets.

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Sale and Purchase Contract”	Contract for sale and purchase of machineries entered into between Indigo and Sonavox Acoustics on 9 January 2007 in respect of the sale and purchase of the Machineries
“CAD”	Canadian dollar, the lawful currency of Canada
“Company”	Sonavox International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of PRC
“Independent Third Party”	Means party not connected with the Group, the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Indigo”	Indigo Manufacturing Inc., a company incorporated under the laws of Ontario, Canada, a wholly owned subsidiary of the Company
“Machineries”	30 sets of machinery that are collectively designed for the functions of automatic grooving, gluing and drying wooden board in the home theatre loudspeaker systems production line
“Minority Shareholder”	蘇州市相城區元和鎮集體資產經營公司 (Suzhou City Xiangchen District Yuanhe Town Collective Assets Operation Company), which is wholly-owned by 蘇州市相城區元和鎮人民政府 (Suzhou City Xiangcheng District Yuan He Town People’s Government. The Minority Shareholder is also substantial shareholder of Shangsheng Electric, Shangsheng Technology and Suzhou Hesheng
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	holder(s) of Shares
“Shangsheng Electrics”	蘇州上聲電子有限公司 (Suzhou Shangsheng Electrics Co., Ltd.), a sino-foreign equity joint venture established in the PRC and owned as to 51% by Taraki Inc., a wholly-owned subsidiary of the Company, and 49% by the Minority Shareholder. Shangsheng Electrics is principally engaged in the sale and manufacture of loudspeaker systems for automobiles

“Shangsheng Technology”	蘇州上聲科技有限公司 (Suzhou Shangsheng Technology Co., Ltd.), a sino-foreign equity joint venture established in the PRC and owned as to 51% by Taraki Inc., a wholly-owned subsidiary of the Company, and 49% by the Minority Shareholder. Shangsheng Technology is principally engaged in the sale and manufacture of loudspeaker systems
“Sonavox Acoustics”	蘇州上昇音響有限公司 (Suzhou Sonavox Acoustics Co., Ltd.), a sino-foreign equity joint venture established in the PRC and owned as to 51% by Taraki Inc., a wholly-owned subsidiary of the Company, and 49% by the Minority Shareholder. Sonavox Acoustics is principally engaged in the sale and manufacture of loudspeaker systems for home theatre to customers in the PRC and overseas markets
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subsidiary”	has the meaning ascribed thereto under the GEM Listing Rules
“Suzhou Hesheng”	蘇州和盛實業有限公司(Suzhou Hesheng Industrial Co. Ltd.) a sino-foreign equity joint venture established in the PRC and owned as to 51% by Taraki Inc., a wholly-owned subsidiary of the Company, and 49% by the Minority Shareholder. Suzhou Hesheng is principally engaged in the sale and manufacture of parts for loudspeaker systems
“US\$”	United States dollars, the lawful currency of the U.S.

*For the purpose of illustration only, CAD to HK\$ is translated at a rate of CAD1.00 = HK\$6.90. US\$ to HK\$ is translated at a rate of US\$1.00 = HK\$7.75.*

By order of the Board  
**Sonavox International Holdings Limited**  
**Yang Ching Yau**  
*Chief Executive Officer*  
*Executive Director*

Hong Kong, 9 January 2007

As at the date of this announcement, the Board of the Company comprises of two Executive Directors, namely Mr. Yang Tsu Ying and Mr. Yang Ching Yau; and three Independent Non-Executive Directors, namely Mr. Yiu Chi Wah, Mr. Wong Kai Tung, Simon and Mr. Fan Chi Fai, Paul.

*This announcement, for which the Directors of the Company 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: 1. the information contained in this announcement is accurate and complete in all material respects and not misleading; 2. there are no other matters the omission of which would make any statement in this announcement misleading; and 3. all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*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.*