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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares in Sonavox International Holdings Limited (the “**Company**”), you should at once hand this circular to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the directors (“**Directors**”) of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange 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, (i) the information contained in this circular is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



**SONAVOX INTERNATIONAL HOLDINGS LIMITED**

**上聲國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**PROPOSED GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES**

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The notice convening the annual general meeting of the Company to be held at Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong, on Tuesday, 29th April 2003 at 9:30 a.m. is set out in the 2002 Annual Report.

This circular will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting.

28th March 2003

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meaning:*

“2002 Annual Report”	the audited consolidated financial statements and the reports of the Directors and auditors of the Company for the year ended 31st December 2002;
“AGM”	the annual general meeting of the Company to be held at Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong, on Tuesday, 29th April 2003 at 9:30 a.m. at which the 2002 Annual Report will be adopted;
“Board”	the board of Directors;
“Company”	Sonavox International Holdings Limited;
“Directors”	the directors of the Company;
“GEM”	The Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities of GEM;
“Share Issue Mandate”	the general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the resolution approving the Issue Mandate;
“Latest Practicable Date”	24th March 2003, being the latest practicable date prior to the printing of this circular;
“Repurchase Mandate”	the general mandate to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the resolution approving the Repurchase Mandate;
“Shareholders”	holders of the Shares;
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

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## DEFINITIONS

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“Takeover Code”	the Code on Takeovers and Mergers approved by the Commission as amended from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

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LETTER FROM THE CHAIRMAN

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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)*

*Executive Directors:*

Yang Tsu Ying, Chairman  
Yang Ching Yau

*Independent Non-executive Directors:*

Yiu Chi Wah  
Wong Kai Tung, Simon

*Registered Office:*

Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681 GT  
George Town  
Grand Cayman  
British West Indies

*Head Office and*

*Principal Place of Business:*

Unit 1702, 17th Floor  
Podium Plaza  
No. 5 Hanoi Road  
Tsimshatsui  
Kowloon  
Hong Kong

28th March 2003

*To the Shareholders*

Dear Sir or Madam,

**GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES**

**INTRODUCTION**

Pursuant to resolutions of the sole shareholder of the Company passed on 8th July 2002, the Directors were granted a general mandate to repurchase Shares and to issue Shares (the "Previous General Mandates") on the Stock Exchange. The Previous General Mandates will expire at the conclusion of the forthcoming AGM of the Company convened for the financial year ended 31st December 2002.

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## LETTER FROM THE CHAIRMAN

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It is proposed that at the AGM of the Company for the year ended 31st December 2002, resolutions will be proposed to renew the Previous General Mandates to enable the Directors to repurchase and to issue Shares. This circular contains the explanatory statement in compliance with the GEM Listing Rules and gives all the information reasonably necessary to enable Shareholders to make an informed decision on whether to vote for or against the resolutions to approve the Company to repurchase and issue its own Shares.

A form of proxy for the AGM is enclosed with the 2002 Annual Report. Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the principal place of business of the Company in Hong Kong as stated in this notice and the proxy form of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting at the meeting if you so wish.

### **GENERAL MANDATE TO REPURCHASE SHARES**

At the AGM, an ordinary resolution will be proposed to grant the Repurchase Mandate to the Directors to enable them to repurchase shares subject to the criteria set out in this circular. Shareholders should note that the maximum number of shares that may be repurchased up to 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of such resolution. The Repurchase Mandate to repurchase shares will remain in effect until whichever is the earliest of the date of the next annual general meeting, the date by which the next annual general meeting is required to be held by law and the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

### **GENERAL MANDATE TO ISSUE SHARES**

At the forthcoming AGM an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to issue further Shares. This mandate will relate to such number of Shares as in aggregate represents the sum of 20% of the nominal amount of the share capital of the Company in issue on the date on which the resolution is passed and the nominal amount of the share capital purchased under the authority to repurchase Shares referred to above. In accordance with the GEM Listing Rules, the Company may not make a new issue of Shares or announce a proposed new issue of Shares for a period of 30 days after any purchase by it of Shares without the prior approval of the Stock Exchange.

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## LETTER FROM THE CHAIRMAN

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### RECOMMENDATION

The Directors consider that the Repurchase Mandate and the Share Issue Mandate are in the best interests of the Company and its Shareholders so recommend you to vote in favour of the resolutions at the forthcoming AGM. The Directors will vote all their shareholdings in favour of the resolutions.

Yours faithfully,  
On behalf of the Board  
**Sonavox International Holdings Limited**  
**Yang Tsu Ying**  
*Chairman*

The following explanatory statement given to all the Shareholders relating to a resolution to be proposed at the forthcoming AGM authorising the Repurchase Mandate.

**1. EXERCISE OF THE REPURCHASE MANDATE**

Exercise in full of the Repurchase Mandate, on the basis of 320,000,000 Shares in issue as at the Latest Practicable Date, could accordingly result in up to 32,000,000 Shares being repurchased by the Company during the period ending on the earliest of the date of the next AGM, the date by which the next AGM of the Company is required to be held by law or the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

**2. REASONS FOR REPURCHASES**

The Directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may enhance the net assets value of the Company and/or its earnings per Share.

**3. GENERAL**

As compared with the financial position of the Company as at 31st December 2002 (being the date of its latest audited accounts), the Directors consider that there would be a material adverse impact on the working capital and on the gearing position of the Company in the event that the proposed purchases were to be carried out in full during the proposed purchase period. No purchase would be made in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

**4. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with memorandum and articles of association of the Company and the applicable laws and regulations of the Cayman Islands. The Company may not purchase its own securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

**5. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS**

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the associates (as defined in the GEM Listing Rules) of any of the Directors has any present intention, in the event that the proposal is approved by shareholders, to sell Shares to the Company.

No connected person of the Company (as defined in the GEM Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of Shares held by him/her to the Company in the event that the Company is authorised to make purchases of Shares.

#### **6. UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the GEM Listing Rules and all applicable laws of the Cayman Islands, and in accordance with the regulations set out in the memorandum and articles of association of the Company.

#### **7. EFFECT OF TAKEOVERS CODE**

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Newood Consultancy Limited was beneficially interested in 240,000,000 Shares, representing 75% of the issued share capital of the Company. In the event that the Directors exercised in full the power to repurchase Shares in accordance with the terms of the ordinary resolution to be proposed at the forthcoming AGM, the total interest of Newood Consultancy Limited in the Company would be increased to approximately 83% of the issued share capital of the Company and such increase would not give rise to an obligation to make a general offer for Shares under Rule 26 of the Takeover Code. In fact, the Directors do not have the intention to exercise the power to repurchase shares of the Company to an extent which would make any of the substantial shareholders to be obliged to make a general offer under Rule 26 of the Takeover Code in this respect.

#### **8. SHARE PURCHASE MADE BY THE COMPANY**

During each of nine months preceding the date of this circular, no Shares have been repurchased by the Company.

**9. SHARE PRICES**

During the previous nine months preceding this document, the highest and lowest traded prices for Shares on GEM were as follows:

<b>Month</b>	<b>Shares</b>	
	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2002</b>		
July	0.560	0.200
August	0.430	0.350
September	0.400	0.340
October	0.350	0.260
November	0.240	0.200
December	0.400	0.200
<b>2003</b>		
January	0.400	0.265
February	0.330	0.300
1st March to 24th March	0.350	0.300