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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 (“**Company**”), you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**THE GRANT OF THE NEW ISSUE MANDATE
AND THE REPURCHASE MANDATE
AND
RE-ELECTION OF DIRECTORS**

A notice convening an annual general meeting of the Company to be held at Unit 1702, 17/F., Podium Plaza, No. 5 Hanoi Road, Tsimshatsui, Kowloon, Hong Kong on 30 May 2005 at 10:00 a.m. is set out in the annual report of the Company for the year ended 31 December 2004.

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

31 March 2005

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

RESPONSIBILITY STATEMENT

This circular, for which the Directors 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.

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Unit 1702, 17/F., Podium Plaza, No. 5 Hanoi Road, Tsimshatsui, Kowloon, Hong Kong on 30 May 2005 at 10:00 a.m., a notice of which is set out in the annual report of the Company for the year ended 31 December 2004
“associates”	has the meaning as defined in the GEM Listing Rules
“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
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“connected person(s)”	has the meaning as ascribed to it in the GEM Listing Rules
“Director(s)”	director(s) 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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	29 March 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information of this circular
“New Issue Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing the relevant resolution at the Annual General Meeting

DEFINITIONS

“Repurchase Mandate”	a general and unconditional mandate to the Directors to enable them to repurchase the Shares the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the share capital in issue as at the date of passing the relevant resolution at the Annual General Meeting
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Option Scheme”	the share option scheme of the Company adopted pursuant to an ordinary resolution of the Company passed on 8 July 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



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)

Executive Directors:

Yang Tsu Ying, *Chairman*

Yang Ching Yau, *CEO*

Independent non-executive Directors:

Yiu Chi Wah

Wong Kai Tung, Simon

Fan Chi Fai, Paul

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

31 March 2005

To the Shareholders

Dear Sirs

**THE GRANT OF THE NEW ISSUE MANDATE
AND THE REPURCHASE MANDATE
AND
RE-ELECTION OF DIRECTORS**

1. INTRODUCTION

The primary purpose of this circular is to provide you with information regarding the resolutions to be proposed at the Annual General Meeting. Resolutions to be proposed at the Annual General Meeting include ordinary resolutions relating to the grant of the Repurchase Mandate and the New Issue Mandate.

LETTER FROM THE BOARD

2. GRANT OF THE NEW ISSUE MANDATE AND THE REPURCHASE MANDATE

Pursuant to the ordinary resolutions passed by all the Shareholders at the annual general meeting of the Company held on 28 April 2004, the Directors were granted a general mandate to allot, issue and otherwise deal with Shares in the capital of the Company and a general mandate to purchase Shares on GEM. These mandates will expire at the conclusion of the Annual General Meeting. To facilitate future allotment and issue of Shares by the Directors on behalf of the Company, the Director will seek the approval of the Shareholders for the grant of the New Issue Mandate and the Repurchase Mandate.

The New Issue Mandate and the Repurchase Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company; or (b) the end of the period within which the Company is required by the Companies Law or the articles of association of the Company to hold its next annual general meeting; or (c) when revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

The Directors have no immediate plans to allot and issue any Shares other than Shares which may fall to be issued upon the exercise of options granted under the Share Option Scheme or pursuant to any scrip dividend scheme which may be approved by the Shareholders.

The explanatory statement required by the GEM Listing Rules to be included in this circular is set out in the Appendix I.

3. ACTION TO BE TAKEN

The notice of the Annual General Meeting is set out in the annual report of the Company for the year ended 31 December 2004 and a related form of proxy is enclosed with this circular.

Whether or not you intend to attend the Annual General Meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon not later than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person if you so wish.

4. RECOMMENDATION

The Directors believe that the grant of the New Issue Mandate and the Repurchase Mandate are in the best interests of the Company and the Shareholders as a whole.

The Directors believe that an exercise of the New Issue Mandate will enable the Company to take advantage of market conditions to raise additional capital for the Company.

The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases of Shares will benefit the Company and the Shareholders.

LETTER FROM THE BOARD

An exercise of the Repurchase Mandate in full could have a material adverse impact on the working capital and gearing position of the Company compared with those as at 31 December 2004, being the date of its latest audited consolidated accounts. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

Accordingly, the Directors recommend that all Shareholders should vote in favour of the ordinary resolutions approving the grant of the New Issue Mandate and the Repurchase Mandate.

5. RE-ELECTION OF DIRECTORS

In accordance with Article 108(A) of the Articles, Mr Wong Kai Tung, Simon, will retire as Director by rotation and, being eligible, offer himself for re-election as Director at the Annual General Meeting.

Further, according to Article 112 of the Articles, any Director appointed by the Directors to fill casual vacancy in the Company, under that Article, shall hold office only until the next following annual general meeting and shall then be eligible for re-election at the meeting. Pursuant to such Article, the office of directorship of Mr Fan Chi Fai, Paul, who was appointed as an independent non-executive Director by the Directors on 30 September 2004, will end at the Annual General Meeting. Mr Fan Chi Fai, Paul, being eligible for re-election, offers himself for re-election at the Annual General Meeting.

Certain particulars of each of Mr Wong Kai Tung, Simon and Mr Fan Chi Fai, Paul, are set out in Appendix III to this circular.

By Order of the Board of
Sonavox International Holdings Limited
Yang Tsu Ying
Chairman

This Appendix I serves as an explanatory statement, as required by the GEM Listing Rules, to provide requisite information as to the grant of the Repurchase Mandate.

1. GEM LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase their shares on GEM and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Hong Kong Securities and Futures Commission subject to certain restrictions. Among such restrictions, the GEM Listing Rules provide that the shares of such a company must be fully paid up and all repurchase of shares by such a company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at Latest Practicable Date, there was a total of 320,000,000 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares will be issued or repurchased prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 32,000,000 Shares.

3. REASONS FOR THE REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on GEM or on stock exchange on which the Shares are listed, if any. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders.

4. FUNDING OF REPURCHASES

Repurchase made pursuant to the Repurchase Mandate would be funded out of funds legally available for the purpose in accordance with the Company's memorandum and articles of association and the Companies Law. A listed company may not repurchase 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. Under the Companies Law, repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with that/those as at 31 December 2004, being the date of its latest audited consolidated financial statements. However, the Directors do not intend to make any repurchases to such an extent as would, in circumstances, have a material adverse effect on the working capital requirements and/or the gearing position of the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on GEM in each of the twelve months preceding the date of this circular were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
March 2004	0.370	0.320
April 2004	0.315	0.260
May 2004	0.370	0.290
June 2004	0.375	0.350
July 2004	0.375	0.350
August 2004	0.400	0.350
September 2004	0.400	0.395
October 2004	0.395	0.395
November 2004	0.395	0.380
December 2004	0.380	0.350
January 2005	0.370	0.340
February 2005	0.390	0.360
March 2005 (<i>Note</i>)	0.390	0.390

Note: up to the Latest Practicable Date

6. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase securities pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a shareholder or group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, according to the register of members kept by the Company pursuant to section 336 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, each of Helen Lee, Yang Chuang Ching Hsiu, Newood Consultancy Limited, Silver Way Limited and HSBC International Trustee Limited, each of whom was interested in approximately 75% of the issued share capital of the Company, was a substantial shareholder interested in more than 5% of the issued share capital of the Company.

Assuming that none of Helen Lee, Yang Chuang Ching Hsiu, Newood Consultancy Limited, Silver Way Limited and HSBC International Trustee Limited dispose of their Shares or acquire additional Shares, if the Repurchase Mandate were exercised in full, the percentage shareholding of each of Helen Lee, Yang Chuang Ching Hsiu, Newood Consultancy Limited, Silver Way Limited and HSBC International Trustee Limited in the Company would be increased to approximately 83%.

On the basis of the shareholding interests of Helen Lee, Yang Chuang Ching Hsiu, Newood Consultancy Limited, Silver Way Limited and HSBC International Trustee Limited, none of them will be obligated to make a mandatory offer under Rule 26 of the Takeovers Code if the Repurchase Mandate is exercised in full. The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

7. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not purchased any of the Shares (whether on GEM or otherwise) in the six months immediately preceding the Latest Practicable Date.

8. GENERAL

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates have any present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that they will only exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of Cayman Islands.

No connected person of the Company has notified the Company that he has a present intention to sell any securities to the Company nor has any such connected person undertaken not to sell any of the securities held by him to the Company in the event that the Repurchase Mandate is granted.

Pursuant to Article 72 of the Articles, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the shareholders having the right to vote at the meeting; or
- (iv) by a shareholder or shareholders present in person (or, in the case of a shareholder being a corporation, by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

The biographical details of the Director eligible for re-election at the Annual General Meeting are set out below:

Mr. Wong Kai Tung, Simon, aged 37

Length of service

He has appointed as independent non-executive director and a member of the audit committee of the Company with effect from 7 July 2002.

Emoluments

He has not entered into any service contract with the Company or any of its subsidiaries. He is entitled to an annual director's fee of HK\$180,000, which is determined by arm's length negotiation between the parties with reference to prevailing market conditions.

Qualification and experience

He is a vice president of DBS Bank Limited, Hong Kong's Communications, Telecom and Technology Department. He had worked for VC CEF Capital Limited and Deutsche Bank in the investment banking service for the Greater China area. He has over 12 years of corporate and investment banking experience. He holds a bachelor's degree in arts (Honour) from the University of Hong Kong, a post-graduate certificate in Hong Kong Laws from the City University of Hong Kong and the executive certificate from Paris' INSEAD on Young Manager Program.

Interests in Shares

He did not have any interest in the shares or underlying shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Relationship with Directors, senior management or substantial or controlling Shareholders

Apart from being an independent non-executive Director, he is not related to any other Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders.

Mr Fan Chi Fai, Paul, 43

Length of service

He has been appointed as independent non-executive director and a member of the audit committee of the Company with effect from 30 September 2004.

Emoluments

He has not entered into any service contract with the Company or any of its subsidiaries. He is entitled to an annual director's fee of HK\$150,000, which is determined by arm's length negotiation between the parties with reference to prevailing market conditions.

Qualification and experience

He is a member of Institute of Chartered Accountants in England and Wales and works as Finance Director of Networks Business for Motorola (China) Electronics Ltd. He graduated from the University of Essex, Colchester, with an honour degree in Bachelor of Accountancy, Finance and Economics. He has not held directorship with any listed company in the last three years prior to 30 September 2004.

Interests in Shares

He did not have any interest in the shares or underlying shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Relationship with Directors, senior management or substantial or controlling Shareholders

Apart from being an independent non-executive Director, he is not related to any other Directors, senior management, management Shareholders, substantial Shareholders or controlling Shareholders.