
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Sonavox International Holdings Limited, you should at once hand this Document, together with the accompanying Form(s) of Acceptance, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Document should be read in conjunction with the accompanying Form(s) of Acceptance, the provisions of which form part of the terms of the Offers contained herein.

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FAME GLOBAL ENTERPRISES LIMITED

(incorporated in the BVI with limited liability)

OFFER DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFERS BY OPTIMA CAPITAL LIMITED

ON BEHALF OF

FAME GLOBAL ENTERPRISES LIMITED FOR ALL THE ISSUED SHARES IN AND OUTSTANDING CONVERTIBLE BONDS OF SONAVOX INTERNATIONAL HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED BY FAME GLOBAL ENTERPRISES LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND FOR THE CANCELLATION OF ALL THE OPTIONS OF SONAVOX INTERNATIONAL HOLDINGS LIMITED

Financial adviser to Fame Global Enterprises Limited



Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed “Definitions” in this Document.

A letter from Optima Capital is set out on pages 6 to 13 of this Document.

The procedures for acceptance and other information relating to the Offers are set out in Appendix I to this Document and in the accompanying Form(s) of Acceptance. Acceptances of the Offers should be received by the Registrar (as regards the Share Offer) and the company secretary of the Company (as regards the CB Offer and the Option Offer) no later than 4:00 p.m. on Friday, 10 September 2010 or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including but not limited to custodians, nominees and trustees who would or otherwise intend to forward this Document and/or the Form(s) of Acceptance to any jurisdiction outside Hong Kong should read the details in this regard which are contained in the sub-paragraph headed “Overseas Shareholders, Overseas Bondholders and Overseas Optionholders” under the paragraph headed “Unconditional Mandatory Cash Offers” in the letter from Optima Capital on page 10 of this Document and in the section headed “Overseas Shareholders, Overseas Bondholders and Overseas Optionholders” on page I-8 of Appendix I to this Document before taking any action. It is the responsibility of each Overseas Independent Shareholder, Overseas Bondholder and Overseas Optionholder wishing to accept the Offers to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction. Overseas Shareholders, Overseas Bondholders and Overseas Optionholders are advised to seek professional advice on deciding whether to accept the Offers.

This Document will remain on the GEM website at <http://www.hkgem.com> and on the website of the Company at <http://www.sonavox.com.hk> as long as the Offers remain open.

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. 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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

The timetable set out below is indicative only and any changes to the timetable will be announced by the Offeror.

Commencement date of the Offers	Friday, 6 August 2010
Latest date for posting of the Response Document	Friday, 27 August 2010
Latest time and date for acceptance of the Offers	4:00 p.m. on Friday, 10 September 2010
Closing date of the Offers (<i>Note 1</i>)	Friday, 10 September 2010
Announcement of the results of the Offers to be posted on the Stock Exchange's website	by 7:00 p.m. on Friday, 10 September 2010
Latest date for posting of remittances to the accepting Independent Shareholders, Bondholders and Optionholders in respect of valid acceptances received under the Offers (<i>Note 2</i>)	Monday, 20 September 2010

Notes:

1. The Offers, which are unconditional, will be closed on 10 September 2010 unless the Offeror revises or extends the Offers, with the consent of the Executive, in accordance with the Takeovers Code. An announcement will be published on the website of the Stock Exchange by 7:00 p.m. on 10 September 2010 stating whether the Offers have been closed, revised or extended, and, if the Offers are extended or revised, the announcement will state the next closing date or that the Offers will remain open until further notice. In the event that the Offeror decides to keep the Offers open until further notice, at least 14 days' notice in writing will be given, before the Offers are closed, to the Independent Shareholders, the Bondholders and the Optionholders who have not accepted the Offers.
2. Acceptance of the Offers shall be irrevocable and cannot be withdrawn, except in the circumstances set out in Rule 19.2 of the Takeovers Code. Remittances in respect of the cash consideration payable for the Offer Shares, the Convertible Bonds or the Options tendered under the Offers will be posted to the accepting Independent Shareholder(s), the accepting Bondholder(s) and the accepting Optionholder(s) at his/her/its own risks as soon as possible but in any event within 10 days of the date of receipt by the Registrar (as regards the Share Offer) or the company secretary of the Company (as regards the CB Offer and the Option Offer) of the duly completed Form(s) of Acceptance and the relevant documents of title.

Unless otherwise expressly stated, all time and date references contained in this Document refer to Hong Kong times and dates.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Board”	the board of Directors
“Bondholders”	holders of the Convertible Bonds
“Business Day”	a day (other than Saturday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“CB Offer”	the unconditional mandatory cash offer being made by Optima Capital on behalf of the Offeror for all the outstanding Convertible Bonds other than those already owned by the Offeror and parties acting in concert with it in accordance with the Takeovers Code
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	Friday, 10 September 2010, the first closing date of the Offers or such later date revised or extended by the Offeror, with the consent of the Executive, in accordance with the Takeovers Code
“Company”	Sonavox International Holdings Limited (stock code: 8226), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“Convertible Bonds”	the outstanding 8% redeemable convertible bonds due 2011 issued by the Company in the principal amount of US\$5,000,000, which entitles the holders thereof to convert into new Shares at the prevailing conversion price of HK\$0.40 (subject to adjustments)
“Directors”	directors of the Company
“Document”	this document issued by the Offeror in relation to the Offers
“Disposals”	collectively, the disposals of (i) the entire issued share capital of and the shareholder’s loan owed by Indigo Enterprises Inc.; and (ii) the entire issued share capital of and the shareholder’s loan owed by Taraki Services Company Limited, pursuant to the agreement entered into between the Company and Newood on 12 July 2010 and the agreement entered into between Taraki Inc. and Newood on the same date respectively, details of which are set out in the Joint Announcement

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“Encumbrances”	includes without any limitation, with respect to any asset, any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set-off, counterclaim, trust arrangement or other security or any equity or restriction (including any restriction imposed under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong))
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the executive director
“Form(s) of Acceptance”	the Pink Form of Acceptance, the White Form of Acceptance and/or the Yellow Form of Acceptance
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Shan and Mr. Yang Ching Yau
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Joint Announcement”	the announcement dated 16 July 2010 jointly issued by the Offeror and the Company in relation to, among other things, the Offers
“Last Trading Day”	12 July 2010, being the last trading day of the Shares immediately prior to its suspension in trading on the Stock Exchange on 13 July 2010 pending the release of the Joint Announcement
“Latest Practicable Date”	4 August 2010, being the latest practicable date prior to the printing of this Document for the purpose of ascertaining certain information in this Document
“Mr. Chan”	Mr. Chan Ping Yee, a party acting in concert with the Offeror
“Mr. Kwong”	Mr. Kwong Chi Shing, the lender of a loan of HK\$50,000,000 to the Offeror
“Mr. Shan”	Mr. Shan Xiaochang, the sole beneficial owner and the sole director of the Offeror

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“Newood”	Newood Consultancy Limited, a company incorporated in the BVI with limited liability which is wholly owned by Silver Way Limited, the entire issued share capital of which is in turn owned by Deutsche Bank International Trust Co. (Cayman) Limited as the trustee of The SEI Trust, and the discretionary objects of which are Mr. Yang Ching Yau and Mr. Yang Tsu Ying, both of which are the executive Directors
“Offeror”	Fame Global Enterprises Limited, a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Shan
“Offers”	collectively, the Share Offer, the CB Offer and the Option Offer
“Offer Period”	has the meaning ascribed thereto in the Takeovers Code, being the period commencing from 16 July 2010 and ending on the Closing Date
“Offer Share(s)”	Share(s) in respect of which the Share Offer is made, being Share(s) not already owned by the Offeror and parties acting in concert with it
“Optima Capital”	Optima Capital Limited, a licensed corporation under the SFO permitted to engage in type 1 (dealings in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Offeror
“Option(s)”	the option(s) granted under the Share Option Scheme which are outstanding as at the Latest Practicable Date and entitle the holders thereof to subscribe for Option Share(s) at a subscription price of HK\$0.345 per Option Share
“Optionholder(s)”	holder(s) of the Options
“Option Offer”	the unconditional mandatory cash offer being made by Optima Capital on behalf of the Offeror for the cancellation of the Options in accordance with the Takeovers Code
“Option Offer Price”	the price at which the Option Offer is being made, being HK\$0.055, for the cancellation of each Option
“Option Share(s)”	the new Share(s) which may fall to be issued upon the exercise by the Optionholders of the subscription rights attaching to the Options at a price of HK\$0.345 per Share

DEFINITIONS

“Overseas Bondholder(s)”	the Bondholder(s) whose address(es) shown on the register of Bondholders is/are outside Hong Kong
“Overseas Optionholder(s)”	the Optionholder(s) whose address(es) shown on the register of Optionholders is/are outside Hong Kong
“Overseas Shareholder(s)”	the Independent Shareholder(s) whose address(es) shown on the register of members of the Company is/are outside Hong Kong
“Pink Form of Acceptance”	the accompanying form of acceptance and transfer of Shares in PINK in respect of the Share Offer
“PRC”	the People’s Republic of China, for the purposes of this Document, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Registrar”	Union Registrars Limited, the branch share registrar of the Company which is situated at 18th Floor, Fook Lee Commerical Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, being the agent to receive the Pink Form of Acceptance under the Share Offer
“Relevant Period”	the period from 16 January 2010, being the date falling on the six months before the date of the Joint Announcement, up to and including the Latest Practicable Date
“Remaining Group”	the Group immediately after completion of the Disposals
”Response Document”	the offeree board circular in response to the Offers to be issued by the Company to the Independent Shareholders, the Bondholders and the Optionholders in accordance with the Takeover Code, which is expected to be despatched on or before 27 August 2010
“Sale Shares”	a total of 240,000,000 Shares acquired by the Offeror from Newwood pursuant to the terms and conditions of the SP Agreement
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

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“Share Offer”	the unconditional mandatory cash offer being made by Optima Capital on behalf of the Offeror for all the Shares other than those already owned by the Offeror and parties acting in concert with it in accordance with the Takeovers Code
“Share Offer Price”	the price at which the Share Offer is being made, i.e. HK\$0.40 per Offer Share
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to an ordinary resolution of the Company passed on 8 July 2002
“SP Agreement”	the sale and purchase agreement dated 12 July 2010 entered into among Newwood, the Offeror and the Guarantors in relation to the sale and purchase of the Sale Shares
“SP Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the SP Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“White Form of Acceptance”	the accompanying form of acceptance and transfer of the Convertible Bonds in WHITE in respect of the CB Offer
“Yellow Form of Acceptance”	the accompanying form of acceptance and cancellation of the Options in YELLOW in respect of the Option Offer
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	US dollars, the lawful currency of United States of America
“%”	per cent.

Amounts expressed in US\$ (in respect of the principal amount of the Convertible Bonds) have been translated into HK\$ at a fixed exchange rate of US\$1.00 = HK\$7.75 as required under the instrument constituting the Convertible Bonds.

LETTER FROM OPTIMA CAPITAL



Optima Capital Limited
Suite 1501, 15th Floor
Jardine House
1 Connaught Road
Central
Hong Kong

6 August 2010

*To the Independent Shareholders, the Bondholders
and the Optionholders*

Dear Sir or Madam,

**UNCONDITIONAL MANDATORY CASH OFFERS BY
OPTIMA CAPITAL LIMITED
ON BEHALF OF
FAME GLOBAL ENTERPRISES LIMITED
FOR ALL THE ISSUED SHARES IN AND
OUTSTANDING CONVERTIBLE BONDS OF
SONAVOX INTERNATIONAL HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
FAME GLOBAL ENTERPRISES LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF ALL THE OPTIONS OF
SONAVOX INTERNATIONAL HOLDINGS LIMITED**

INTRODUCTION

On 16 July 2010, the Offeror and the Company jointly announced that the Offeror, Newood and the Guarantors entered into the SP Agreement on 12 July 2010, pursuant to which Newood agreed to sell and the Offeror agreed to acquire 240,000,000 Shares, representing approximately 73.83% of the entire issued share capital of the Company. The consideration for the Sale Shares of HK\$96,000,000 (equivalent to HK\$0.4 per Sale Share) was agreed between the Offeror and Newood after arm's length negotiations with reference to the prevailing market prices of the Shares. SP Completion took place on 16 July 2010.

As a result of the acquisition of the Sale Shares, the Offeror has become interested in 240,000,000 Shares, representing approximately 73.83% of the entire issued share capital of the Company. Save for the aforesaid, the Offeror and parties acting in concert with it do not have any other interests in any securities of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make unconditional mandatory general offers in cash for all the issued Shares, the outstanding Convertible Bonds and the outstanding Options other than those already owned by the Offeror and parties acting in concert with it.

LETTER FROM OPTIMA CAPITAL

In addition, on 12 July 2010, (i) the Company and Newood entered into an agreement in relation to the disposal of Indigo Enterprises Inc.; and (ii) Taraki Inc. and Newood entered into an agreement in relation to the disposal of Taraki Services Company Limited, details of the Disposals are disclosed in the Joint Announcement and the circular in respect thereof which is expected to be despatched to the Shareholders on 6 August 2010.

This letter sets out, among other things, the details of the Offers, information on the Offeror and the intention of the Offeror regarding the Remaining Group. Further details of the terms and procedures of acceptance of the Offers are set out in Appendix I to this Document and in the accompanying Form(s) of Acceptance.

UNCONDITIONAL MANDATORY CASH OFFERS

Prior to the SP Completion, the Offeror and parties acting in concert with it do not have any interests in any securities of the Company. As at the Latest Practicable Date, and as a result of the acquisition of the Sale Shares, the Offeror was interested in 240,000,000 Shares, representing approximately 73.83% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make mandatory unconditional general offers in cash for all the issued Shares, the outstanding Convertible Bonds and outstanding Options other than those already owned by the Offeror and parties acting in concert with it.

As at the Latest Practicable Date, the Company has 325,089,974 Shares in issue, outstanding Convertible Bonds in the principal amount of US\$5,000,000 and outstanding Options with 6,000,000 Option Shares to be issued upon the exercise thereof. Save for the aforesaid, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Principal terms of the Offers

Optima Capital, the financial adviser to the Offeror, is making the Offers, which are unconditional in all respects, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:-

The Share Offer

For every Offer Share HK\$0.40 in cash

The Share Offer Price of HK\$0.40 per Offer Share is the same as the price per Sale Share paid by the Offeror under the SP Agreement. The Offer Shares acquired under the Share Offer shall be fully paid and free and clear from all Encumbrances and together with all rights attaching to them, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of SP Completion.

The CB Offer

For each outstanding HK\$1 face value of
the Convertible Bonds HK\$1.0 in cash

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Pursuant to the instrument constituting the Convertible Bonds, the conversion price of the Convertible Bonds shall be the US\$ equivalent of HK\$0.4 per new Share (subject to adjustments). Based on the Share Offer Price of HK\$0.40 per Offer Share divided by the prevailing conversion price of the Convertible Bonds of HK\$0.40 per new Shares (subject to adjustments), the offer price under the CB Offer is HK\$1.0 for each outstanding HK\$1 face value of the Convertible Bonds. The Convertible Bonds to be acquired under the CB Offer shall be free from all Encumbrances and any other third party rights of any nature and together with all rights attaching to them.

The Option Offer

For cancellation of each Option carrying
right to subscribe for one Option Share. HK\$0.055 in cash

The Option Offer Price of HK\$0.055 for every Option represents the difference between the Share Offer Price of HK\$0.4 and the prevailing exercise price of the Options of HK\$0.345 each. Any Optionholders accepting the Option Offer in respect of all or part of their Options will surrender and give up the subscription rights attaching to the relevant Options. Pursuant to the Shares Option Scheme, in the case that a general offer is made to the Shareholders, any Options not yet exercised before the close of the Offers shall lapse immediately after the close of the Option Offer.

Acceptance of the Offers shall be unconditional and irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code. The procedures for acceptance and further terms of the Offers are set out in Appendix I to this Document.

Comparison of value

The Share Offer Price of HK\$0.40 per Offer Share:

- (i) is equivalent to the closing price of HK\$0.40 per Share as quoted on the Stock Exchange on 12 July 2010, being the Last Trading Day;
- (ii) is equivalent to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day of HK\$0.40 per Share;
- (iii) is equivalent to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten trading days up to and including the Last Trading Day of HK\$0.40 per Share;
- (iv) represents a premium of approximately 60.0% over the audited consolidated total equity attributable to equity holders of the Company of approximately HK\$0.25 per Share as at 31 December 2009, the date to which the latest audited financial results of the Group were made up; and

LETTER FROM OPTIMA CAPITAL

- (v) represents a discount of approximately 24.5% to the closing prices of HK\$0.53 per Shares as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

The highest closing price of the Shares as quoted on the Stock Exchange during the Relevant Period was HK\$0.61 per Share on 19 July 2010. The lowest closing price of the Shares as quoted on the Stock Exchange during the Relevant Period was HK\$0.35 per Share on 18 January 2010.

Value of the Offers

On the basis of the Share Offer Price of HK\$0.40 per Offer Share and 325,089,974 Shares in issue, the entire issued share capital of the Company is valued at HK\$130,035,989.6. Excluding the 240,000,000 Shares acquired by the Offeror pursuant to the SP Agreement, 85,089,974 Shares will be subject to the Share Offer and the Share Offer is therefore valued at HK\$34,035,989.6 based on the Share Offer Price. Pursuant to the instrument constituting the Convertible Bonds, all conversions between US\$ and HK\$ shall be converted at a fixed exchange rate of US\$1.00 to HK\$7.75. Accordingly, the consideration payable by the Offeror under the CB Offer for all the outstanding Convertible Bonds is HK\$38,750,000. The consideration payable by the Offeror for the Option Offer for the cancellation of all Options is HK\$330,000. The Offers, therefore, are valued at HK\$73,115,989.6 in aggregate.

Financial resources available to the Offeror

Optima Capital is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offers. The Offers will be financed by the internal resources of the Offeror and Mr. Chan, and a loan in the amount of HK\$50,000,000 provided by Mr. Kwong Chi Shing to the Offeror. The Offeror does not intend that the payment of interest and repayment of the aforesaid loan will depend on the business of the Company. It is intended that the Offeror will be the transferee for the Shares tendered for acceptance under the Share Offer and Mr. Chan will be the transferee for the Convertible Bonds tendered for acceptance under the CB Offer. Details of the Offeror and Mr. Chan is set out in the section headed "Information on the Offeror and Mr. Chan" below.

Dealing and interests in the Company's securities

Save for the acquisition of the Sale Shares under the SP Agreement, none of the Offeror, its sole director, Mr. Kwong nor parties acting in concert with them has dealt in the Shares, the Convertible Bonds, the Options, derivatives, warrants or other securities convertible into Shares during the Relevant Period. As at the Latest Practicable Date, the Offeror and parties acting in concert with it have not entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company nor have any of them borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company. As at the Latest Practicable Date, save for the Sale Shares held by the Offeror, the Offeror, its sole director, Mr. Kwong and parties acting in concert with them do not hold, own or control any Shares, options, derivatives, warrants or other securities convertible into Shares.

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Stamp duty

Seller's ad valorem stamp duty payable by the Independent Shareholders and the Bondholders who accept the Share Offer and the CB Offer respectively and calculated at a rate of 0.1% of (i) the market value of the Offer Shares or the Convertible Bonds (as the case may be); or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer and the CB Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer and the CB Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders and the Bondholders and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the CB Offer and the transfer of the Offer Shares and the Convertible Bonds to the Stamp Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offers will be made in full as soon as possible but in any event within 10 days of the date on which the relevant documents of title are received by the Registrar (as regards the Share Offer) and the company secretary of the Company (as regards the CB offer and Option Offer) to render such acceptance complete and valid. As the Option Offer Price of HK\$0.055 is of three decimal places, the remittance in respect of the cash consideration payable for the options tendered for acceptance under the Option Offer will be rounded up to the nearest Hong Kong cent.

Overseas Shareholders, Overseas Bondholders and Overseas Optionholders

As the Offers made to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, Overseas Shareholders, Overseas Bondholders and Overseas Optionholders who are citizens or residents or nationals of a jurisdiction outside Hong Kong should inform themselves of and observe any applicable legal or regulatory requirements and where necessary seek legal advice. It is the responsibility of the Overseas Shareholders, Overseas Bondholders and Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such accepting Independent Shareholders, Bondholders and Optionholders in respect of such jurisdiction).

INFORMATION ON THE OFFEROR AND MR. CHAN

The Offeror is an investment holding company incorporated in the BVI with limited liability. The principal activity of the Offeror is investment holding and the principal assets held by it are the Sale Shares acquired from Newood. The sole beneficial owner and the sole director of the Offeror is Mr. Shan. Mr. Shan, aged 45, is an entrepreneur in the PRC with over 15 years of experience in corporate finance, operation and cashflow management and research and development. He also held senior positions in various private companies engaged in agriculture, environmental protection and chemical fertilizers in the PRC.

LETTER FROM OPTIMA CAPITAL

Mr. Chan, aged 59, as a strategic investor in respect of its investment in the Company, is a businessman who possesses over 20 years of experience in the manufacturing of consumer products, and held senior management positions in various business units relating to finance and operations. His family business has diversified into investments in securities, real estate development and mineral resources mining, both in Hong Kong and the PRC.

INFORMATION ON THE GROUP

The principal activity of the Company is investment holding with its subsidiaries principally engaged in the manufacture and sale of loudspeaker systems to customers in the PRC and overseas market.

The Group recorded audited consolidated losses attributable to equity holders of the Company of approximately HK\$14.4 million and approximately HK\$3.2 million for the two financial years ended 31 December 2008 and 2009 respectively. The Group recorded unaudited profit attributable to equity holders of the Company of approximately HK\$2.0 million for the three months ended 31 March 2010. The audited consolidated total equity attributable to equity holders of the Company as at 31 December 2009 was approximately HK\$82.5 million. As stated in the first quarterly report of the Company for the three months ended 31 March 2010, the Group was committed to strengthen its core businesses of manufacture and sales of high performance loudspeaker products to major automakers and consumer electronics companies around the world, such as Ford Motor Company, Volkswagen and Audi. In addition, the Group continued to launch new and competitive multimedia and home theatre products to satisfy our renowned customers' needs. The sales of loudspeaker systems for automobiles were increased by 118% to approximately HK\$118.0 million for three months ended 31 March 2010. Increase in overall sales by 101% for the first quarter of 2010 was primarily attributable to recovery of automobile market and hence rebound of shipments to customers.

OFFEROR'S INTENTION ON THE REMAINING GROUP

The Offeror intends that the Remaining Group will continue its existing principal activities, and leveraged on Mr. Shan's assistance and experience in environmental protection and agricultural business, the Remaining Group will look for business opportunities in the sector of environmental protection in the PRC with a view to expanding the business activities of the Remaining Group. The Offeror will conduct a detailed review on the operations of the Remaining Group after the close of the Offers with a view to formulating a suitable business strategy for the Remaining Group and consider whether diversification of the business into the above sector will be appropriate to enhance the growth of the Remaining Group. In view of the foresaid, the Offeror is of the view that the Offers are in its long-term commercial interest. In the event that any of the aforesaid business opportunities materialize or the Offeror introduces any major changes to the existing operation and business of the Company (including re-deployment of fixed assets of the Remaining Group) after the close of the Offers, further announcement will be published by the Company as and when required under the GEM Listing Rules. As at the Latest Practicable Date, the Offeror has no intention or plan for re-deployment or disposal of assets and/or business of the Remaining Group.

LETTER FROM OPTIMA CAPITAL

PROPOSED CHANGE OF BOARD COMPOSITION

As at the Latest Practicable Date, the Board comprises two executive Directors and three independent non-executive Directors. The Offeror intends to nominate Mr. Shan as the new Director to the Board on such date as the Takeovers Code, the GEM Listing Rules and the Company's articles of association shall permit. Mr. Shan will be responsible for the management of the Company's business with a view to enhancing the corporate management of the Group immediately after the appointment. Further announcement will be published by the Company in respect of the changes to the Board pursuant to Rule 17.50(2) of the GEM Listing Rules as and when appropriate.

Save as disclosed above, the Offeror does not intend that there would be any material changes to the existing management and employees of the Remaining Group following the close of the Offers.

COMPULSORY ACQUISITION

The Offeror does not intend to avail any powers of compulsory acquisition of any Shares after the close of the Offers.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, upon closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers. The director of the Offeror will undertake to the Stock Exchange to take appropriate steps following the close of the Offers to ensure that such number of Shares as may be required by the Stock Exchange are held by the public.

GENERAL

Acceptance of the Share Offer by the Independent Shareholder(s) will be deemed to constitute a warranty by such person to the Offeror that such Offer Share(s) acquired under the Share Offer are sold by the Independent Shareholders free from all third party rights, liens, claims, charges, equities and encumbrances and together with all rights accruing or attaching thereto on or after the date of SP Completion or subsequently becoming attached to it, including, without limitation, the rights to receive all future dividends and/or other distributions declared, paid or made, if any, on or after the date of SP Completion.

LETTER FROM OPTIMA CAPITAL

Acceptance of the CB Offer by the Bondholders will be deemed to constitute a warranty by the Bondholders to the Offeror that the Convertible Bonds tendered for acceptance are free from all third party rights, liens, claims, charges, equities, and encumbrances whatsoever and renounced together with all rights accruing or attaching thereto on or after the date of SP Completion or subsequently becoming attached to them and that such Bondholders will surrender to the Offeror all of his existing rights, if any, in respect of the Convertible Bonds.

Acceptance of the Option Offer by the Optionholders will be deemed to constitute a warranty by the Optionholders to the Offeror that the Options tendered for acceptance are free from all third party rights, liens, claims, charges, equities, and encumbrances whatsoever and renounced together with all rights accruing or attaching thereto on or after the date of SP Completion or subsequently becoming attached to them and that such Optionholders will surrender to the Company all of his existing rights, if any, in respect of the Option, following which such Options will be cancelled and extinguished.

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold any Offer Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to accept the Share Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Share Offer.

The attention of the Independent Shareholders, Bondholders and the Optionholders with registered addresses in jurisdiction outside Hong Kong is drawn to the section headed "Overseas Shareholders, Overseas Bondholders and Overseas Optionholders" in Appendix I to this Document.

ADDITIONAL INFORMATION

Your attention is drawn to the accompanying Form(s) of Acceptance and the additional information set out in the appendices which form part of this Document.

You are also recommended to read carefully the letter from the Board, the recommendation from the independent committee of the Board, the advice of the independent financial adviser to the independent committee of the Board and other information about the Group which will be set out in the Response Document before deciding whether or not to accept the Offers.

Yours faithfully,
For and on behalf of
OPTIMA CAPITAL LIMITED
Mei H. Leung
Chairman

1. PROCEDURES FOR ACCEPTANCE**1.1 The Share Offer**

- (a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed and signed Pink Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) by post or by hand, to the Registrar, at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, in any event not later than 4:00 p.m. on Friday, 10 September 2010 or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your holding of Shares (whether in full or in part), you must either:
- (i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the Pink Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the Pink Form of Acceptance duly completed and signed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set out by HKSCC Nominees Limited. In order to meet the deadline set out by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the Pink Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Optima Capital or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificates to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the Pink Form of Acceptance.
- (d) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the Pink Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (e) Acceptance of the Share Offer will be treated as valid only if the completed Pink Form of Acceptance is received by the Registrar on or before 4:00 p.m. on Friday, 10 September 2010 and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:
- (i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of you, the person accepting the Share Offer, executed by the registered

holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (e)); or
- (iii) certified by the Registrar or the Stock Exchange.

If the Pink Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) must be produced.

- (f) Seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Share Offer calculated at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfer of the Offer Shares to the Stamp Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (g) No acknowledgement of receipt of any Pink Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

1.2 The CB Offer

- (a) If you accept the CB Offer and the certificate(s) of the Convertible Bonds and/or transfer receipts and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in your name, you should complete the White Form of Acceptance in accordance with the instructions printed thereon in respect of the face value of the Convertible Bonds held by you that you wish to tender to the CB Offer, which instructions form part of the terms and conditions of the CB Offer.
- (b) The completed White Form of Acceptance should be forwarded, together with the relevant certificate(s) of the Convertible Bonds and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) which you intend to accept the CB Offer, by post or by hand as soon as possible and in any event so as to reach the company secretary of the Company at 14th Floor, Kam Sang Building, 255-257 Des Voeux Road Central, Hong Kong no later than 4:00 p.m. on Friday, 10 September 2010.

- (c) Seller's ad valorem stamp duty payable by the Bondholders who accept the CB Offer and calculated at a rate of 0.1% of (i) the market value of the Convertible Bonds; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the CB Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the CB Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Bondholders and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the CB Offer and the transfer of the Convertible Bonds to the Stamp Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (d) No acknowledgement of receipt of any White Form of Acceptance, the certificate(s) of the Convertible Bonds and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

1.3 The Option Offer

- (a) If you accept the Option Offer and the certificate(s) of the Options and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in your name, you should complete the Yellow Form of Acceptance in accordance with the instructions printed thereon in respect of the number of the Options held by you that you wish to tender to the Option Offer, which instructions form part of the terms and conditions of the Option Offer.
- (b) The completed Yellow Form of Acceptance should be forwarded, together with the relevant certificate(s) of the Options and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) which you intend to accept the Option Offer, by post or by hand as soon as possible and in any event so as to reach the company secretary of the Company at 14th Floor, Kam Sang Building, 255-257 Des Voeux Road Central, Hong Kong no later than 4:00 p.m. on Friday, 10 September 2010.
- (c) No acknowledgement of receipt of any Yellow Form of Acceptance, the certificate(s) of the Options and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

As the Option Offer Price of HK\$0.055 is of three decimal places, the remittances in respect of the cash consideration payable for the Options tendered for acceptance under the Option Offer will be rounded up to the nearest Hong Kong cent.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offers have previously been extended, with the consent of the Executive, in accordance with the Takeovers Code, the Forms of Acceptance must be received by 4:00 p.m. on Friday, 10 September 2010 in accordance with the instructions printed on the relevant Form(s) of Acceptance, and the Offers will be closed on Friday, 10 September 2010.
- (b) If the Offers are extended or revised, the announcement of such extension or revision shall state the next Closing Date or that the Offers will remain open until further notice. For the latter case, at least 14 days' notice in writing will be given to the Independent Shareholders, the Bondholders and the Optionholders who have not accepted the Offers before the Offers are close, and an announcement in respect thereof shall be released.

If the Offeror revises the terms of the Offers, the Independent Shareholders, the Bondholders and/or the Optionholders, whether or not they have already accepted the Share Offer, the CB Offer or the Option Offer (as the case may be), will be entitled to accept the revised Offers under the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document is posted.

- (c) If the Closing Date is extended, any reference in this Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

3. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision or extension of the Offers. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating whether the Offers have been closed, revised or extended.

The announcement must state the following:

- (i) the total number of Shares and rights over Shares for which acceptances of the Share Offer, the Convertible Bonds for which acceptances of the CB Offer and the Options for which acceptance of the Option Offer have been received;
- (ii) the total number of Shares and rights over Shares, the Convertible Bonds and the Options held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period;

- (iii) the total number of Shares, rights over Shares, the Convertible Bonds and the Options acquired by the Offeror or persons acting in concert with it during the Offer Period;
 - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any parties acting in concert with it has borrowed or lent, save for any borrowed securities which have been either on-lent or sold; and
 - (v) the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.
- (b) In computing the total number of Shares, the Convertible Bonds and the Options represented by acceptances, only valid acceptances have been received by the Registrar (as regards the Share Offer) or the company secretary of the Company (as regards the CB Offer and the Option Offer) no later than 4:00 p.m. on the Closing Date shall be included.
- (c) As required under the Takeovers Code, all announcements in respect of Offers will be made in accordance with the requirements of GEM Listing Rules.

4. RIGHT OF WITHDRAWAL

- (a) Acceptance to the Offers tendered by the Independent Shareholders, the Bondholders and the Optionholders (as the case may be) shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed “ANNOUNCEMENTS” above, the Executive may require that the Independent Shareholders, the Bondholders and the Optionholders who have tendered acceptances to the Offers (as the case may be) be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, upon the Independent Shareholders, the Bondholders and/or the Optionholders (as the case may be) withdraw their acceptance(s), the Offeror and Mr. Chan shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Pink Form of Acceptance to the relevant Independent Shareholder(s) and the certificate(s) of the Convertible Bonds and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the White Form of Acceptance to the Bondholders respectively. The certificate(s) of the Options and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Yellow Form of Acceptance to the Optionholders shall also be returned by the company secretary of Company as soon as possible but in any event until 10 days thereof.

5. SETTLEMENT OF THE OFFERS**(a) The Share Offer**

Provided that a valid Pink Form of Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or transfer receipt(s) (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each of the accepting Independent Shareholders less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him under the Share Offer will be despatched to such Independent Shareholders by ordinary post at his own risk as soon as possible but in any event within 10 days of the date on which all the relevant documents are received by the Registrar to render such acceptance complete and valid.

(b) The CB Offer

Provided that a valid White Form of Acceptance and the relevant certificate(s) of the Convertible Bonds and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the company secretary of the Company no later than the latest time of acceptance, a cheque for the amount due to the Bondholders less seller's ad valorem stamp duty in respect of the Convertible Bonds tendered by him under the CB Offer will be despatched to the Bondholders by ordinary post at his own risk as soon as possible but in any event within 10 days of the date on which all the relevant documents are received by the company secretary of the Company to render such acceptance complete and valid.

(c) The Option Offer

Provided that a valid Yellow Form of Acceptance and the relevant certificate(s) of the Options and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) have been received by the company secretary of the Company no later than the latest time for acceptance, a cheque for the amount due to the Optionholders in respect of the Options tendered by him under the Option Offer will be despatched to the Optionholders by ordinary post at his own risk as soon as possible but in any event within 10 days of the date on which all the relevant documents are received by the company secretary of the Company to render such acceptance complete and valid.

Settlement of the consideration to which any Independent Shareholders, the Bondholders and/or the Optionholders is entitled under the Offers will be implemented in full in accordance with the terms of the Offers (save with respect of the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholders, the Bondholders and the Optionholders.

6. OVERSEAS SHAREHOLDERS, OVERSEAS BONDHOLDERS AND OVERSEAS OPTIONHOLDERS

The making of the Offers to Overseas Shareholders, Overseas Bondholders and Overseas Optionholders may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders, Overseas Bondholders and Overseas Optionholders should inform themselves of and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder, Overseas Bondholder and Overseas Optionholder wishing to accept the Offers to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes due by such accepting Independent Shareholders, Bondholders and Optionholders in respect of such jurisdiction. Acceptances of the Offers by any such person will constitute a warranty by such person that such person is permitted under all applicable laws to accept the Offers and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

7. TAXATION

The Independent Shareholders, the Bondholders, the Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their accepting the Offers. None of the Offeror and parties acting in concert with it, Optima Capital, the Registrar or any of their respective directors or any persons involved in the Offers, and the company secretary of the Company accepts responsibility for any tax effects or liabilities of any person or persons as a result of their acceptance of the Offers.

8. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, Share certificates, certificate(s) of the Convertible Bonds and the Options, transfer receipts (as the case may be), other documents of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and/or the Bondholders and/or the Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Optima Capital and any of their respective agents nor the Registrar or the company secretary of the Company or other parties involved the Offers accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the accompanying Form(s) of Acceptance form part of the terms and conditions of the Offers.
- (c) The accidental omission to despatch this Document and/or Form(s) of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (d) The Offers and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

- (e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, or such person or persons as the Offeror may direct to complete and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares, the Convertible Bonds and/or the Options in respect of which such person or persons has accepted the Offers.
- (f) Reference to the Offers in this Document and in the Form(s) of Acceptance shall include any extension or revision thereof.
- (g) The English text of this Document and the Form(s) of Acceptance shall prevail over their respective Chinese text in case of inconsistency.

1. RESPONSIBILITY STATEMENT

This Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Independent Shareholders, the Bondholders and the Optionholders with regard to the Offeror, the Group and the Offers.

The information contained in this Document relating to the Offeror, the terms and conditions of the Offers and the Offeror's intention regarding the Remaining Group is supplied by the Offeror. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Document and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Document have been arrived at after due and careful consideration and there are no other facts not contained in this Document, the omission of which would make any statement in this Document misleading.

The information relating to the Group, Newwood and parties acting in concert with it contained in the Document has been extracted from the announcements and reports issued by the Company as published on the website of the Stock Exchange. The only responsibility accepted by the sole director of the Offeror in respect of information relating to the Remaining Group is to ensure that it has been correctly and fairly reproduced or presented.

2. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share HK\$
2010	
29 January	0.490
26 February	0.540
31 March	0.530
30 April	0.420
31 May	0.405
30 June	0.400
12 July (the Last Trading Day)	0.400
30 July	0.465
4 August (the Latest Practicable Date)	0.530

Note: Trading in the Shares was suspended from 13 July 2010 to 16 July 2010 pending the release of the Joint Announcement.

The highest and lowest closing prices of the Shares during the Relevant Period were HK\$0.61 per Share (on 19 July 2010) and HK\$0.35 per Share (on 18 January 2010) respectively.

3. INTERESTS OF THE OFFEROR AND ITS DIRECTOR

The Offeror is wholly and beneficially owned by Mr. Shan.

Save for the interest in 240,000,000 Shares beneficially owned by the Offeror, none of the Offeror, its sole director and parties acting in concert with it had any other interest in the Shares, options, warrants, derivatives or securities which are convertible into Shares as at the Latest Practicable Date. Save for the acquisition of the Sale Shares, the Offeror, its sole director and parties acting in concert with it have not dealt for value in the Shares, warrants, options and derivatives or securities which are convertible into Shares of the Company during the Relevant Period.

4. SHAREHOLDINGS AND DEALINGS IN SECURITIES OF THE COMPANY

- (a) as at the Latest Practicable Date, there was no arrangement of the kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code existed between the Offeror and its associates (as defined under the Takeovers Code), or any person acting in concert with the Offeror, and any other person;
- (b) as at the Latest Practicable Date, there was no Shares, convertible securities, warrants, options and derivatives in respect of Shares in the Company which the Offeror or any party acting in concert with it has borrowed or lent;
- (c) as at the Latest Practicable Date, no shareholding in the Company was owned or controlled by a person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code or by a person with whom the Offeror or any persons acting in concert with the Offeror has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code;
- (d) during the Relevant Period, none of the Offeror, or any parties acting in concert with it who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or non-exempt discretionary fund managers and principal traders connected with the Offeror, had dealt for value in the Shares or any warrants, options or derivatives or securities which are convertible into Shares of the Company;
- (e) during the Relevant Period, none of the Offeror, its ultimate beneficial owner, its sole director and parties acting in concert with any one of the Offeror or its ultimate beneficial owners has borrowed or lent any Shares or other securities of the Company carrying voting rights, or convertible securities, warrants, options or derivatives of the Company, save for any borrowed Shares which have been either on-lent or sold;

- (f) there was no arrangement (whether by way of options, indemnity or otherwise) in relation to the shares of the Offeror or the Company which might be material to the Offers; and
- (g) none of the Offeror or parties acting in concert with it has received any irrevocable commitment to accept the Offers.

5. MISCELLANEOUS

As at the Latest Practicable Date,

- (a) no benefit (other than statutory compensation) had been or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (b) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror, any person acting in concert with it and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or dependent upon the Offers;
- (c) no material contracts had been entered into by the Offeror in which any Director has a material personal interest;
- (d) there was no agreement or arrangement to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offers;
- (e) there was no agreement, arrangement or understanding that the securities acquired in pursuance of the Offers would be transferred, charged or pledged to any other persons;
- (f) there was no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company which might be material to the Offers; and
- (g) none of the Offeror or parties acting in concert with it has received any irrevocable commitment to accept the Offers.

6. CONSENT AND QUALIFICATION

The following is the qualification of the expert whose letter is contained in this Document:

Name	Qualification
Optima Capital	a licensed corporation under the SFO permitted to engage in type 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities and the financial adviser to the Offeror

Optima Capital has given and has not withdrawn its written consent to the issue of this Document with copy of its letter and the references to its name included herein in form and context in which they are respectively included.

7. GENERAL

- (a) The registered office of the Offeror is situated at P.O. Box 3152, Road Town, Tortola, British Virgin Islands. As at the Latest Practicable Date, the entire issued share capital of the Offeror was beneficially and wholly owned by Mr. Shan. The sole director of the Offeror is Mr. Shan. The correspondence address of the Offeror and Mr. Shan in Hong Kong is Room 2104, Harcourt House, 39 Gloucester Road, Wan Chai, Hong Kong.
- (b) The registered address of Optima Capital is Suite 1501, 15th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.
- (c) The English text of this Document and the Form(s) of Acceptance shall prevail over their respective Chinese text for the purpose of interpretations.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) on the website of the Securities and Futures Commission (www.sfc.hk); and (ii) the Company's website at www.sonavox.com.hk during the period from the date of this Document to 10 September 2010, being the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Optima Capital as set out on pages 6 to 13 of this Document; and
- (c) the written consent referred to in the paragraph headed "Consent and qualification" in this appendix.