

**SONAVOX INTERNATIONAL HOLDINGS LTD :
THE POLARITY OF THE YANG AND THE YANG**

Had it not been for a \$HK26-million, unsecured, interest-free loan in the 2000 Financial Year, and a \$HK7-million, unsecured, interest-free loan in the 2001 Financial Year, Sonavox International Holdings Ltd would not have been able to turn in the Bottom Line that is indicated in the Company's Placing Prospectus of July 15, 2002.

Sonavox is a Company that is engaged in the manufacture of sales of loudspeaker systems, used in motor cars and home theatres, primarily.

It is a Company, controlled completely by the father-and-son team of Messrs Yang Tsu Ying, aged 67 years, and Yang Ching Yau, aged 32 years.

This duo holds 75 percent of the Issued and Fully Paid-Up Share Capital of the Company.

According to the Placing Prospectus, at Pages 117 and 127, Messrs Yang and Yang lent about \$HK25.91 million to Sonavox in the 2000 Financial Year, ended December 31, 2000, and another \$HK6.94 million in the following Year.

Note 18 at Page 127 of the Placing Prospectus states:

'The amount was unsecured, non-interest bearing and has no fixed repayment term. Subsequent to the year ended 31st December, 2001, approximately HK\$4,670,000 have been repaid to the shareholder and the remaining amount has been settled by the allotment and issue of one ordinary shares of US\$1 (equivalent to approximately HK\$8) in Taraki Inc. to the shareholder.'*

* Taraki Incorporated is a company, domiciled in the British Virgin Islands and is a wholly owned subsidiary of Sonavox. (Page 19 of the Prospectus)

Weighing up the situation, in its entirety, evidenced by information, contained in the Company's Prospectus, it is highly possible that, over the course of the past few Financial Years, this Company has had its fair share of financial problems.

As it is, for a company that is a decade old, now, it has only just managed to keep its proverbial financial head above the economic tidal waves that have been sweeping the world, during those years.

The Company owed about \$HK10.85 million, as at April 30, 2002, making TARGET believe that the repayment of funds to the father-and-son team took its toll of the Company's finances.

Sonavox went public on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd by Placing 80 million, one-cent Shares at a Premium of 49 cents per Share.

The estimated net proceeds, amounting to about \$HK33 million, are to be used for the following purposes:

\$HK12.30 million for funding the expansion of the Company's factory buildings, upgrading machinery and equipment, and the purchase of new machinery;

1. \$HK3.70 million for sales and marketing activities;
2. \$HK2.30 million to establish new sales offices;
3. \$HK1.20 million for the promotion of the Company's corporate image;
4. \$HK2.90 million for research and development;
5. \$HK1 million to perform some surveys on the motor-car industry;
6. \$HK3.90 million to develop new loudspeakers for motor cars;
7. \$HK2.90 million to train up staff of the Company and to employ more staff; and,
8. \$HK2.80 million to be used as General Working Capital.

The Placing Prospectus only gives an account of the Company's fortunes over the past 2 Financial Years and for the first 4 months of the Current Financial Year.

The track record from January 1, 2000 to December 31, 2001 is ... [CLICK TO ORDER FULL ARTICLE](#)

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