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PERCEPTION DIGITAL HOLDINGS LIMITED

幻音數碼控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1822)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company and potential investors that it is expected that the Group may record an increased loss for the year ended 31 December 2012 as compared to the loss recorded for the year ended 31 December 2011.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Perception Digital Holdings Limited (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board of directors (the “Board”) of the Company wishes to inform the shareholders of the Company and potential investors that it is expected that the Company and its subsidiaries (collectively the “Group”) may record an increased loss for the year ended 31 December 2012 as compared with the loss recorded for the year ended 31 December 2011, which was mainly caused by (i) the overall decrease in gross profit margin of the Group as affected by the intensification of the European economic crisis during 2012; (ii) potential impairment on receivables from certain customers arising from disputes with those customers; and (iii) an impairment of our inventory in connection with certain raw materials previously stored in a subcontracted warehouse, which were found to be lost during the stock taking process. The Company has reported the incident to the Hong Kong Police for investigation.

The Board would like to emphasize that the overall financial position and operations of the Group remain sound and healthy.

As the Company is still in the process of finalising the audited results of the Group for the year ended 31 December 2012, the information contained in this announcement is only a preliminary assessment of the management accounts of the Group as at 31 December 2012 by the Board and is not based on any figures or information audited or reviewed by the auditors of the Company.

Further details of the annual results of the Group will be disclosed as and when the annual results of the Group for the year ended 31 December 2012 are announced.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in shares of the Company.

By order of the Board
Perception Digital Holdings Limited
Dr. Jack Lau
Chairman and Executive Director

Hong Kong, 16 January 2013

As at the date of this announcement, the executive Directors are Dr. Lau, Jack and Mr. Tao Hong Ming; the non-executive Directors are Prof. Cheng, Roger Shu Kwan and Prof. Tsui, Chi Ying; and the independent non-executive Directors are Dr. Lam Lee, Kiu Yue Alice Piera, Prof. Chin, Tai Hong Roland, Mr. Shu, Wa Tung Laurence, Mr. William Keith Jacobsen and Mr. Ng Wai Hung