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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)**

### **PROPOSED OPEN OFFER ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE AND CHANGE OF BOARD LOT SIZE**

**Underwriters to the Open Offer**

**Capital Fame Technology Limited**

**Keen Platinum Limited**

#### **PROPOSED OPEN OFFER**

The Board proposes to raise not less than approximately HK\$40.03 million but not more than approximately HK\$41.36 million, before expenses, by issuing not less than 311,250,000 Offer Shares but not more than 321,625,000 Offer Shares at the Subscription Price of HK\$0.1286 per Offer Share.

The Open Offer is only available to the Qualifying Shareholders on the basis of one (1) Offer Share for every two (2) Shares in issue and held on the Record Date and payable in full on acceptance.

Assuming no outstanding and vested Share Options and Options are exercised on or before the Record Date, the minimum number of 311,250,000 Offer Shares to be allotted and issued pursuant to the terms of the Open Offer represents (i) 50.00% of the existing issued share capital of the Company; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares immediately after completion of the Open Offer.

Assuming all outstanding and vested Share Options and Options are exercised in full on or before the Record Date, the maximum number of 321,625,000 Offer Shares to be allotted and issued pursuant to the terms of the Open Offer represents (i) 50.00% of the issued share capital of the Company immediately before completion of the Open Offer; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares immediately after completion of the Open Offer.

The Record Date is Friday, 22 February 2013. The last day of dealings in the Shares on cum-entitlement basis is Thursday, 14 February 2013. The Shares will be dealt in on ex-entitlement basis from Friday, 15 February 2013. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder.

## **CHANGE OF BOARD LOT SIZE**

The Board proposes to change the board lot size for trading of the Shares from 5,000 Shares to 15,000 Shares with effect from Tuesday, 19 March 2013.

No new share certificates for existing Shareholders will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 5,000 Shares to new share certificates in board lot size of 15,000 Shares is necessary.

## **WARNING OF THE RISK OF DEALING IN THE SHARES**

**If the Underwriting Agreement is terminated by the Underwriters on or before 4:00 p.m. on the second Business Day following the Final Acceptance Date or does not become unconditional, the Open Offer will not proceed. The Open Offer is subject to the satisfaction of certain conditions as described under the paragraph headed “Conditions of the Open Offer” below.**

**In particular, it is subject to the Underwriters not exercising the right to terminate the Underwriting Agreement (see the paragraph headed “Termination of the Underwriting Agreement” below) on or before 4:00 p.m. on the second Business Day following the Final Acceptance Date. Accordingly, the Open Offer may or may not become unconditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares.**

## PROPOSED OPEN OFFER

The terms of the proposed Open Offer are set out below.

### Issue statistics

Basis of the Open Offer: One (1) Offer Share for every two (2) Shares held on the Record Date

Number of Shares in issue as at the date of this announcement: 622,500,000 Shares

Number of Offer Shares: Not less than 311,250,000 Offer Shares (assuming no outstanding and vested Share Options and Options are exercised on or before the Record Date) and not more than 321,625,000 Offer Shares (assuming all outstanding and vested Share Options and Options are exercised in full on or before the Record Date)

Aggregate nominal value of the Offer Shares: Not less than HK\$31,125,000 and not more than HK\$32,162,500

Subscription Price: HK\$0.1286 per Offer Share

The net subscription Price per Offer Share is approximately HK\$0.123.

Enlarged issued share capital of the Company upon completion of the Open Offer: Not less than 933,750,000 Shares and not more than 964,875,000 Shares

Fund raised before expenses: Not less than HK\$40.03 million and not more than HK\$41.36 million

As at the date of this announcement, there were outstanding Share Options conferring rights on the holders thereof to subscribe for 5,250,000 new Shares which are vested and exercisable at HK\$0.7 per Share (subject to adjustment, if any) during an exercise period from 26 March 2012 to 25 March 2014.

As at the date of this announcement, there were outstanding Options conferring rights on the holders thereof to subscribe for up to 62,250,000 new Shares, of which 15,500,000 Options are vested and exercisable at HK\$0.38 per Share (subject to adjustment, if any) during an exercise period from 11 November 2011 to 10 August 2016 and 46,750,000 Options are yet to be vested and exercisable pursuant to the terms of the Option Agreement.

As at the date of this announcement, Capital Fame, one of the Underwriters, was the holder of outstanding Warrants conferring rights on the holders thereof to subscribe in cash in aggregate up to HK\$16,807,500 for 62,250,000 new Shares at a subscription price of HK\$0.27 (subject to adjustment, if any). Capital Fame has given an irrevocable undertaking in favour of the Company and Keen Platinum not to exercise any Warrants to subscribe for new Shares between the date of the Underwriting Agreement up to and including the Record Date; and not to dispose of any Warrants held by it between the date of the Underwriting Agreement up to and including the Record Date.

Assuming no outstanding and vested Share Options and Options are exercised on or before the Record Date, the minimum number of 311,250,000 Offer Shares to be allotted and issued pursuant to the terms of the Open Offer represents (i) 50.00% of the existing issued share capital of the Company; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares immediately after completion of the Open Offer.

Assuming all outstanding and vested Share Options and Options are exercised in full on or before the Record Date, the maximum number of 321,625,000 Offer Shares to be allotted and issued pursuant to the terms of the Open Offer represents (i) 50.00% of the issued share capital of the Company immediately before completion of the Open Offer; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares immediately after completion of the Open Offer.

As at the date of this announcement, save for the outstanding Share Options, Options and the Warrants as mentioned above, the Company had no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares and rights over Shares. No Shares shall be allotted or issued between the date of the Underwriting Agreement and up to, and including, the Record Date (other than pursuant to the outstanding and vested of the Share Options and Options).

## Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder.

The Company will send the Prospectus Documents, including the Prospectus and the Application Form, to the Qualifying Shareholders only. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Excluded Shareholders (if any) and if required by the terms of the Share Options Scheme, the terms and conditions of the Option Agreement and the instrument of the Warrants, to the respective holders of the Share Options, Options and the Warrants for their information only but will not send any Application Form to them.

In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (with the relevant share certificate(s)) with the Registrar at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong on or before 4:30 p.m. on Monday, 18 February 2013. The last day of dealings in the Shares on a cum-entitlement basis is Thursday, 14 February 2013. The Shares will be dealt with on an ex-entitlement basis from Friday, 15 February 2013.

Holders of the Share Options who wish to participate in the Open Offer should exercise the subscription rights attaching to the Share Options in accordance with their respective terms and conditions thereof and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company before 4:30 p.m. on Monday, 18 February 2013.

Holders of the Options who wish to participate in the Open Offer should exercise the subscription rights attaching to the Options in accordance with their respective terms and conditions thereof and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company before 4:30 p.m. on Monday, 18 February 2013.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up any of its/his/her entitlement under the Open Offer, its/his/her proportionate shareholding in the Company will be diluted.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable.

## **Closure of register of members**

The register of members of the Company will be closed from Tuesday, 19 February 2013 to Friday, 22 February 2013, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer. No transfers of Shares will be registered during this period.

## **Subscription Price**

The Subscription Price of HK\$0.1286 per Offer Share is payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 37.27% to the closing price of HK\$0.205 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 33.98% to the average closing price of HK\$0.1948 per Share for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 33.98% to the average closing price of HK\$0.1948 per Share for the ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 28.36% to the theoretical ex-entitlement price of approximately HK\$0.1795 per share (based on the closing price of HK\$0.205 per Share as quoted on the Stock Exchange on the Last Trading Day); and
- (v) a discount of approximately 0.69% to the unaudited consolidated net asset value attributable to equity holders of the Company per Share as at 30 June 2012 of approximately HK\$0.1295.

The Subscription Price was determined by the Directors with reference to the market price of the Shares prior to and including the Last Trading Day, the financial conditions of the Company and the current and the expected market conditions. Each Qualifying Shareholder will be entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date. The Directors (including the independent non-executive Directors) consider that the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Status of the Offer Shares**

When allotted and issued, the Offer Shares will rank pari passu in all respects with the existing Shares in issue. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Offer Shares.

## **Fractional entitlement to the Offer Shares**

Entitlement to the Offer Shares will be rounded down to the nearest whole number. Fractional entitlements of the Offer Shares will not be allotted and will be aggregated and taken up by the Underwriters in accordance to the terms and conditions of the Underwriting Agreement.

## **Share certificates of the Offer Shares**

Subject to the fulfilment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to those who have accepted and (where applicable) applied for, and paid for, the Offer Shares by ordinary post at their own risk on or before Monday, 18 March 2013. Dealings in the Offer Shares are expected to commence on or about Tuesday, 19 March 2013.

## **Rights of Excluded Shareholders**

If there are any Overseas Shareholders at the close of business on the Record Date, such Overseas Shareholders may or may not be eligible to take part in the Open Offer.

Based on the register of members of the Company as at the date of this announcement, the Company had one Overseas Shareholder whose address is in the United States of America. The Directors will comply with Notes to Rule 13.36(2) of the Listing Rules and make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders taking into consideration the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange for the issue of Offer Shares to the Overseas Shareholders.

If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any applicable requirements of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be extended to the Overseas Shareholders who will become the Excluded Shareholders. The results of the enquiries and the basis of the exclusion of the Overseas Shareholders will be included in the Prospectus.

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

## **No application for excess Offer Shares**

There is no arrangement for application for the Offer Shares by Qualifying Shareholders in excess of their entitlements. Considering that each Qualifying Shareholders will be given an equal and fair opportunity to participate in the Company's future development by subscribing for his/her/its proportionate entitlement under the Open Offer, if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures, which is not cost-effective from the viewpoint of the Company. Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriters pursuant to the terms and conditions of the Underwriting Agreement.

## **Application for listing of the Offer Shares on the Stock Exchange**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Offer Shares on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Offer Shares, which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong.



## UNDERWRITING AGREEMENT

Date:	30 January 2013
Issuer:	the Company
Underwriters:	(i) Capital Fame; and  (ii) Keen Platinum
Undertaking Shareholders:	(i) Swanland;  (ii) Masteray; and  (iii) Ms. Loh
Number of Underwritten Shares:	All Offer Shares which are not subject to the Shareholders Undertakings, being not less than 219,966,982 Offer Shares and not more than 230,341,982 Offer Shares
Commission:	3% of the aggregate Subscription Price in respect of the number of the Underwritten Shares, which was determined after arm's length negotiation between the Company and the Underwriters, and the Directors are of the view that the commission is fair and reasonable

Pursuant to the Underwriting Agreement and subject to the terms of the condition thereof, (i) Capital Fame shall have priority over Keen Platinum to subscribe for the Underwritten Shares up to a maximum number of 120,000,000 Underwritten Shares; (ii) Keen Platinum shall subscribe for the remaining Underwritten Shares after Capital Fame's priority to subscribe the Underwritten Shares; and (iii) the rights and obligations of the Underwriters to subscribe the Underwritten Shares shall be several and not jointly.

Assuming no outstanding and vested Share Options and Options are exercised on or before the Record Date and no acceptance by the Qualifying Shareholders other than the Undertaking Shareholders under the Open Offer, Capital Fame and Keen Platinum shall subscribe for 120,000,000 and 99,966,982 Offer Shares respectively, representing approximately 12.85% and 10.71% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares immediately after completion of the Open Offer.

Assuming all outstanding and vested Share Options and Options are exercised in full on or before the Record Date and no acceptance by the Qualifying Shareholders other than the Undertaking Shareholders under the Open Offer, Capital Fame and Keen Platinum shall subscribe for 120,000,000 and 110,341,982 Offer Shares respectively, representing approximately 12.44% and 11.44% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares immediately after completion of the Open Offer.

Capital Fame, a company incorporated in the BVI with limited liability and wholly-owned by Mr. Chan Yuen Ming, is an investment holding company and Keen Platinum, a company incorporated in the BVI with limited liability and wholly-owned by Mr. Mung Wai Ming, is an investment holding company. Capital Fame is the holder of the outstanding Warrants issued by the Company entitling it to subscribe in cash in aggregate up to HK\$16,807,500 for 62,250,000 new Shares at a subscription price of HK\$0.27 (subject to adjustment, if any) and it has irrevocably undertaken to the Company and Keen Platinum that (i) it will not exercise any Warrants to subscribe for new Shares between the date of the Underwriting Agreement up to and including the Record Date; and (ii) it will not dispose of any Warrants held by it between the date of the Underwriting Agreement up to and including the Record Date.

Save as the aforesaid, to the best of the Directors' knowledge, information and belief, each of Capital Fame, Keen Platinum and their respective ultimate beneficial owners and associates is (i) a third party independent of the Company; (ii) not a party acting in concert with any substantial shareholders of the Company; (iii) independent of and not associated nor in any way acting in concert with the Company and the other Underwriter. As advised by Capital Fame and Keen Platinum, it is not in the ordinary or usual course of business of each of Capital Fame and Keen Platinum to enter into this type of underwriting arrangement.

### **Shareholders Undertakings**

As at the date of the Underwriting Agreement, (i) Swanland was interested in 125,592,340 Shares, representing approximately 20.17% of the existing issued share capital of the Company; (ii) Masteray was wholly-owned by Sea Progress Limited, which is wholly-owned by Credit Suisse Trust Limited ("**Credit Suisse**") through a discretionary trust, and Masteray was interested in 51.00% of the issued share capital of Swanland and 53,828,697 Shares, representing approximately 8.65% of the existing issued share capital of the Company; and (iii) Ms. Loh was interested in 3,145,000 Shares, representing approximately 0.51% of the existing issued share capital of the Company. Ms. Loh is the spouse of Dr. Lau.

Each of the Undertaking Shareholders has irrevocably undertaken to each of the Company and the Underwriters that (i) it or she will accept or procure its or her associates to accept all the Offer Shares to be provisionally allotted to it and its associates or she and her associates pursuant to the Open Offer in respect of the Shares held by it and its associates or she and her associates as at the Record Date; and (ii) it or she will not dispose of any Shares held by it or she between the date hereof up to and including the Record Date.

Save for the Shareholders Undertakings, as at the date of this announcement, the Board had not received any information from any substantial shareholders of their intentions to take up the Offer Shares to be allotted to them.

### **Capital Fame Undertaking**

As at the date of the Underwriting Agreement, Capital Fame held the Warrants which entitle it to subscribe in cash in aggregate up to HK\$16,807,500 for 62,250,000 new Shares at a subscription price of HK\$0.27 (subject to adjustment, if any).

Pursuant to the Underwriting Agreement, Capital Fame has irrevocably undertaken to the Company and Keen Platinum that (i) it will not exercise any Warrants to subscribe for new Shares between the date of the Underwriting Agreement up to and including the Record Date; and (ii) it will not dispose of any Warrants held by it between the date of the Underwriting Agreement up to and including the Record Date.

### **Conditions of the Open Offer**

The Open Offer is conditional upon:

- (i) the delivery to the Stock Exchange and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly certified by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Board (and all other documents required to be attached thereto) not later than the date of despatch of the Prospectus Documents and in compliance with the Listing Rules and the Companies Ordinance;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the second Business Day after the Record Date;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked, listing of, and permission to deal in, the Offer Shares; and
- (iv) the Underwriting Agreement not being terminated in accordance with the paragraph headed “Termination of the Underwriting Agreement” below.

In any event of the above conditions (i) to (iii) not being fulfilled on or before the Final Acceptance Date (or such later date or dates as may be agreed between the Company and the Underwriters) or if the Underwriting Agreement shall be rescinded, all obligations and liabilities of the parties to the Underwriting Agreement shall forthwith cease and determine and no party shall have any claim against the other (save for any antecedent breaches thereof).

### **Termination of the Underwriting Agreement**

If at any time on or before 4:00 p.m. on the second Business Day following the Final Acceptance Date:

- (i) the Underwriters shall become aware of the fact that, or shall have reasonable cause to believe that any of the warranties in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriters) material in the context of the Open Offer; or
- (ii) there shall be:
  - (a) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
  - (b) any change in local, national or international financial, political, industrial or economic conditions;
  - (c) any change of an exceptional nature in local, national or international equity securities or currency markets;
  - (d) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
  - (e) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
  - (f) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of ten trading days (as defined in the Listing Rules) other than relating to the Open Offer;

- (g) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere

which is or are, in the reasonable opinion of the Underwriters:–

1. likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
2. likely to have a material adverse effect on the success of the Open Offer or the level of Offer Shares to be taken up; or
3. so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Open Offer,

then the Underwriters may, by notice in writing given to the Company on or before 4:00 p.m. on the second Business Day after the Final Acceptance Date, rescind the Underwriting Agreement and thereupon all obligations of the Underwriters thereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save for any antecedent breaches thereof) and the Open Offer shall not proceed.

## **WARNING OF THE RISK OF DEALING IN THE SHARES**

**If the Underwriting Agreement is terminated by the Underwriters on or before 4:00 p.m. on the second Business Day following the Final Acceptance Date or does not become unconditional, the Open Offer will not proceed. The Open Offer is subject to the satisfaction of certain conditions as described under the paragraph headed “Conditions of the Open Offer” above.**

**In particular, it is subject to the Underwriters not exercising the right to terminate the Underwriting Agreement (see the paragraph headed “Termination of the Underwriting Agreement” above) on or before 4:00 p.m. on the second Business Day following the Final Acceptance Date. Accordingly, the Open Offer may or may not become unconditional and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares.**

## CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Open Offer assuming no acceptance by the Qualifying Shareholders other than the Undertaking Shareholders under the Open Offer and no outstanding and vested Share Options and Options are exercised on or before the Record Date; (iii) immediately after the completion of the Open Offer assuming full acceptance by the Qualifying Shareholders under the Open Offer and no outstanding and vested Share Options and Options are exercised on or before the Record Date; (iv) immediately after the completion of the Open Offer assuming no acceptance by the Qualifying Shareholders other than the Undertaking Shareholders under the Open Offer and all outstanding and vested Share Options and Options are exercised in full; and (v) immediately after the completion of the Open Offer assuming full acceptance by the Qualifying Shareholders under the Open Offer and all outstanding and vested Share Options and Options are exercised in full. For illustration purpose, it is assumed that there are no Excluded Shareholders under the Open Offer.

	(i) As at the date of this announcement		(ii) Immediately after the completion of the Open Offer assuming no acceptance by the Qualifying Shareholders other than the Undertaking Shareholders under the Open Offer and no outstanding and vested Share Options and Options are exercised on or before the Record Date		(iii) Immediately after the completion of the Open Offer assuming full acceptance by the Qualifying Shareholders under the Open Offer and no outstanding and vested Share Options and Options are exercised on or before the Record Date		(iv) Immediately after the completion of the Open Offer assuming no acceptance by the Qualifying Shareholders other than the Undertaking Shareholders under the Open Offer and all outstanding and vested Share Options and Options are exercised in full		(v) Immediately after the completion of the Open Offer assuming full acceptance by the Qualifying Shareholders under the Open Offer and all outstanding and vested Share Options and Options are exercised in full	
	Approximate number of Shares	%	Approximate number of Shares	%	Approximate number of Shares	%	Approximate number of Shares	%	Approximate number of Shares	%
<i>Directors:</i>										
Swanland (Note 1)	125,592,340	20.17	188,388,510	20.17	188,388,510	20.17	188,388,510	19.52	188,388,510	19.52
Masteray (Note 1)	53,828,697	8.65	80,743,045	8.65	80,743,045	8.65	80,743,045	8.37	80,743,045	8.37
Ms. Loh (Note 1)	3,145,000	0.51	4,717,500	0.51	4,717,500	0.51	4,717,500	0.49	4,717,500	0.49
Dr. Lau and his associates (Note 1)	182,566,037	29.33	273,849,055	29.33	273,849,055	29.33	273,849,055	28.38	273,849,055	28.38
Excel Direct Technology Limited ("Excel Direct") (Note 2)	11,903,210	1.91	11,903,210	1.27	17,854,815	1.91	11,903,210	1.23	17,854,815	1.85
Rochdale Consultancy Limited ("Rochdale") (Note 3)	2,976,665	0.48	2,976,665	0.32	4,464,997	0.48	2,976,665	0.31	4,464,997	0.46
Mr. Tao Hong Ming (Note 4)	300,000	0.05	300,000	0.03	450,000	0.05	1,050,000	0.11	1,575,000	0.16
<i>Substantial Shareholders:</i>										
Dr. Wu Po Him, Philip and his associate (Note 5)	142,081,464	22.82	142,081,464	15.22	213,122,196	22.82	142,081,464	14.72	213,122,196	22.09
Capital Fame	-	-	120,000,000	12.85	-	-	120,000,000	12.44	-	-
Keen Platinum	-	-	99,966,982	10.71	-	-	110,341,982	11.44	-	-
Public Shareholders	282,672,624	45.41	282,672,624	30.27	424,008,937	45.41	302,672,624	31.37	454,008,937	47.06
<b>Total</b>	<b>622,500,000</b>	<b>100.00</b>	<b>933,750,000</b>	<b>100.00</b>	<b>933,750,000</b>	<b>100.00</b>	<b>964,875,000</b>	<b>100.00</b>	<b>964,875,000</b>	<b>100.00</b>

*Notes:*

1. Swanland is owned as to 51% by Masteray and therefore Masteray is deemed to be interested in all the Shares held by Swanland. Masteray is wholly-owned by Sea Progress Limited, which, through a discretionary trust, is wholly-owned by Credit Suisse. Ms. Loh is the founder of the said trust, and hence she is deemed to be interested in 182,566,037 Shares. Dr. Lau, being the spouse of Ms. Loh, is deemed to be interested in all the Shares held by Ms. Loh.
2. Excel Direct is owned as to 50% by Prof. Tsui Chi Ying, a non-executive Director.
3. Rochdale is owned as to 50% by Prof. Cheng Shu Kwan, Roger, a non-executive Director.
4. Mr. Tao Hong Ming, an executive Director, holds the Share Options to subscribe for 750,000 Shares.
5. Dr. Wu, a substantial shareholder of the Company, is the beneficial owner of 1,599,142 Shares and is interested in 140,482,322 Shares, through Manyi Holdings Limited, a company wholly-owned by Dr. Wu.

## **CHANGE IN BOARD LOT SIZE**

The Shares are currently traded in board lots of 5,000 Shares each and the market value of each board lot is HK\$1,025 (based on the closing price of HK\$0.205 per Share as quoted on the Stock Exchange on the Last Trading Date). In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK\$2,000, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to change the board lot size for trading of the Shares from 5,000 Shares to 15,000 Shares with effect from Tuesday, 19 March 2013. Based on the theoretical ex-entitlement price of the Shares of HK\$0.1795 with reference to the closing price on the Last Trading Date, the new estimated board lot value would be approximately HK\$2,693. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed South China Securities Limited as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from Tuesday, 19 March 2013 to Friday, 12 April 2013 (both days inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Ms. Michelle Lee of South China Securities Limited at 28/F., Bank of China Tower, No. 1 Garden Road, Central, Hong Kong (telephone: (852) 3196-6237 and facsimile: (852) 3101-9200) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

All existing share certificates in board lot of 5,000 Shares will continue to be evidence of entitlement to the Shares and be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 5,000 Shares to new share certificates in board lot size of 15,000 Shares is necessary. With effect from Tuesday, 19 March 2013, any new certificate of the Shares will be issued in new board lot size of 15,000 Shares (except for odd lots or where the Shareholder(s) otherwise instruct(s)). Save and except for the change in the number of Shares for each board lot, new certificates of Shares will have the same format and colour as the existing certificates of Shares.

## **EXPECTED TIMETABLE**

The expected timetable for the Open Offer and change of the board lot size is set out below:

*2013*

Last day of dealing in Shares on a cum-entitlement basis . . . . . Thursday, 14 February

First day of dealing in Shares on an ex-entitlement basis . . . . . Friday, 15 February

Latest time for lodging transfer of Shares in order  
to qualify for the Open Offer. . . . . By 4:30 p.m. on Monday, 18 February

Register of members of the Company closes (both dates inclusive) . . . . . Tuesday, 19 February to  
Friday, 22 February

Record Date . . . . . Friday, 22 February

Register of members of the Company re-opens . . . . . Monday, 25 February

Despatch of the Prospectus Documents . . . . . Monday, 25 February

Latest time for acceptance of, and  
payment for the Offer Shares . . . . . By 4:00 p.m. on Monday, 11 March

Latest time for the Open Offer to become unconditional . . . . . By 4:00 p.m. on Wednesday, 13 March



Announcement of results of the Open Offer . . . . .	Friday, 15 March
Despatch of refund cheques if the Open Offer is terminated . . . . .	Monday, 18 March
Despatch of certificates for Offer Shares on or before . . . . .	Monday, 18 March
Commencement of dealings in Offer Shares . . . . .	Tuesday, 19 March
Effective date of change of the board lot size from 5,000 Shares to 15,000 Shares . . . . .	Tuesday, 19 March
Designated broker starts to stand in the market to provide matching services . . . . .	Tuesday, 19 March
Last day for the designated broker to stand in the market to provide matching services . . . . .	Friday, 12 April

## **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES**

The latest time for acceptance of and payment for the Offer Shares will not take place at the time stated above if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 11 March 2013. Instead the latest time for acceptance of and payment for the Offer Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 11 March 2013. Instead the latest time for acceptance of and payment for the Offer Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Offer Shares does not take place on Monday, 11 March 2013, the dates mentioned in the section headed “Expected timetable for the Open Offer” above may be affected. The Company will notify the Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

## **REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS**

The Company is principally engaged in the provision of embedded firmware and turnkey solutions for consumer electronics devices, with services such as concept consultation, technology feasibility study, embedded firmware design and development, industrial design, intellectual property research, manufacturing and packaging, logistic management and after sales support.

As disclosed in the interim report of the Company for the period ended 30 June 2012, the Group's business has been facing successive challenges due to the prolonged instability of the global economic condition. The revenue of the Group was decreased by approximately 21.6% from approximately HK\$215.5 million to approximately HK\$169.0 million for period ended 30 June 2012 and the Group recorded a net loss of approximately HK\$18.3 million for the period ended 30 June 2012 as compared to a net loss of approximately HK\$2.0 million for the corresponding period in 2011. Furthermore, as disclosed in the announcement of the Company dated 18 October 2012, the Company as borrower and Capital Fame as lender entered into a loan agreement in relation to the grant of loan facility of up to an aggregate principal amount of HK\$50 million by Capital Fame to the Company. As at the date of this announcement, the Company had drawn down HK\$50 million in full which has been used as general working capital of the Group.

With a view to enlarging the capital base and strengthening the financial position of the Group, the Company believes that the Open Offer is in the best interests of the Group and the Shareholders as a whole since it would enable the Qualifying Shareholders to maintain their respective pro rata shareholding interest in the Group and participate in the future growth of the Group by participating in the Open Offer.

The estimated net proceeds from the Open Offer will be approximately HK\$38.13 million (assuming no exercise of the outstanding Share Options and Options) or HK\$39.46 million (assuming all outstanding and vested Share Options and Options are exercised in full). The Company intends to apply the net proceeds from the Open Offer as to (i) 30% for future funding requirements on research and development projects for electronic products; (ii) 50% for general working capital; and (iii) 20% for reduction of the Group's indebtedness.

The terms of the Open Offer (including the Subscription Price) were arrived at after arm's length negotiation between the Company and the Underwriters with reference to the market price of the Shares prior to and including the Last Trading Day, the financial conditions of the Company and the current and the expected market conditions, existing number of issued Shares and the funds expected to be raised by the Open Offer. The Directors (including the independent non-executive Directors) consider that under the Open Offer, each Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company and that the discount of the Subscription Price will encourage the Shareholders to participate in the Open Offer.

## **FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS**

<b>Date of completion announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of Proceeds</b>
18 October 2012	Issue of the Warrants at the consideration of HK\$1.00	HK\$1.00 and approximately HK\$16.8 million upon the exercise of the Warrants	Reduction of the indebtedness of the Group and general working capital of the Company	No Warrants are exercised as at the date of this announcement

Save as aforesaid, the Company did not conduct any fund raising activity in the past 12 months immediately preceding the date of this announcement.

## **LISTING RULES IMPLICATIONS**

The Open Offer is not subject to Shareholders' approval under the Listing Rules.

## **ADJUSTMENTS TO THE SHARE OPTIONS, OPTIONS AND THE WARRANTS**

Adjustments to the exercise prices and/or number of Shares issuable in respect of the Share Options, Options and the Warrants may be required under the relevant terms of the Share Option Scheme, the terms and conditions of the Option Agreement and the instrument of the Warrants. Further details of such adjustments, if required, will be disclosed in further announcement(s).

## **GENERAL**

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Shareholders for information only.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed thereto under the Hong Kong Code on Takeovers and Mergers
“Application Form”	the form of application for use by the Qualifying Shareholders to apply for the Offer Shares in the agreed form
“associate(s)”	has the meaning ascribed thereto under Rule 1.01 and as extended under Rule 14A.11 of the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“BVI”	the British Virgin Islands
“Capital Fame”	Capital Fame Technology Limited, a company incorporated in the BVI with limited liability, being one of the Underwriters
“Capital Fame Undertaking”	the irrevocable undertakings dated 30 January 2013 given by Capital Fame in favour of the Company and Keen Platinum as more particularly set out in the paragraph headed “Capital Fame Undertaking” of this announcement
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Perception Digital Holdings Limited (Stock code: 1822), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange

“connected person(s)”	has the meaning ascribed thereto under Rule 1.01 and as extended under Rule 14A.11 of the Listing Rules
“Director(s)”	director(s) of the Company
“Dr. Lau”	Dr. Jack Lau, an executive Director and the chairman of the Company
“Excluded Shareholder(s)”	Overseas Shareholder(s) whom the Directors consider it necessary or expedient not to offer the Offer Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Final Acceptance Date”	Monday, 11 March 2013 or such other date as may be agreed between the Company and the Underwriters and described as the latest date for acceptance of the Offer Shares in the Prospectus
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Keen Platinum”	Keen Platinum Limited, a company incorporated in the BVI with limited liability, being one of the Underwriters
“Last Trading Day”	30 January 2013, being the last full trading day of the Shares on the Stock Exchange before the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Masteray”	Masteray Limited, a company incorporated in the BVI with limited liability
“Ms. Loh”	Ms. Loh Jiah Yee, Katherine, the spouse of Dr. Lau

“Offer Share(s)”	the new Shares proposed to be issued and allotted under the Open Offer, being not less than 311,250,000 Shares but not more than 321,625,000 Shares
“Open Offer”	the proposed issue of the Offer Shares at the Subscription Price on the basis of one (1) Offer Share for every two (2) Shares held on the Record Date to the Qualifying Shareholders upon the terms and the conditions as described in this announcement
“Options”	the options granted under the Option Agreement
“Option Agreement”	the option agreement dated 11 August 2011 entered into between the Company and Teleepoch in relation to the Options, details of which are set out in the announcement of the Company dated 11 August 2011
“Overseas Shareholder(s)”	the Shareholder(s) with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“Prospectus”	a prospectus relating to the Open Offer to be despatched to the Qualifying Shareholders and the Excluded Shareholders
“Prospectus Documents”	the Prospectus and the Application Form
“Qualifying Shareholder(s)”	the Shareholder(s) other than the Excluded Shareholders whose name(s) appear(s) on the register of member of the Company on the Record Date
“Record Date”	Friday, 22 February 2013 or such other date as may be agreed between the Company and the Underwriters for the determination of the entitlements under the Open Offer
“Registrar”	Tricor Investor Services Limited, the Hong Kong Branch Share Registrar of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Share Options”	the outstanding options to subscribe for 5,250,000 new Shares granted to the Director, employees and consultants of the Group pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 27 November 2009
“Shareholder(s)”	holder(s) of Share(s)
“Shareholders Undertakings”	the irrevocable undertakings dated 30 January 2013 given by each of the Undertaking Shareholders in favour of the Company and the Underwriters as more particularly set out in the paragraph headed “Shareholders Undertakings” of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.1286 per Offer Share under the Open Offer
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Swanland”	Swanland Management Limited, a company incorporated in the BVI with limited liability
“Teleepoch”	Teleepoch Limited, a company incorporated in the Cayman Islands with limited liability
“Undertaking Shareholders”	Swanland, Masteray and Ms. Loh
“Underwriters”	Capital Fame and Keen Platinum
“Underwriting Agreement”	the agreement dated 30 January 2013, entered into by the Company, the Underwriters and the Undertaking Shareholders in relation to the Open Offer
“Underwritten Shares”	all Offer Shares which are not the subject of the Shareholders Undertakings, being not less than 219,966,982 Offer Shares and not more than 230,341,982 Offer Shares

“Warrants”	the outstanding warrants issued by the Company entitling the holder thereof to subscribe in cash in aggregate up to HK\$16,807,500 for 62,250,000 new Shares at a subscription price of HK\$0.27 (subject to adjustment, if any), details of which are set out in the announcement of the Company dated 18 October 2012
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 30 January 2013

*As at the date of this announcement, the executive Directors are Dr. Jack Lau and Mr. Tao Hong Ming; the non-executive Directors are Prof. Cheng Shu Kwan, Roger 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.*