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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  
SIX (6) OFFER SHARES FOR EVERY FIVE (5) SHARES  
HELD ON THE RECORD DATE**

**PROPOSED OPEN OFFER**

The Board is pleased to announce that on 14 November 2013 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriters, to implement the Open Offer. The Board proposes to raise not less than approximately HK\$67.2 million and not more than approximately HK\$68.4 million before expenses by issuing not less than 1,344,600,000 Offer Shares and not more than 1,367,309,868 Offer Shares at the subscription price of HK\$0.05 per Offer Share on the basis of six (6) Offer Shares for every five (5) Shares held on the Record Date. The Directors consider that the net proceeds of the Open Offer will strengthen the Company's capital base and improve the Group's financial position.

As at the date of this announcement, (i) Keen Platinum, a company incorporated in the BVI with limited liability and wholly-owned by Mr. Mung Wai Ming, an executive Director, was interested in 65,441,500 Shares, representing approximately 5.84% of the existing issued share capital of the Company; (ii) Capital Fame was interested in 120,000,000 Shares, representing approximately 10.71% of the existing issued share capital of the Company; and (iii) Swanland, Masteray and Ms. Loh, all being associates of Dr. Jack Lau, a past Director, and collectively interested in 273,848,555 Shares, representing approximately 24.44% of the existing issued share capital of the Company, have severally and irrevocably undertaken to the Company and the Underwriters that they will take up 78,529,800 Offer Shares, 144,000,000 Offer Shares, 226,066,212 Offer Shares, 96,891,654 Offer Shares and 5,660,400 Offer Shares respectively, representing their respective full entitlements to the Offer Shares under the Open Offer.

Pursuant to the Underwriting Agreement, the Underwriters have conditionally agreed to subscribe or procure subscribers to subscribe for all Underwritten Shares that are not taken up, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions contained therein.

Assuming no outstanding and vested Share Options and Options are exercised on or before the Record Date, the minimum number of Offer Shares in aggregate of 1,344,600,000 Shares to be allotted and issued represents (i) 120.00% of the existing issued share capital of the Company; and (ii) approximately 54.55% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares immediately after Completion. Assuming all outstanding and vested Share Options and Options are exercised in full on or before the Record Date, the maximum number of Offer Shares of 1,367,309,868 to be allotted and issued represents (i) 122.03% of the existing issued share capital of the Company; and (ii) approximately 54.55% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares immediately after Completion.

The Record Date is expected to be on Thursday, 2 January 2014. The last day of dealings in the Shares on cum-entitlement basis is expected to be on Friday, 20 December 2013. The Shares are expected to be dealt in on ex-entitlement basis from Monday, 23 December 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.

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions, among others, the Capital Reduction, as set out under the section headed “Conditions of the Open Offer” of this announcement.

## **LISTING RULES IMPLICATIONS**

As the Open Offer will increase the issued share capital of the Company by more than 50% within the 12 month period immediately preceding the date of this announcement, the Open Offer is subject to approval by the Independent Shareholders at the EGM by poll in accordance with the requirements of the Listing Rules. As at the date of this announcement, since there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting at the EGM in respect of the resolution to approve the Open Offer pursuant to the Listing Rules. As at the date of this announcement, Mr. Mung Wai Ming and Mr. Lee Rabi, being the executive Directors, holding 65,441,500 Shares and 270,000 Shares respectively will abstain from voting in favour of the resolution(s) relating to the Open Offer at the EGM. Save as aforesaid, there is no other Director or chief executive of the Company holding any Share in the Company. An independent board committee of the Company will be established by the Company to give recommendation to the Independent Shareholders in respect of the Open Offer. An Independent Financial Adviser will be appointed to advise the independent board committee of the Company.

A circular containing, among other things, (i) details of the Open Offer; (ii) the recommendations of the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the Independent Shareholders and the Open Offer Independent Shareholders; and (iv) a notice of the EGM will be despatched as soon as practicable on or before Tuesday, 3 December 2013.

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

**The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed “Conditions of the Open Offer” of this announcement. In particular, the Open Offer is subject to the Underwriters not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares up to the date when the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.**

## **PROPOSED OPEN OFFER**

The Board proposes to raise not less than approximately HK\$67.2 million and not more than approximately HK\$68.4 million before expenses by issuing not less than 1,344,600,000 Offer Shares and not more than 1,367,309,868 Offer Shares at the subscription price of HK\$0.05 per Offer Share on the basis of six (6) Offer Share for every five (5) Shares held on the Record Date.

### **Issue statistics**

Basis of the Open Offer:	Six (6) Offer Shares for every five (5) Shares held on the Record Date and payable in full on acceptance
Number of Shares in issue as at the date this announcement:	1,120,500,000 Shares
Number of Offer Shares:	Not less than 1,344,600,000 Offer Shares (assuming no outstanding and vested Share Options and Options are exercised on or before the Record Date) and not more than 1,367,309,868 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 (before the completion of the Capital Reduction):	Not less than HK\$134,460,000.00 and not more than HK\$136,730,986.80
Aggregate nominal value of the Offer Shares (after the completion of Capital Reduction):	Not less than HK\$13,446,000.00 and not more than HK\$13,673,098.68
Subscription price:	HK\$0.05

Enlarged issued share capital of the Company upon Completion:	Not less than 2,465,100,000 Shares but not more than 2,506,734,762 Shares
Funds raised before expenses:	Not less than approximately HK\$67.2 million and not more than approximately HK\$68.4 million
Number of Underwritten Shares underwritten by the Undertaking:	Not less than 793,451,934 Offer Shares and not more than 816,161,802 Offer Shares

As at the date of this announcement, there were outstanding Share Options conferring rights on the holders thereof to subscribe for up to 2,124,444 new Shares which are vested and exercisable at HK\$0.646 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 67,472,775 new Shares, of which 16,800,450 Options are vested and exercisable at HK\$0.351 per Share (subject to adjustment, if any) during an exercise period from 11 November 2011 to 10 August 2016 and 50,672,325 Options are yet to be vested and exercisable and will remain unvested and non-exercisable prior to the Completion pursuant to the terms of the Option Agreement.

As at the date of this announcement, there were outstanding Warrants conferring rights on Capital Fame, a substantial Shareholder, to subscribe in cash in aggregate up to 73,076,087 new Shares at a subscription price of HK\$0.23 (subject to adjustment, if any). Capital Fame has given an irrevocable undertaking in favour of the Company and the Underwriters 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 Offer Shares in aggregate of 1,344,600,000 Shares to be allotted and issued represents (i) 120.00% of the existing issued share capital of the Company; and (ii) approximately 54.55% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares immediately after Completion.

Assuming all outstanding and vested Share Options and Options are exercised in full on or before the Record Date, the maximum number of Offer Shares of 1,367,309,868 to be allotted and issued represents (i) 122.03% of the existing issued share capital of the Company; and (ii) approximately 54.55% of the issued share capital of the Company as enlarged by the allotment and issue of the Offer Shares immediately after Completion.

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 Friday, 27 December 2013. The last day of dealings in the Shares on a cum-entitlement basis is Friday, 20 December 2013. The Shares will be dealt with on an ex-entitlement basis from Monday, 23 December 2013.

Holders of the Share Options and the Options who wish to participate in the Open Offer should exercise the subscription rights attaching to the Share Options and Options respectively 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 Friday, 27 December 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 or capable of renunciation and there will not be any trading in the assured entitlements on the Stock Exchange.

## **Subscription price**

The subscription price per Offer Share was arrived at after arm's length negotiation between the Company and the Underwriters under prevailing market conditions and the net asset value of the Company. The Directors consider that the discount would encourage the Qualifying Shareholders to participate in the Open Offer, which would enable the Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the future growth of the Group. The Directors (excluding the independent non-executive Directors) consider the terms of the Open Offer, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The subscription price of HK\$0.05 per Offer Share is payable in full upon application.

The subscription price per Offer Share represents:

- (i) a discount of approximately 73.7% to the closing price of HK\$0.190 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 74.2% to the average closing price of HK\$0.194 per Share for the last five consecutive trading days quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 75.2% to the average closing price of HK\$0.202 per Share for the last ten consecutive trading days quoted on the Stock Exchange up to and including the Last Trading Day; and
- (iv) a premium of approximately 92.3% to the net asset value per Share of approximately HK\$0.026 based on the latest unaudited interim net asset value of the Group as at 30 June 2013 and the Shares in issue as at the date of this announcement.

## **Fractional entitlements to the Offer Shares**

Entitlements to the Offer Shares will be rounded down to the nearest whole number. Fractional entitlements to the Offer Shares will not be allotted and will be aggregated and dealt with as Offer Shares not taken up in accordance with the Underwriting Agreement.

## **Odd lots arrangement**

There will be no odd lot arrangement in relation to and as a result of the Open Offer.



## **Status of the Offer Shares**

The Offer Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of their respective allotment and issue (as the case may be).

## **Application for listing**

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.

## **Closure of registers of members**

The registers of members of the Company are expected to be closed from Monday, 30 December 2013 to Thursday, 2 January 2014, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer. No transfers of Shares will be registered during the book closure period.

## **Certificates and refund cheques for the Offer Shares**

Subject to the Open Offer becoming unconditional, share certificates for the Offer Shares are expected to be posted on or before Monday, 27 January 2014 by ordinary post to those Qualifying Shareholders who have accepted and paid for their Offer Shares, at their own risks. Refund cheques in respect of the Offer Shares if the Open Offer is terminated or lapsed on or before 31 March 2014, being the long stop date for the fulfillment of the conditions of the Open Offer will be despatched by ordinary post within five Business Days after such date to the applicants at their own risk.

## **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 1 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 Shareholder, the Open Offer will not be extended to the Overseas Shareholder who will become the Excluded Shareholder. 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.

## **Application for excess Offer Shares**

There is no arrangement for application for the Offer Shares by the Qualifying Shareholders in excess of their entitlements. Considering that each Qualifying Shareholder 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.



## UNDERWRITING AGREEMENT

- Date:** 14 November 2013
- Underwriters:**
- (1) China Galaxy International Securities (Hong Kong) Co., Limited (“**China Galaxy**”); and
  - (2) Head & Shoulders Securities Limited (“**Head & Shoulders**”)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Underwriters and their respective ultimate beneficial owners are Independent Third Parties.

- Number of Shares to be underwritten:** All Offer Shares which are not subject to the Shareholders Undertakings, being not less than 793,451,934 Offer Shares and not more than 816,161,802 Offer Shares

- Commission:** 2.5% of the aggregate subscription price in respect of the number of Underwritten Shares. The commission was determined after arm’s length negotiation between the Company and the Underwriters, and the Directors (excluding the independent non-executive Directors) are of the view that it is fair and reasonable

The Directors (excluding the independent non-executive Directors) consider that the terms of the Underwriting Agreement are on normal commercial terms and are fair and reasonable as far as the Company and the Shareholders are concerned.

In the event that the Underwriters are required to take up the Underwritten Shares pursuant to their underwriting:

- (a) Each of the Underwriters together with its respective parties acting in concert, will not own 19.99% or more of the issued share capital of the Company immediately after the Open Offer; and
- (b) The Underwriters shall take up such number of Offer Shares and take relevant actions as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with.

### Shareholders Undertakings

As at the date of the Underwriting Agreement, (i) Keen Platinum, a company incorporated in the BVI with limited liability and wholly-owned by Mr. Mung Wai Ming, an executive Director, was interested in 65,441,500 Shares, representing approximately 5.84% of the existing issued share capital of the Company; (ii) Capital Fame was interested in 120,000,000 Shares, representing approximately 10.71% of the existing issued share capital of the Company; and (iii) Swanland, Masteray and Ms. Loh, all being associates of Dr. Jack Lau, a past Director, were collectively interested in 273,848,555 Shares, representing approximately 24.44% of the existing issued share capital of the Company.

Each of the Undertaking Shareholders has severally and irrevocably undertaken to each of the Company and the Underwriters that (i) it/she will accept or procure its/her associates to accept all the Offer Shares to be provisionally allotted to it/her and its/her associates pursuant to the Open Offer in respect of the Shares held by it/her and its/her associates as at the Record Date; and (ii) it/she will not dispose of any Shares held by it/her 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 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 73,076,087 new Shares at a subscription price of HK\$0.23 (subject to adjustment, if any). Capital Fame has irrevocably undertaken to the Company and the Underwriters 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 subject to the fulfillment (or waiver, if applicable) of the following conditions:

- a) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly certified by two directors of the Company (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (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;
- b) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purposes only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the date of despatch of the Prospectus Documents;
- c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, all the Offer Shares;

- d) the Underwriting Agreement not being terminated pursuant to the terms therein;
- e) the passing by the Independent Shareholders at the EGM of an ordinary resolution to approve the Open Offer (including, but not limited to, the exclusion of the offer of the Open Offer to the Excluded Shareholders);
- f) the Shares remained listed on the Stock Exchange at all times prior to the Settlement Date and the current listing of the Shares not having been withdrawn and there is no indication being received from the Stock Exchange that the listing of the Shares may be withdrawn prior to the Settlement Date;
- g) completion of the Capital Reduction in all respects;
- h) compliance by the Company with all its obligations under the Underwriting Agreement; and
- i) the obligations of the Underwriters under the Underwriting Agreement not being terminated by the Underwriters in accordance with the terms thereof.

None of the conditions above can be waived by either the Company or the Underwriters. In any event of the above conditions (a) to (i) not being fulfilled or, with respect to conditions (f) and (i), waived in whole or in part by 31 March 2014 (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 the Latest Time for Termination,

- (i) any of 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 10 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 the Latest Time for Termination, rescind the Underwriting Agreement and thereupon all obligations of the Underwriters hereunder 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 hereof) and the Open Offer shall not proceed.

## 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 assuming no acceptance by the Qualifying Shareholders other than the Undertaking Shareholders and no outstanding and vested Share Options and Options are exercised on or before the Record Date; (iii) immediately after the Completion assuming full acceptance by the Qualifying Shareholders and no outstanding and vested Share Options and Options are exercised on or before the Record Date; (iv) immediately after the Completion assuming no acceptance by the Qualifying Shareholders other than the Undertaking Shareholders and all outstanding and vested Share Options and Options are exercised in full; and (v) immediately after the Completion assuming full acceptance by the Qualifying Shareholders 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.

Holder	(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 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 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 and all outstanding and vested Share Options and Options are exercised on or before the Record Date		(v) Immediately after the completion of the Open Offer assuming full acceptance by the Qualifying Shareholders and all outstanding and vested Share Options and Options are exercised on or before the Record Date	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Current Directors</b>										
Keen Platinum Limited (Note 1)	65,441,500	5.84%	143,971,300	5.84%	143,971,300	5.84%	143,971,300	5.74%	143,971,300	5.74%
Mr. Lee Rabi	270,000	0.02%	270,000	0.01%	594,000	0.02%	378,390	0.02%	832,458	0.03%
<b>Current director of a subsidiary of the Company</b>	-	-	-	-	-	-	162,585	0.01%	357,687	0.01%
<b>Past Directors</b>										
Swanland Management Limited ("Swanland") (Note 2)	188,388,510	16.81%	414,454,722	16.81%	414,454,722	16.81%	414,454,722	16.53%	414,454,722	16.53%
Masteray Limited ("Masteray") (Note 2)	80,743,045	7.21%	177,634,699	7.21%	177,634,699	7.21%	177,634,699	7.09%	177,634,699	7.09%
Ms. Loh, Jiah Yee Katherine ("Ms. Loh") (Note 2)	4,717,000	0.42%	10,377,400	0.42%	10,377,400	0.42%	10,377,400	0.41%	10,377,400	0.41%
Dr. Jack Lau and his associates (Note 2)	273,848,555	24.44%	602,466,821	24.44%	602,466,821	24.44%	602,466,821	24.03%	602,466,821	24.03%
Excel Direct Technology Limited (Note 3)	11,903,210	1.06%	11,903,210	0.48%	26,187,062	1.06%	11,903,210	0.47%	26,187,062	1.04%
Rochdale Consultancy Limited ("Rochdale") (Note 4)	2,976,665	0.27%	2,976,665	0.12%	6,548,663	0.27%	2,976,665	0.12%	6,548,663	0.26%
<b>Substantial Shareholders</b>										
Dr. Wu Po Him, Philip and his associate (Note 5)	142,081,575	12.68%	142,081,575	5.76%	312,579,465	12.68%	142,081,575	5.67%	312,579,465	12.47%
Capital Fame Technology Limited	120,000,000	10.71%	264,000,000	10.71%	264,000,000	10.71%	264,000,000	10.53%	264,000,000	10.53%
Underwriter(s)	-	-	793,451,934	32.19%	-	-	816,161,802	32.56%	-	-
<b>Public Shareholders</b>	503,978,495	44.98%	503,978,495	20.44%	1,108,752,689	44.98%	522,632,414	20.85%	1,149,791,306	45.87%
<b>Total</b>	<b>1,120,500,000</b>	<b>100.00%</b>	<b>2,465,100,000</b>	<b>100.00%</b>	<b>2,465,100,000</b>	<b>100.00%</b>	<b>2,506,734,762</b>	<b>100.00%</b>	<b>2,506,734,762</b>	<b>100.00%</b>

*Notes:*

1. Keen Platinum Limited is wholly-owned by Mr. Mung, Wai Ming, an executive Director.
2. Swanland is owned as to 67.3% 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 Trust Limited. Ms. Loh is the founder of the said trust, and hence she is deemed to be interested in 273,848,555 Shares immediately after the Completion. Dr. Jack Lau, being the spouse of Ms. Loh, is deemed to be interested in all the Shares held by Ms. Loh. Dr. Jack Lau resigned as an Executive Director effective from 29 June 2013.
3. Excel Direct Technology Limited is owned as to 50% by Prof. Tsui Chi Ying, who resigned from a non-executive Director effective from 19 July 2013.
4. Rochdale is owned as to 50% by Prof. Cheng Shu Kwan, Roger, who resigned from a non-executive Director effective from 19 July 2013.
5. Dr. Wu Po Him, Philip, a substantial shareholder of the Company, is the beneficial owner of 1,599,142 Shares and is interested in 140,482,433 Shares, through Manyi Holdings Limited, a company wholly-owned by him.

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

The Group 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 six months ended 30 June 2013, the Group's business has been facing successive challenges due to the prolonged instability of the global economic condition. The revenue of the Group decreased by approximately 44.1% from approximately HK\$169.0 million in the first half of 2012 to approximately HK\$94.4 million in the first half of 2013. The Group's net loss was approximately HK\$17.3 million in the first half of 2013. As at 30 June 2013, the Group had bank and other borrowings amounting to HK\$82.5 million.

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 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\$64.0 million (assuming no further issue of new Shares on or before Record Date). The Company intends to apply the net proceeds from the Open Offer as to (i) 50% for general working capital; and (ii) 50% for reduction of the Group's indebtedness.



## **EXPECTED TIMETABLE**

Despatch of circular with notice and proxy forms in relation to the EGM	:	Tuesday, 3 December 2013
Latest time for return of proxy form of the EGM	:	9:00 a.m. on Tuesday, 17 December 2013
Expected date and time of the EGM	:	9:00 a.m. on Thursday, 19 December 2013
Announcement of poll results of the EGM	:	Thursday, 19 December 2013
Last day of dealing in Shares on a cum-entitlement basis	:	Friday, 20 December 2013
First day of dealing in Shares on an ex-entitlement basis	:	Monday, 23 December 2013
Latest time for lodging transfer of Shares in order to qualify for the Open Offer	:	4:30 p.m. on Friday, 27 December 2013
Register of members of the Company closes (both dates inclusive)	:	Monday, 30 December 2013 to Thursday, 2 January 2014
Record Date	:	Thursday, 2 January 2014
Register of members of the Company re-opens	:	Friday, 3 January 2014
Despatch of the Prospectus Documents	:	Friday, 3 January 2014
Latest time for acceptance of, and payment for the Offer Shares	:	4:00 p.m. on Friday, 17 January 2014
Open Offer expected to become unconditional	:	Wednesday, 22 January 2014

Announcement of results of acceptance of : Friday, 24 January 2014  
the Open Offer

Despatch of certificates for Offer Shares : Monday, 27 January 2014

Commencement of dealings : Tuesday, 28 January 2014  
in Offer Shares

All times and dates specified in this announcement refer to Hong Kong local times.

The Open Offer is conditional upon, among other things, the completion of the Capital Reduction, details of which please refer to the Company's announcements dated 8 August 2013, 19 August 2013 and 12 September 2013. The expected date on which the Capital Reduction is confirmed by the Court is on Monday, 13 January 2014. The expected effective date of the Capital Reduction is on Monday, 20 January 2014. The expected date for the commencement of dealings in new Shares on the Stock Exchange after the Capital Reduction becomes effective is on Tuesday, 21 January 2014. Such effective date of the Capital Reduction may vary due to the timetable and availability of the Court, additional time required for compliance with the regulatory requirements in the Cayman Islands and/or with any requirements imposed by the Court or varied by the Company. If the Capital Reduction does not become effective on or before 31 March 2014, being the long stop date of the Underwriting Agreement (or such later date or dates as may be agreed between the Company and the Underwriters), the Open Offer will not proceed and all the money received from the Shareholders who have subscribed for the Offer Shares shall be returned to the respective Shareholders within five Business Days after such date.

Dates stated in this announcement for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Open Offer will be announced as appropriate in accordance with the Listing Rules.

## **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 Friday, 17 January 2014. 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 Friday, 17 January 2014. 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 Friday, 17 January 2014, the dates mentioned in the section headed “Expected Timetable” 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.

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

The Open Offer is conditional, *inter alia*, upon the fulfillment of the conditions set out under the section headed “Conditions of the Open Offer” of this announcement. In particular, the Open Offer is subject to the Underwriters not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Open Offer may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares up to the date when the conditions of the Open Offer are fulfilled will bear the risk that the Open Offer could not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

## **PREVIOUS FUND RAISING EXERCISES 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>
22 August 2013	Placing	HK\$31.7 million	general working capital of the Group and reduction of the Group’s indebtedness	Used as intended
19 March 2013	Open offer on the basis of one offer share for every two shares held on the record date at the subscription price of HK\$0.1286 per offer share	HK\$38.1 million	(a) 30% for future funding requirement on research and development projects for electronic products;  (b) 50% for general working capital; and  (c) 20% for reduction of the Group’s indebtedness	Used as intended

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

## **Adjustments in relation to the Share Options, Options and Warrants**

The Open Offer, if it becomes unconditional, will cause adjustments to the subscription price and/or the number of Shares to be issued under the Share Option Scheme, Option Agreement and Warrants and under the respective terms thereof. Adjustments to certain terms of the Share Options shall be made pursuant to the Share Option Schemes and in compliance with Rule 17.03(13) of the Listing Rules and the supplemental guidance issued by the Stock Exchange in September 2005. Auditor will be engaged by the Company to confirm to the Directors in writing that such adjustments satisfy the requirements under Rule 17.03(13) of the Listing Rules. The exercise price of the outstanding Options and Warrants and the corresponding number of Shares that can be subscribed upon exercise will be adjusted pursuant to the terms of the Option Agreement and the Warrants. The Company will inform holders of the Share Options, Options and Warrants of such adjustments accordingly by written notice to each of them.

## **GENERAL**

As the Open Offer will increase the issued share capital of the Company by more than 50%, pursuant to the Listing Rules, any controlling shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates will abstain from voting in favour of the resolutions relating to the Open Offer. As at the date of this announcement, there were no controlling shareholders. As at the date of this announcement, Mr. Mung Wai Ming and Mr. Lee Rabi, being the executive Directors, holding 65,441,500 Shares and 270,000 Shares respectively, will abstain from voting in favour of the resolution(s) relating to the Open Offer at the EGM. Save as aforesaid, there is no other Director or chief executive of the Company holding any Share in the Company as at the date of this announcement.

The Company will establish an independent board committee which comprise all the independent non-executive Directors to advise the Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. In this connection, the Company will appoint an Independent Financial Adviser to advise the independent board committee and the Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Company will publish a separate announcement when the appointment of the Independent Financial Adviser has been finalized.

A circular containing, among other things, further details of the Open Offer, the letter from the independent board committee, the letter from the Independent Financial Adviser and a notice convening the EGM will be despatched by the Company to the Shareholders as soon as practicable on or before Tuesday, 3 December 2013.

**Shareholders should note that the completion of the Underwriting Agreement is conditional and may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## DEFINITION

“acting in concert”	has the meaning ascribed thereto under the Hong Kong Code on Takeovers and Mergers
“Application Form(s)”	the form(s) of application in respect of the Open Offer to be issued to the Qualifying Shareholders
“associate(s)”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted or remains hoisted or in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“Capital Fame”	Capital Fame Technology Limited, a company incorporated in the BVI with limited liability which is wholly owned by Mr. Chan Yuen Ming and interested in 120,000,000 Shares as at the date of this announcement
“Capital Fame Undertaking”	the undertaking given by Capital Fame in favour of the Company and the Underwriters undertaking not to exercise the rights to any warrants between the date of the Underwriting Agreement up to and including the Record Date and that it will not dispose of any of the Warrants held by it between the date of the Underwriting Agreements and up to the Record Date
“Capital Reduction”	the reduction of the paid-up capital of each of the issued Shares by cancelling paid-up capital of HK\$0.09 per share so that the nominal value of each issued Share will be reduced from HK\$0.10 to HK\$0.01 as announced by the Company on 8 August, 2013

“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, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1822)
“Completion”	completion of the Open Offer
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and approve the Open Offer
“Excluded Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions provided by the legal advisers, consider it necessary or expedient not to offer the Offer Shares to such Overseas Shareholder(s) on account either of the 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”	17 January, 2014 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 PRC



“Independent Shareholder(s)”	the Shareholder(s), other than the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates, who are not involved in, nor interested in, the Underwriting Agreement
“Independent Third Parties”	a person who, as far as the Directors are aware after having made all reasonable enquires, is not a connect person of our Company within the meaning of the Listing Rules
“Keen Platinum”	Keen Platinum Limited, a company incorporated in the BVI with limited liability and wholly owned by Mr. Mung Wai Ming, an executive Director, and interested in 65,441,500 Shares as at the date of this announcement
“Last Trading Day”	14 November 2013, being the last trading day on which the Company and the Underwriters entered into the Underwriting Agreement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 17 January 2014 or such later time to be agreed in writing between the Company and the Underwriters, being the latest time for application of the Open Offer
“Latest Time for Termination”	4:00 p.m. on the 2nd Business Day following the Final Acceptance Date
“Listing Committee”	has the meaning attributed to that term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Share(s)”	the new Shares proposed to be issued and allotted under the Open Offer, being not less than 1,344,600,000 Shares and not more than 1,367,309,868 Shares to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents

“Open Offer”	the proposed issue of the Offer Shares at the subscription price of HK\$0.05 on the basis of six (6) Offer Shares for every five (5) Shares held on the Record Date to the Qualifying Shareholders upon the terms and conditions as described in this announcement
“Option Agreement”	the option agreement dated 11 August 2011 entered into between the Company and Teleepoch Limited in relation to the Options, details of which are set out in the announcement of the Company dated 11 August 2011
“Options”	the options granted under the Option Agreement
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is(are) in a place(s) outside Hong Kong
“PRC”	The People’s Republic of China
“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)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date
“Record Date”	Thursday, 2 January 2014, being the record date for determining the entitlements of the Shareholders to participate in the Open Offer
“Registrar”	Tricor Investor Services Limited, the Hong Kong Branch Share Registrar of the Company
“Settlement Date”	the date being the 3rd Business Day after the Final Acceptance Date or such later date as the Company and the Underwriters may agree

“Share(s)”	ordinary share(s) of HK\$0.10 each (or following completion of the Capital Reduction, ordinary shares of HK\$0.01 each) in the share capital of the Company
“Share Options”	the outstanding options held by the Director, employees and consultants of the Group to subscribe for 2,124,444 new Shares 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 the Share(s)
“Shareholders Undertakings”	the undertaking in which each of the Undertaking Shareholders has irrevocably undertaken to each of the Company and the Underwriters that (i) it will accept or procure its associates to accept all the Offer Shares to be provisionally allotted to it and its associates pursuant to the Open Offer in respect of the Shares held by it and its associates as at the Record Date; and (ii) it will not dispose of any Shares held by it between the date hereof up to and including the Record Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Undertaking Shareholders”	Keen Platinum, Capital Fame, Swanland, Masteray and Ms. Loh
“Underwriters”	China Galaxy International Securities (Hong Kong) Co., Limited and Head & Shoulders Securities Limited
“Underwriting Agreement”	the underwriting agreement dated 14 November 2013 entered into between the Company and the Underwriters and the Undertaking Shareholders in relation to the underwriting arrangement of the Open Offer

“Underwritten Shares”	all Offer Shares which are not subject of the Shareholders Undertakings, being not less than 793,451,934 Offer Shares and not more than 816,161,802 Offer Shares
“Warrants”	the outstanding warrants issued by the Company entitling Capital Fame, to subscribe in cash in aggregate up to HK\$16,807,500 for 73,076,087 new Shares at a subscription price of HK\$0.23 (subject to adjustment, if any).
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%” or “per cent.”	percentage or per centum

By order of the Board  
**Perception Digital Holdings Limited**  
**Mr. Mung Wai Ming**  
*Executive Director*

Hong Kong, 14 November 2013

*As at the date of this announcement, the Board comprises Mr. Mung Wai Ming, Ms. Liu Yee Nee and Mr. Lee Rabi as executive Directors; and Mr. William Keith Jacobsen, Ms. Zhou Jing and Mr. Ng Wai Hung as independent non-executive Directors.*