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**Nat-Ace Pharmaceutical Ltd.**

邦強醫藥有限公司

*(Incorporated in the British Virgin Islands  
with limited liability)*

**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)*

## **JOINT ANNOUNCEMENT**

**(1) CONDITIONAL AGREEMENT TO SUBSCRIBE NEW SHARES IN  
PERCEPTION DIGITAL HOLDINGS LIMITED BY THE OFFEROR**

**(2) POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER  
BY CCB INTERNATIONAL CAPITAL LIMITED FOR AND  
ON BEHALF OF THE OFFEROR**

**TO ACQUIRE ALL THE ISSUED SHARES IN, AND  
CANCEL ALL OUTSTANDING OPTIONS OF,  
PERCEPTION DIGITAL HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED BY OR  
AGREED TO BE ACQUIRED BY THE OFFEROR AND  
THE PARTIES ACTING IN CONCERT WITH IT)**

**AND**

**(3) RESUMPTION OF TRADING IN SHARES**

**FINANCIAL ADVISER TO  
THE OFFEROR**



**FINANCIAL ADVISER TO  
THE COMPANY**



## **SHARE SUBSCRIPTION**

On 26 April 2014, the Company and the Offeror entered into the Subscription Agreement pursuant to which the Company agreed to issue, and the Offeror agreed to subscribe for the Subscription Shares for an aggregate consideration of HK\$103,534,200 in cash at the Offer Price. The Offeror and its ultimate beneficial owners are Independent Third Parties.

The Subscription Shares represent (a) approximately 25.00% of the existing issued share capital of the Company as at the date of this joint announcement, (b) approximately 20.00% of the enlarged issued share capital of the Company (assuming that the Subscription Shares are issued and none of the Options and the Warrants have been exercised at or prior to Completion) and (c) approximately 18.66% of the enlarged issued share capital of the Company (assuming that the Subscription Shares are issued and all the Options and the Warrants have been exercised at or prior to Completion for illustration purpose only). The Company will use the estimated net proceeds from the Share Subscription of approximately HK\$98.5 million to improve the working capital of the Group and explore new business opportunities for the Group.

The issue of the Subscription Shares is subject to certain conditions precedent.

An application will be made by the Company for the listing of, and permission to deal in, the Subscription Shares.

## **SHARE PURCHASE**

On 26 April 2014, the Vendors and the Offeror entered into the Sale and Purchase Agreement pursuant to which the Offeror has agreed to purchase, and the Vendors have agreed to sell, at the Offer Price, 1,010,438,121 Shares, representing (a) approximately 40.99% of the existing issued share capital of the Company as at the date of this joint announcement, (b) approximately 32.79% of the enlarged issued share capital of the Company (assuming that the Subscription Shares are issued and none of the Options and the Warrants have been exercised at or prior to Completion) and (c) approximately 30.59% of the enlarged issued share capital of the Company (assuming that the Subscription Shares are issued and all the Options and the Warrants have been exercised at or prior to Completion for illustration purpose only).

Completion of the Share Purchase is expected to take place contemporaneously with completion of the Share Subscription.

## **POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER**

As at the date of this joint announcement, the Offeror and parties acting in concert with it do not hold any Shares. On Completion, the Offeror and the parties acting in concert with it will own in aggregate 1,626,713,121 Shares, representing (a) approximately 65.99% of the issued share capital of the Company as at the date of this joint announcement; (b) approximately 52.79% of the enlarged issued share capital of the Company as at Completion (assuming that the Subscription Shares are issued and none of the Options and the Warrants have been exercised at or prior to Completion) and (c) approximately 49.25% of the enlarged issued share capital of the Company as at Completion (assuming that the Subscription Shares are issued and all the Options and the Warrants have been exercised at or prior to Completion for illustration purpose only).

Upon Completion and pursuant to Rule 26.1 of the Takeovers Code, CCB International will, on behalf of the Offeror, make an unconditional mandatory cash offer to acquire all the Disinterested Shares and cancel the Options.

The Third Vendor (being the only holder of the Warrants) has undertaken to the Offeror not to accept any general offer which may be made by the Offeror with respect to the Warrants held by it. Accordingly, the Offers will not be extended to the holder of the Warrants.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers.

## **GENERAL**

A circular containing, among other things, details of the Share Subscription and a notice convening the EGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules. Completion of the Share Subscription and the Share Purchase will take place simultaneously. As such, the Vendors and their respective associates are considered to have material interests in the Share Subscription and therefore will abstain from voting in the EGM in respect of the resolutions for approving the Share Subscription.

The Company has established the Independent Board Committee to advise the holders of the Disinterested Shares and the Options in relation to the terms and conditions of the Offers. The Independent Board Committee will appoint an Independent Financial Adviser to advise the Independent Board Committee, the holders of the Disinterested Shares and the Options in respect of the Offers. Further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser is made.

## **DESPATCH OF COMPOSITE OFFER DOCUMENT**

Pursuant to Rule 8.2 of the Takeovers Code, the offer document containing, inter alia, the terms of the Offers, together with forms of acceptance and transfer, should be posted to the Shareholders and the holders of the Options by or on behalf of the Offeror within 21 days of the date of this joint announcement. The Offeror and the Company intend that a composite offer and response document in connection with the Offers setting out, inter alia, details of the Offers (accompanied by the acceptance and transfer form) and incorporating the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser on the Offers will be issued and despatched by the Offeror and the Company jointly to the Shareholders and the holders of the Options in accordance with the Takeovers Code in due course. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the Executive's consent is required if the making of the Offers is subject to prior fulfillment of certain conditions precedent which cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code. Application will be made by the Offeror for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of such composite offer and response document within seven days of Completion or 16 October 2014, whichever is the earliest.

## **RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 11:01 a.m. on 25 April 2014 pending the publication of this joint announcement. Application has been made for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 9 May 2014.

**WARNING: THE SHARE SUBSCRIPTION, THE SHARE PURCHASE AND THE OFFERS ARE A POSSIBILITY ONLY. THE SHARE SUBSCRIPTION AND THE OFFERS MAY OR MAY NOT PROCEED AND WILL ONLY BE MADE IF COMPLETION TAKES PLACE. COMPLETION IS SUBJECT TO THE FULFILMENT OF CERTAIN CONDITIONS PRECEDENT. THEREFORE, THE SHARE SUBSCRIPTION AND THE OFFERS MAY OR MAY NOT BE MATERIALISED AND SHAREHOLDERS AND/OR POTENTIAL INVESTORS IN THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.**

## **THE SHARE SUBSCRIPTION**

On 26 April 2014, the Company and the Offeror entered into the Subscription Agreement. A summary of the major terms of the Subscription Agreement is set out below.

<b>Date</b>	26 April 2014
<b>Parties</b>	(i) the Company as the issuer of the Subscription Shares; and  (ii) the Offeror as the subscriber of the Subscription Shares.

The Offeror and its ultimate beneficial owners are Independent Third Parties.

### **Subject matter**

The Company agreed to issue, and the Offeror agreed to subscribe for, an aggregate of 616,275,000 Subscription Shares for an aggregate consideration of HK\$103,534,200 in cash at the Offer Price.

The Subscription Shares represent (a) approximately 25.00% of the existing issued share capital of the Company as at the date of this joint announcement, (b) approximately 20.00% of the enlarged issued share capital of the Company (assuming that the Subscription Shares are issued and none of the Options and the Warrants have been exercised at or prior to Completion) and (c) approximately 18.66% of the enlarged issued share capital of the Company (assuming that the Subscription Shares are issued and all the Options and the Warrants have been exercised at or prior to Completion for illustration purpose only).

The Subscription Shares will be allotted and issued under the Specific Mandate which will be subject to the approval of the Independent Shareholders at the EGM.

### **Offer Price**

The Offer Price represents:

- (i) a discount of approximately 6.7% to the closing price of HK\$0.180 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 16.7% to the average closing price of HK\$0.144 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;

- (iii) a premium of approximately 25.4% to the average closing price of HK\$0.134 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;

The Offer Price was determined and negotiated on an arm's length basis between the parties to the Subscription Agreement with reference to the recent trading prices of the Shares as quoted on Stock Exchange. The Directors (including the independent non-executive Directors) consider that the Subscription Agreement was entered into under normal commercial terms following arm's length negotiations between the Company and the Offeror and that the terms of the Subscription Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Conditions**

Completion is conditional upon:

- (i) the passing of a resolution by the Independent Shareholders at the EGM approving the Subscription Agreement, the Specific Mandate and the transactions contemplated thereunder as required under applicable laws and regulations (including without limitation the Listing Rules);
- (ii) the Listing Committee of the Stock Exchange having granted the listing approval in respect of, and permission to deal in, the Subscription Shares;
- (iii) save as disclosed by the Company, no suit or other proceedings is pending or threatened by any party before any court or competent governmental authority seeking to restrain or prohibit or declare illegal, or seeking substantial damages in connection with any part of the transaction contemplated under the Subscription Agreement; and
- (iv) (a) the representations, warranties and undertakings given by the Company under the Subscription Agreement having remained true and accurate, and not misleading in all material respects, as at the date of the Subscription Agreement and the date of Completion; and  
(b) the representations, warranties and covenants given or procured to be given by the Offeror under the Subscription Agreement having remained true and accurate, and not misleading in all material respects, as at the date of the Subscription Agreement and the date of Completion.

If any of the conditions precedent set out above is not satisfied or waived on or before 30 September 2014, the Subscription Agreement shall automatically terminate except certain clauses as specified therein and without liability to any party thereto save for the rights of any party thereto accrued prior to such termination.

## Completion

Completion of the Share Subscription is expected to take place on the fifth Business Day after the fulfilment of the last of the conditions precedent set out above (except those set out in (iii) and (iv) above).

## Intended use of proceeds from the Share Subscription

The Company will use the estimated net proceeds from the Share Subscription of approximately HK\$98.5 million to improve the working capital of the Group and explore new business opportunities for the Group.

## THE SHARE PURCHASE

On 26 April 2014, (i) the Vendors (as the vendors), (ii) Ms. Loh, Mr. Chan and Mr. Mung (as the warrantors) and (iii) the Offeror (as the purchaser) entered into the Sale and Purchase Agreement pursuant to which the Offeror has agreed to purchase, and the Vendors have agreed to sell at the Offer Price, in aggregate, 1,010,438,121 Shares, representing (a) approximately 40.99% of the existing issued share capital of the Company as at the date of this joint announcement, (b) approximately 32.79% of the enlarged issued share capital of the Company (assuming that the Subscription Shares are issued and none of the Options and the Warrants have been exercised at or prior to Completion) and (c) approximately 30.59% of the enlarged issued share capital of the Company (assuming that the Subscription Shares are issued and all the Options and the Warrants have been exercised at or prior to Completion for illustration purpose only).

Pursuant to the Sale and Purchase Agreement, the Offeror has paid to the Vendors a total deposit in the sum of HK\$20,000,000 (the “**Deposit**”) which is being held by an escrow agent appointed by the Vendors and the Offeror jointly. Upon Completion, the Vendors shall appropriate the Deposit, and the Offeror shall pay to the Vendors the total amount of consideration for the Share Purchase (less the amount of the Deposit).

Completion of the Share Purchase is subject to the following conditions being satisfied or waived on or before 30 September 2014:

- (i) the Subscription Agreement being entered into and becoming unconditional pursuant to the terms of the Subscription Agreement;
- (ii) (a) the warranties made by each of the Vendors, Ms. Loh, Mr. Chan and Mr. Mung under the Sale and Purchase Agreement having remained true and accurate, and not misleading, in all material respects, on the date of the Sale and Purchase Agreement and on the date of Completion; and

- (b) the warranties made by the Offeror in the Sale and Purchase Agreement having remained true and accurate, and not misleading, in all material respects, on the date of the Sale and Purchase Agreement and on the date of Completion;
- (iii) (a) no events having occurred which has or causes (x) a material adverse effect on the business, operations, financial condition, assets or liabilities of the Group taken as a whole or (y) material adverse effect on the ability of the Vendors to perform or comply with their respective obligations, undertakings or covenants under the Sale and Purchase Agreement; and  
  
(b) no events having occurred which has a material adverse effect on the ability of the Offeror to perform or comply with its obligations, undertakings or covenants under the Sale and Purchase Agreement; and
- (iv) (a) there being no ongoing, pending or threatened legal proceedings against the Vendors which forbid, restrict or impose material conditions or restrictions on or in any way challenge the transactions contemplated under the Sale and Purchase Agreement; and  
  
(b) there being no ongoing, pending or threatened legal proceedings against the Offeror which forbid, restrict or impose material conditions or restrictions on or in any way challenge the transactions contemplated under the Sale and Purchase Agreement.

Completion is expected to take place contemporaneously with completion of the Share Subscription.

## **POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER**

### **The Share Offer and the Option Offer**

As at the date of this joint announcement, the Offeror and parties acting in concert with it do not hold any Shares. On Completion, the Offeror and the parties acting in concert with it will own in aggregate 1,626,713,121 Shares, representing (a) approximately 65.99% of the enlarged issued share capital of the Company as at the date of this joint announcement; (b) approximately 52.79% of the enlarged issued share capital of the Company as at Completion (assuming that the Subscription Shares are issued and none of the Options and the Warrants have been exercised at or prior to Completion) and (c) approximately 49.25% of the enlarged issued share capital of the Company as at Completion (assuming that the Subscription Shares are issued and all the Options and the Warrants have been exercised at or prior to Completion for illustration purpose only).



Upon Completion and pursuant to Rule 26.1 of the Takeovers Code, CCB International will, on behalf of the Offeror, make an unconditional mandatory cash offer to acquire all the Disinterested Shares, and to cancel all the Options on the following basis:

**For each Disinterested Share**                      HK\$0.168 payable in cash

**For each Option**                                      HK\$0.0001 payable in cash

As at the date of this joint announcement, the Company has 2,465,100,000 Shares in issue and save for the Options and the Warrants, the Company has no outstanding warrants, options, derivatives in respect of the Shares or securities convertible into Shares.

The Offers, if and when made, will be unconditional in all respects.

As at the date of this joint announcement, the Options are all out-of-the-money with reference to the Offer Price.

Pursuant to the Sale and Purchase Agreement, the Third Vendor (being the only holder of the Warrants) has undertaken to the Offeror not to (i) accept any general offer which may be made by the Offeror with respect to the Warrants held by it, (ii) exercise the Warrants held by it prior to the closing of such offer, and (iii) dispose of or transfer the Warrants held by it to any other party prior to the closing of such offer. Accordingly, the Offers will not be extended to the holder of the Warrants.

### **Comparisons of value**

The Offer Price represents:

- (i) a premium of approximately 1,300.0% to the audited net asset value per Share as at 31 December 2013;
- (ii) a discount of approximately 6.7% to the closing price of HK\$0.180 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 16.7% to the average closing price of HK\$0.144 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 25.4% to the average closing price of HK\$0.134 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day;

- (v) a premium of approximately 35.5% over the average closing price of HK\$0.124 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day; and
- (vi) a premium of approximately 52.7% to the average closing price of HK\$0.110 per Share as quoted on the Stock Exchange for the 90 trading days immediately prior to and including the Last Trading Day.

### **Highest and lowest Share prices**

During the six-month period up to and including the Last Trading Day, the highest closing price of the Shares was HK\$0.180 per Share as quoted on the Stock Exchange on 25 April 2014 and the lowest closing price of the Shares was HK\$0.071 per Share as quoted on the Stock Exchange on 15 January 2014.

### **Total consideration for the Offers**

On the basis of 2,465,100,000 Shares in issue as at the date of this joint announcement, the Share Offer values the equity value of the Company at HK\$414,136,800. On the basis of 1,454,661,879 Disinterested Shares as at the date of this joint announcement and assuming that there is no change in the enlarged issued share capital of the Company prior to the making of the Offers, the amount of cash required to effect the Share Offer is approximately HK\$244,383,195.

Assuming that all the Options under the Option Offer are tendered at HK\$0.0001 each, the total consideration payable by the Offeror under the Option Offer will be HK\$10,152.

Assuming that all the vested Options are fully exercised prior to the making of the Offers, there will be 2,490,377,957 Shares in issue and the entire issued share capital of the Company would be valued at approximately HK\$418,383,496 under the Share Offer, and there will be 1,479,939,836 Disinterested Shares, which will be valued at approximately HK\$248,629,892.

### **Confirmation of financial resources**

The Offeror intends to finance the consideration payable under the Offers from its internal resources and the Facility granted by CCB International Securities Limited, a fellow subsidiary of CCB International. CCB International, as financial adviser to the Offeror, is satisfied that sufficient resources are available to the Offeror to satisfy full acceptance of the Offers.

## **Effect of accepting the Offers**

By accepting the Share Offer, the holders of the Disinterested Shares will sell to the Offeror the Disinterested Shares free from all liens, charges, encumbrances, rights of pre-emption and any other third-party rights of any nature and together with all rights attaching to them on or after the date on which the Offers are made, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offers are made.

Following the acceptance of the Option Offer, the Options will be cancelled.

Acceptance of the Offers will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

## **Payment**

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Offers and the relevant documents of title of the Shares are received by the Registrar to render each such acceptance complete and valid.

## **Stamp duty**

Assuming that the Offers are made upon Completion, ad valorem stamp duty of the sellers at a rate of HK\$1 for every HK\$1,000 (or part thereof) of the consideration payable to the holders of the Disinterested Shares who accept the Share Offer will be deducted from the amount payable to such Shareholders. The Offeror will then pay the stamp duty deducted to the stamp duty office on behalf of the Shareholders who accept the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company as at the date of this joint announcement and on Completion (assuming that there is no other change to the enlarged issued share capital of the Company up to Completion):

Shareholder	As at the date of this joint announcement		Immediately upon Completion (assuming that the Subscription Shares are issued and none of the Options and the Warrants have been exercised at or prior to Completion)		Immediately upon Completion (assuming that the Subscription Shares are issued and all the Options and the Warrants have been exercised at or prior to Completion) <i>(Notes 1 and 2)</i>	
	<i>Number of Shares</i>	<i>% of issued share capital</i>	<i>Number of Shares</i>	<i>% of issued share capital</i>	<i>Number of Shares</i>	<i>% of issued share capital</i>
The Offeror and parties acting in concert with it	–	–	1,626,713,121	52.79	1,626,713,121	49.25
The First Vendor	424,832,122	17.23	–	–	–	–
The Second Vendor	177,634,699	7.21	–	–	–	–
The Third Vendor	264,000,000	10.71	–	–	120,053,571	3.63
The Fourth Vendor	143,971,300	5.84	–	–	–	–
Mr. Lee Rabi (a Director)	270,000	0.01	270,000	0.01	270,000	0.01
Other public Shareholders	<u>1,454,391,879</u>	<u>59.00</u>	<u>1,454,391,879</u>	<u>47.20</u>	<u>1,555,911,416</u>	<u>47.11</u>
Total	<u><u>2,465,100,000</u></u>	<u><u>100.00</u></u>	<u><u>3,081,375,000</u></u>	<u><u>100.00</u></u>	<u><u>3,302,948,108</u></u>	<u><u>100.00</u></u>

### Note:

1. This is for illustration purpose only as the Third Vendor has undertaken to the Offeror not to (i) accept any general offer made by the Offeror with respect to the Warrants held by it, (ii) exercise the Warrants held by it prior to the closing of any such offer, and (iii) dispose of or transfer the Warrants held by it to any other party prior to the closing of any such offer, pursuant to the Sale and Purchase Agreement.
2. This is for illustration purpose only assuming that all the Options (including both the vested and the unvested options) are exercisable and have been exercised at or prior to Completion.

Save for the Subscription Shares and the Sale Shares, neither the Offeror nor any party acting in concert with it owns or controls any Shares or has options to acquire any Shares or any outstanding warrants, convertible securities or derivatives in respect of any Shares as at the date of this joint announcement.

The Offeror and the parties acting in concert with it did not deal for value in the Shares, or convertible securities, warrants or options (or other outstanding warrants, convertible securities or derivatives) in respect of any Shares, during the six-month period up to and including the date of this joint announcement.

## **INFORMATION ON THE PARTIES**

### **The Company**

The Company was incorporated as an exempted company with limited liability in the Cayman Islands and its Shares have been listed on the Stock Exchange since 16 December 2009.

The Group is principally engaged in the research, design, development and sale of digital signal processing (“**DSP**”) based consumer electronics devices and platforms, including embedded firmware; the provision of solutions and services to customers for their DSP-based consumer electronic devices and platforms; and the trading of electronic components.

### **The Offeror**

The Offeror was incorporated in BVI on 2 January 2008 with limited liability and held by Deng Shufen, Liu Jiangyuan and Gui Bin as to 60%, 20% and 20%, respectively. Thus, Deng Shufen is the controlling shareholder of the Offeror. The Offeror is an investment holding company.

Each of the Offeror and its ultimate beneficial owners, Deng Shufen, Liu Jiangyuan and Gui Bin, is an Independent Third Party.

## **FUTURE INTENTIONS OF THE OFFEROR**

Upon Completion, the Offeror will become the controlling shareholder of the Company expected to be interested in approximately 52.79% of the enlarged issued share capital of the Company (assuming that the Subscription Shares are issued and none of the Options and the Warrants have been exercised at or prior to Completion). After Completion, the Offeror will propose to remove all the existing Directors and nominate new Directors to the Board subject to compliance with all the applicable regulatory requirements, including the Takeovers Code and the Listing Rules. Such proposed changes have not yet been finalised at the date of this joint announcement. A further announcement will be made upon any changes to the directorship of the Company.

The Offeror intends to continue the current business operation of the Group after Completion. The Offeror will also conduct a review on the business operations and financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. Subject to the results of the review, the Offeror may explore other business opportunities for the Company such as acquisitions or investments in assets and/or businesses or cooperation with business partners of the Offeror with a view to enhance its growth and future development. As at the date of this joint announcement, the Offeror has no plan, and has not engaged in any discussion or negotiation, on any injection of any assets or businesses into the Group.

## **MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange. The Company and the new Directors to be nominated by the Offeror will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that not less than 25% of the Shares will be held by the public.

The Stock Exchange has stated that if, at the close of the Offers, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) there is insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

## **GENERAL**

### **Share Subscription**

The issue of the Subscription Shares will be subject to, amongst other things, the approval of the Independent Shareholders for the granting of the Specific Mandate at the EGM in accordance with the requirements of the Listing Rules. Completion of the Share Purchase and the Share Subscription will take place simultaneously. As such, the Vendors and their respective associates are considered to have material interests in the Share Subscription and therefore will abstain from voting in the EGM in respect of the resolutions for approving the Share Subscription.

The Subscription Shares (when allotted, issued and fully paid) will rank *pari passu* with the Shares in issue on the date of allotment and issue of the Subscription Shares. An application will be made by the Company for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

Save for completion of the placing of new shares on 2 September 2013 (the “**Placing**”) and completion of the open offer on 24 January 2014 (the “**Open Offer**”) (details of which are set out in the announcements of the Company dated 2 September 2013 and 24 January 2014, respectively), there has been no fund raised on any issue of equity securities in the twelve months immediately preceding the date of this joint announcement. The table below sets out the total proceeds raised from the Placing and the Open Offer and the use of such proceeds and the intended use of any proceeds not yet utilized.

<b>The fund raising activity</b>	<b>The approximate net proceeds (HK\$)</b>	<b>Actual use of the proceeds</b>	<b>Intended use of proceeds not yet utilised</b>
The Placing	31.7 million	50% of the net proceeds was used to reduce the Group’s indebtedness and the other 50% of the net proceeds was used for general working capital the Group	None
The Open Offer	64.9 million	50% of the net proceeds was used to reduce the Group’s indebtedness	50% of the net proceeds has been placed as bank deposits for general working capital

## **Offers**

The Company has established the Independent Board Committee to advise the holders of the Disinterested Shares and the Options in relation to the terms and conditions of the Offers. The Independent Board Committee will appoint an Independent Financial Adviser to advise the Independent Board Committee and the holders of the Disinterested Shares and the Options in respect of the Offers. Further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser is made.

Pursuant to Rule 8.2 of the Takeovers Code, the offer document containing, inter alia, the terms of the Offers, together with forms of acceptance and transfer, should be posted to the Shareholders and the holders of the Options by or on behalf of the Offeror within 21 days of the date of this joint announcement. The Offeror and the Company intend that a composite offer and response document in connection with the Offers setting out, inter alia, details of the Offers (accompanied by the acceptance and transfer form) and incorporating the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser on the Offers will be issued and despatched by the Offeror and the Company jointly to the Shareholders and the holders of the Options in accordance with the Takeovers Code in due course. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the Executive's consent is required if the making of the Offers is subject to prior fulfillment of certain conditions precedent which cannot be fulfilled within the time period contemplated by Rule 8.2 of the Takeovers Code. Application will be made by the Offeror for the Executive's consent under Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of such composite offer and response document within seven days of Completion or 16 October 2014, whichever is the earliest.

An Independent Board Committee has been established for the purpose of advising the holders of the Disinterested Shares and the Options in relation to the terms and conditions of the Offers. None of the members of the Independent Board Committee has any material interest in respect of the Share Subscription or the Offers.

## **EGM**

The EGM will be convened to consider and approve, inter alia, the Share Subscription. A circular containing, among other things, details of the Share Subscription and a notice convening the EGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

## **Disclosure Obligations**

Save for the Sale and Purchase Agreement and the Subscription Agreement, (a) there are no agreements or arrangements to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them, is a party as at the date of this joint announcement which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offers; and (b) there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Offeror which might be material to the Offers.



The Offeror confirms that as at the date of this joint announcement, (a) the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offers; (b) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them; (c) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owns or has control or direction over any rights or voting rights over the Shares or convertible securities, options, warrants or derivatives of the Company; and (d) there is no relevant security in the Company which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them has borrowed or lent.

In accordance with Rule 3.8 of the Takeovers Code, associates (including holders of 5% or more of the relevant securities of the Company or the Offeror) of the Company and the Offeror are hereby reminded to disclose their dealings in any securities of the Company pursuant to the requirements of the Takeovers Code.

Pursuant to Note 11 to Rule 22 of the Takeovers Code, stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant provisions of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than HK\$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to cooperate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that cooperation.

## **IMPORTANT NOTE FOR THE SHAREHOLDERS AND THE HOLDERS OF THE OPTIONS OUTSIDE HONG KONG**

The Offers will be made in respect of securities of a company incorporated in the Cayman Islands and subject to the procedure and disclosure requirements of Hong Kong, which may be different from other jurisdictions. The ability of the Shareholders and the holders of the Options outside Hong Kong to participate in the Offers will also be subject to, and may be limited by, the laws and regulations of their respective jurisdictions.

## RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 11:01 a.m. on 25 April 2014 pending the publication of this joint announcement. Application has been made for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 9 May 2014.

**WARNING: THE SHARE SUBSCRIPTION, THE SHARE PURCHASE AND THE OFFERS ARE A POSSIBILITY ONLY. THE SHARE SUBSCRIPTION AND THE OFFERS MAY OR MAY NOT PROCEED AND WILL ONLY BE MADE IF COMPLETION TAKES PLACE. COMPLETION IS SUBJECT TO THE FULFILMENT OF CERTAIN CONDITIONS PRECEDENT. THEREFORE, THE SHARE SUBSCRIPTION AND THE OFFERS MAY OR MAY NOT BE MATERIALISED AND SHAREHOLDERS AND/OR POTENTIAL INVESTORS IN THE COMPANY ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES.**

## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day”	any day on which commercial banks are open for business in Hong Kong (excluding Saturdays, Sundays, public holidays and any weekday on which Typhoon Signal No. 8 or higher is hoisted or a black rain storm warning is given in Hong Kong at any time during 9:00 a.m. to 5:00 p.m.)
“BVI”	the British Virgin Islands
“CCB International”	CCB International Capital Limited, a corporation licensed to carry out type 1, type 4 and type 6 regulated activities under SFO and the financial adviser to the Offeror

“Company”	Perception Digital Holdings Limited 幻音數碼控股有限公司, an exempted company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Share Subscription and the Share Purchase
“Director(s)”	the director(s) of the Company
“Disinterested Shares”	all the Shares in issue, other than the Shares which are owned or agreed to be acquired by the Offeror and the parties acting in concert with it as at the date of the offer document with respect to the Offers to be issued by the Offeror for compliance with the Takeovers Code
“EGM”	the extraordinary general meeting of the Company to be convened to consider and approve, inter alia, the issue of Subscription Shares
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Facility”	a loan facility granted by CCB International Securities Limited, a fellow subsidiary of CCB International, to the Offeror
“First Vendor”	Swanland Management Limited, a company incorporated in BVI
“Fourth Vendor”	Keen Platinum Limited, a company incorporated in BVI
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the board committee of the Company comprising Mr. William Keith Jacobsen, Ms. Zhou Jing and Mr. Ng Wai Hung (being all the independent non-executive Directors) to advise the holders of the Disinterested Shares and the Options in respect of the Offers

“Independent Financial Adviser”	the independent financial adviser to be appointed by the Independent Board Committee to advise the Independent Board Committee, the holders of the Disinterested Shares and the Options in relation to the terms and conditions of the Offers
“Independent Shareholders”	the Shareholders other than the Vendors and their respective associates
“Independent Third Party(ies)”	person(s) or company(s) who/which is/are not connected with the directors, chief executive or substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
“Last Trading Day”	25 April 2014, the last trading day for the Shares prior to the suspension of trading of the Shares pending publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chan”	Mr. Chan Yuen Ming, the legal and beneficial owner of the entire issued share capital of the Third Vendor
“Mr. Mung”	Mr. Mung Wai Ming, an executive Director and the legal and beneficial owner of the entire issued share capital of the Fourth Vendor
“Ms. Loh”	Ms. Loh Jiah Yee Katherine, the majority ultimate beneficial owner of the First Vendor and the Second Vendor
“Offeror”	Nat-Ace Pharmaceutical Ltd. 邦強醫藥有限公司, a company incorporated in BVI on 2 January 2008 with limited liability and held by Deng Shufen, Liu Jiangyuan and Gui Bin as to 60%, 20% and 20% respectively. Each of the Offeror and its ultimate beneficial owners, Deng Shufen, Liu Jiangyuan and Gui Bin is an Independent Third Party
“Offer Price”	the amount of HK\$0.168 per Share
“Offers”	the Share Offer and the Option Offer

“Options”	the outstanding options granted by the Company pursuant to a supply chain management agreement dated 11 August 2011 and an option agreement dated 11 August 2011 entered into between Perception Digital Technology (BVI) Ltd., a subsidiary of the Company, and Teleepoch Limited comprising both the vested options to subscribe 25,277,957 Shares at a price of HK\$0.233 per Share and the unvested options to subscribe 76,241,580 Shares at a price of HK\$0.233 per Share
“Option Offer”	the possible unconditional mandatory cash offer to be made by CCB International on behalf of the Offeror for the cancellation of the Options
“PRC”	the People’s Republic of China (but excluding Hong Kong and Taiwan)
“Registrar”	Tricor Investor Services Limited, being the Hong Kong branch share registrar and transfer office of the Company, located at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Sale Shares”	424,832,122 Shares, 177,634,699 Shares, 264,000,000 Shares and 143,971,300 Shares held by the First Vendor, the Second Vendor, the Third Vendor and the Fourth Vendor, respectively
“Second Vendor”	Masteray Limited, a company incorporated in BVI
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sale and Purchase Agreement”	the conditional agreement dated 26 April 2014 among the Vendors, Ms. Loh, Mr. Chan, Mr. Mung, and the Offeror in respect of the Share Purchase
“Shareholders”	registered holders of Shares
“Share Offer”	the possible unconditional mandatory cash offer for the Disinterested Shares at the Offer Price to be made by CCB International on behalf of the Offeror in accordance with the Takeovers Code

“Share Purchase”	the purchase of the Sale Shares by the Offeror
“Share Subscription”	the subscription of the Subscription Shares by the Offeror
“Shares”	shares of HK\$0.01 each in the share capital of the Company
“Specific Mandate”	the specific mandate to be granted to the Directors to issue the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the conditional agreement dated 26 April 2014 between the Company and the Offeror in respect of the Share Subscription
“Subscription Shares”	616,275,000 Shares to be issued by the Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Merger
“Third Vendor”	Capital Fame Technology Limited, a company incorporated in BVI
“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“Vendors”	the First Vendor, the Second Vendor, the Third Vendor and the Fourth Vendor
“Warrants”	the warrants issued by the Company entitling the holders thereof to subscribe Shares in aggregate up to HK\$16,807,500 at a subscription price of HK\$0.14 per Share
“%”	per cent.

By Order of the Board of Directors of  
**Nat-Ace Pharmaceutical Ltd.**  
 邦強醫藥有限公司  
**Deng Shufen**  
*Director*

By Order of the Board of Directors of  
**Perception Digital Holdings Limited**  
 幻音數碼控股有限公司  
**Mung Wai Ming**  
*Chairman*

Hong Kong, 8 May 2014

*As at the date of this joint announcement, the Board comprises three executive Directors, namely, Mr. Mung, Wai Ming, Ms. Liu, Yee Nee and Mr. Lee Rabi and three independent non-executive Directors, namely, Mr. Ng Wai Hung, Mr. William Keith Jacobsen and Ms. Zhou Jing. The members of the Board jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, the opinions expressed in this joint announcement (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the sole director of the Offeror is Deng Shufen. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the Company and the Group) and confirm, having made all reasonable enquiries, that to the best of her knowledge, the opinions expressed in this joint announcement (other than those expressed by the Company and the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*This joint announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website for at least seven days from the day of its posting and on the website of the Company at [www.perceptiondigital.com](http://www.perceptiondigital.com).*