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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)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POSSIBLE SUBSCRIPTION

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

Memorandum of Understanding dated 12 September 2014

The Board is pleased to announce that on 12 September 2014 (after trading hours), the Company and the Prospective Target entered into the Memorandum of Understanding in respect of the Possible Subscription. Pursuant to the Memorandum of Understanding, the final consideration for the Possible Subscription has not yet been determined and may be satisfied by the Company in cash or such any other forms of payment to be agreed by the Prospective Target and the Company in the Formal Agreement. The Prospective Target, through entering into certain Contractual Arrangements, will have the right of control, economic interests and benefits in a company established in the PRC that is engaged in the business of online car rental services in the PRC.

Save for the provisions relating to confidentiality, Due Diligence Review and governing law and jurisdiction and appointment of process agent by the Prospective Target, the terms of the Memorandum of Understanding are not legally binding on the parties.

The Memorandum of Understanding may or may not lead to the entering into of the Formal Agreement and the transactions contemplated thereunder may or may not be consummated. In the event that the Formal Agreement materialises, the transaction contemplated thereunder may or may not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement will be made in respect thereof as and when required by the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

This announcement is made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

THE MEMORANDUM OF UNDERSTANDING DATED 12 SEPTEMBER 2014

The Board is pleased to announce that on 12 September 2014 (after trading hours), the Company and the Prospective Target entered into the Memorandum of Understanding in respect of the Possible Subscription.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Prospective Target and its ultimate beneficial owners is an Independent Third Party.

Principal terms of the Memorandum of Understanding

Subject to the entering into of the Formal Agreement, the Prospective Target and the Company have principally come to a preliminary understanding to, among other things, the following under the Memorandum of Understanding:

1. The final consideration for the Possible Subscription has not yet been determined but is expected to be not more than HK\$100 million, and may be satisfied by the Company (or its nominee(s)) in cash or such any other forms of payment to be agreed by the Prospective Target and the Company in the Formal Agreement.
2. Pursuant to a reorganisation to be undertaken by, amongst other companies ("**Reorganisation**"), Xianfeng and a wholly-owned subsidiary of the Prospective Target to be incorporated in the PRC will enter into certain contractual arrangements in relation to the business operation of Xianfeng ("**Contractual Arrangements**").
3. Closing of the Possible Subscription is conditional upon fulfillment of all conditions precedent set out in the Formal Agreement, which are expected to include, among other conditions precedent to be set out therein, (i) the completion of the Reorganisation; (ii) the Company being satisfied with the form and substance of the Contractual Arrangements; and (iii) the Company being satisfied with the Due Diligence Review (as defined below).
4. The Company shall be entitled to carry out due diligence review ("**Due Diligence Review**") on the Prospective Target, its subsidiaries and Xianfeng, which shall commence from the date of the Memorandum of Understanding and be completed as soon as reasonably practicable within 60 days upon signing of the Memorandum (or such later date as the parties may agree). In order to facilitate the Due Diligence Review, the Prospective Target shall procure that, upon reasonable written request by the Company and/or the persons authorised by the Company, the Company and/or the persons authorised by the Company will be given all such information relating to the Prospective Target and Xianfeng and such access to the premises and all books, title deeds, records, accounts and other documentation of the Prospective Target and Xianfeng as the Company and/or the persons authorised by the Company may reasonably request in writing.
5. Save for the provisions relating to confidentiality, termination, Due Diligence Review and governing law and jurisdiction and appointment of process agent by the Prospective Target, the terms of the Memorandum of Understanding are not legally binding on the parties thereto.
6. In the event that all the terms of the Formal Agreement shall not be agreed upon between the parties on or before 60 days after the Memorandum of Understanding (or such other later date to be agreed between the Company and the Prospective Target); the Memorandum of Understanding will be terminated forthwith.

Information of the Prospective Target

The Prospective Target is incorporated in the Cayman Islands with limited liability. To the best of the information and belief of the Directors, the Prospective Target will implement the Reorganisation whereby it will, directly or indirectly, establish a wholly-foreign owned enterprise in the PRC and such wholly-foreign owned enterprise will enter into certain Contractual Arrangements with Xianfeng. Xianfeng, a company established in the PRC, together with its subsidiary(ies), is engaged in the business of online car rental services in the PRC.

REASONS FOR AND THE BENEFITS OF THE POSSIBLE SUBSCRIPTION

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.

While the Group intend to continue the existing business operations, it is also the Group’s plan to explore other business opportunities with a view to enhance its growth and future development by leveraging on the experience and network of the executive directors of the Company. The signing of the Memorandum of Understanding by the Company represents the Group’s initial step to implement such plan and to explore other business opportunities.

In view of the increasing demand for car rental services in the PRC, the Directors believe that the Possible Subscription, if materialised, would provide an opportunity for the Group to invest in the car rental services market in the PRC, so as to diversify the business and future income stream of the Group.

GENERAL

The Memorandum of Understanding may or may not lead to the entering into of the Formal Agreement and the transactions contemplated thereunder may or may not be consummated. In the event that the Formal Agreement materialises, the transactions contemplated thereunder may or may not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. Further announcement will be made in respect thereof as and when required by the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

TERMS USED IN THIS ANNOUNCEMENT

“Board”	the board of Directors
“Company”	Perception Digital Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Formal Agreement”	the formal agreement to be entered into between the Prospective Target and the Company (or its nominee(s)) with respect to the Possible Subscription
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	independent third party who is not connected person of the Company (as defined in the Listing Rules) and is independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	the Memorandum of Understanding dated 12 September 2014 entered into between the Prospective Target and the Company in relation to the Possible Subscription
“Possible Subscription”	the proposed subscription of not more than 20% of the enlarged issued share capital in the Prospective Target by the Company (or its nominee(s))
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“Prospective Target”	Prime Elite Ventures Limited (傑盛創投有限公司), a company incorporated in the Cayman Islands with limited liability
“SFO”	Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xianfeng”	先鋒智道(北京)科技有限公司 (unofficial English translation being Xianfeng Zhidao (Beijing) Technology Company Limited), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Perception Digital Holdings Limited
Deng Shufen
Chairman and executive Director

Hong Kong, 12 September 2014

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Ms. Deng Shufen
Mr. Dai Yumin
Ms. Liu Jiangyuan
Mr. Gui Bin

Non-executive Director:

Mr. Wang Yongbin

Independent non-executive Directors:

Mr. Fang Jun
Mr. Zhao Xianming
Mr. Wong Yiu Kit, Ernest