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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)

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

Placing Agent



PLACING OF NEW SHARES

On 15 September 2014 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 1,000,000,000 Placing Shares to not less than six independent Placées at a price of HK\$0.175 per Placing Share.

Assuming the maximum number of 1,000,000,000 Placing Shares are successfully placed, the Placing Shares represent (i) approximately 32.45% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 24.50% of the issued share capital of the Company as enlarged by the issue of the Placing Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing save for the issue of such Placing Shares).

The Placing Price represents (i) a discount of approximately 50.0% to the closing price of HK\$0.350 per Share as quoted on the Stock Exchange on 15 September 2014, being the date of the Placing Agreement; (ii) a discount of approximately 45.8% to the average closing price of HK\$0.323 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 15 September 2014; and (iii) a discount of approximately 41.8% to the average closing price of HK\$0.3009 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 15 September 2014.

On the assumption that the maximum number of 1,000,000,000 Placing Shares are successfully placed, the maximum gross proceeds of the Placing will be approximately HK\$175 million and the maximum net proceeds of the Placing (after deduction of relevant expenses in the estimate amount of approximately HK\$2.5 million) will amount to approximately HK\$172.5 million which is intended to be used for the purposes as disclosed in the paragraph headed “Use of Net Proceeds” in this announcement below.

The Placing Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the 2014 EGM.

Completion of the Placing is conditional upon, among other things, the passing of ordinary resolution at the 2014 EGM approving the grant of the Specific Mandate to the Directors covering the allotment and issue of the Placing Shares under the Placing Agreement and the Listing Committee granting the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Circular

A circular containing, among other matters, further details of the Placing Agreement together with a notice convening the 2014 EGM to consider and, if thought fit, approve the Placing Agreement and the grant of the Specific Mandate to cover the allotment and issue of the Placing Shares will be despatched to the Shareholders on or before 8 October 2014 in accordance with the Listing Rules.

THE PLACING AGREEMENT

Date

15 September 2014 (after trading hours)

Issuer

The Company

Placing Agent

CCB International Capital Limited, as placing agent for the Company, has conditionally agreed to procure the Placees, on a best effort basis, to subscribe for up to 1,000,000,000 Placing Shares at the Placing Price of HK\$0.175 per Placing Share.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are not connected persons of the Company and are third parties independent of and not connected with the Company and its connected persons.

Placees

The Placing Shares will be placed to not less than six Placees and who and (where a corporation) whose ultimate beneficial owner(s), as far as the Placing Agent is aware, will not be connected persons of the Company and will be independent of and not connected with the Company and its connected persons.

It is expected that none of the Placees will become substantial Shareholder (as defined in the Listing Rules) immediately after the Placing.

Number of the Placing Shares

A maximum of 1,000,000,000 Placing Shares, which represent (i) approximately 32.45% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 24.50% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing save for the issue of such Placing Shares).

The aggregate nominal value of the Placing Shares (with a par value of HK\$0.01 each) under the Placing will be HK\$10,000,000.

Ranking of the Placing Shares

The Placing Shares, upon issue, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of completion of the Placing.

Placing Price

The Placing Price of HK\$0.175 per Placing Share was determined with reference to the offer price of HK\$0.168 per Share in respect of the mandatory cash offer by CCB International Capital Limited on behalf of the offeror (namely, Nat-Ace Pharmaceutical Ltd.) recently completed on 29 August 2014 and the prevailing market price of the Shares and was agreed after arm's length negotiations between the Company and the Placing Agent.

The Placing Price represents:

- (i) a discount of approximately 50.0% to the closing price of HK\$0.350 per Share as quoted on the Stock Exchange on 15 September 2014, being the date of the Placing Agreement; and
- (ii) a discount of approximately 45.8% to the average closing price of HK\$0.323 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 15 September 2014;
- (iii) a discount of approximately 41.8% to the average closing price of HK\$0.3009 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 15 September 2014; and
- (iv) a premium of approximately 4.2% over the offer price of HK\$0.168 per Share in respect of the mandatory cash offer by CCB International Capital Limited on behalf of the offeror (namely, Nat-Ace Pharmaceutical Ltd.) completed on 29 August 2014.

Placing commission

The Placing Agent will receive a placing commission of 1.0% on the gross proceeds of the actual number of the Placing Shares being placed by it (or its sub-placing agents) upon completion of the Placing.

The placing commission was determined after arm's length negotiation between the Company and the Placing Agent with reference to the market rate and after taking into account the size of the Placing and the time allowed for the Placing Agent to procure the prospective Placees.

Disposal and lock-up restriction

The Placing Agent will procure each Placee to undertake in writing, on or before the date of completion of the Placing, in favour of the Company that such Placee will not, at any time between the date of the Placing Agreement and the date falling six (6) months after the date of completion of the Placing, sell, transfer, sale or otherwise dispose of, or enter into any agreement for the sale, transfer or other disposal of any of the Placing Shares allotted and issued to such Placee or any interest therein, or agree to grant any option, warrant or other right carrying the right to acquire any of the Placing Shares or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of the Placing Shares.

Use of net proceeds

On the assumption that the maximum of 1,000,000,000 Placing Shares are successfully placed, the gross proceeds of the Placing will be approximately HK\$175 million and the net proceeds of the Placing (after deduction of relevant expenses in the estimate amount of approximately HK\$2.5 million) will amount to approximately HK\$172.5 million, which is intended to be used by the Group as follows:

- (a) for the funding of business expansion (through pursuing suitable acquisition and/or investment opportunities including but not limited to the possible investment by the Group in the business of online car rental services in the PRC through the subscription of shares in a prospective target as disclosed in the Company's announcement dated 12 September 2014); and
- (b) to the extent that the net proceeds as stated in (i) above are not applied for acquisition and/or investment purposes, for general working capital of the Group.

The net proceeds raised per Placing Share upon completion of the Placing will be approximately HK\$0.173 per Placing Share.

Specific Mandate

The Company proposes to seek the grant of the Specific Mandate from the Shareholders at the 2014 EGM to be convened and held by the Company to cover the allotment and issue of the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee agreeing to grant the listing of, and permission to deal in, the Placing Shares;

- (ii) the passing of ordinary resolution at the 2014 EGM approving the Placing Agreement and the grant of the Specific Mandate to cover the allotment and issue of the Placing Shares; and
- (iii) no representation, warranty or undertaking under the Placing Agreement having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Completion Date.

The above conditions must be fulfilled by 30 November 2014 (or such other date as agreed in writing by the Company and the Placing Agent), failing which the Placing Agreement shall terminate.

Application for listing

An application will be made by the Company to the Listing Committee for the grant of the listing of, and permission to deal in, the Placing Shares.

Undertaking by the Company

The Company undertakes that, from the date of the Placing Agreement to the date of completion of the Placing, without first having obtained the prior written consent of the Placing Agent, it will not:

1. allot or issue (or agree to allot or issue) any Shares, other than pursuant to:
 - (i) any exercise of any convertible notes or warrants or options in issue or any other conversion or subscription rights existing at the date of the Placing Agreement;
 - (ii) exercise of any share options granted pursuant to the share option scheme of the Company adopted pursuant to the Listing Rules; or
 - (iii) any scrip dividend scheme; and
2. issue (or agree to issue) securities or grant (or agree to grant) any share options (other than share options granted or to be granted pursuant to the share option scheme of the Company adopted pursuant to the Listing Rules), warrants or other rights to subscribe for shares (other than convertible notes in issue at the date of the Placing Agreement) or to repurchase any securities of the Company.

Completion of the Placing

Completion of the Placing shall take place not later than 4:00 p.m. on the fifth Business Day after the fulfillment of the first condition (or such later date as may be agreed in writing between the Company and the Placing Agent).

Termination

The Placing Agreement may be terminated by the Placing Agent if at any time prior to 4:00 p.m. on the Business Day immediately before the date for completion of the Placing that:

1. there shall have been such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing;
2. any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of the Placing Agreement;
3. any suspension of dealings in the Shares for more than fifteen (15) consecutive trading days (other than as a result of the Placing); or
4. any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise.

Shareholders and potential investors should note that completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING

The Board is of the view that, given the stock market sentiment is overall positive, the Placing represents a good opportunity for the Company to broaden the Shareholders base and to raise additional capital for the Group for future strategic investments as and when opportunities arise without any interest burden and within a relatively shorter time frame and at lower costs when compared with other means of fund raising.

The Directors consider that the terms of the Placing (including the Placing Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not undertaken any fund raising activities on any issue of equity securities in the past twelve months before the date of this announcement:

Event	Net proceeds raised	Intended use of net proceeds	Amount utilized as at the date of this announcement and actual use of net proceeds
Open offer completed on 24 January 2014 (details of which are set out in the prospectus dated 3 January 2014 and the announcement dated 24 January 2014 of the Company)	Approximately HK\$64.9 million	50% for general working capital of the Group; and 50% for reduction of the Group's indebtedness.	50% of the net proceeds was used to reduce the Group's indebtedness; and the remaining 50% of the net proceeds was used for general working capital of the Group (which were in line with the intended use of such net proceeds as previously disclosed by the Company)
Subscription of Shares completed on 9 July 2014 (details of which are set out in the circular dated 16 June 2014 and the announcement dated 9 July 2014)	Approximately HK\$98.5 million	To improve the working capital of the Group and explore new business opportunities for the Group	The net proceeds had not yet been utilized as at the date of this announcement (no change to the intended use as previously disclosed by the Company)

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the shareholding structure of the Company immediately before completion of the Placing, the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing, on the assumption that (a) a maximum number of 1,000,000,000 Placing Shares will be subscribed for under the Placing; (b) there will be no other changes to the issued share capital of the Company between the date of this announcement and completion of the Placing; and (c) the Placees do not and will not hold any Shares (other than the Placing Shares), is as follows:

Name of Shareholder	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Nat-Ace Pharmaceutical Limited (“ Nat-Ace ”) (Note 1)	2,261,473,889 (Note 1)	73.39	2,261,473,889 (Note 1)	55.41
Public Shareholders:				
– Placees (Note 2)	–	–	1,000,000,000	24.50
– Others	819,901,111	26.61	819,901,111	20.09
Total	3,081,375,000	100.00	4,081,375,000	100.00

Note(s):

- Nat-Ace is a company incorporated in the British Virgin Islands and its issued share capital is owned as to 60% by Ms Deng Shufen (“**Ms Deng**”), an executive Director and the remaining 20% and 20% respectively by Ms Liu Jiangyuan and Mr Gui Bin. Ms Deng is deemed, or taken to be, interested in all the Shares in which Nat-Ace is interested by virtue of Part XV of the SFO. As Mr Dai Yumin (an executive Director) is the spouse of Ms Deng, he is deemed, or taken to be, interested in the Shares which Ms Deng is deemed, or taken to be interested in, for the purposes of Part XV of the SFO.
- The Placees and (where a corporation) their respective ultimate beneficial owner(s) are, as far as the Placing Agent is aware, will not be connected persons of the Company and will be independent of and not connected with the Company and its connected persons. None of them will become a substantial Shareholder immediately after completion of the Placing.

GENERAL INFORMATION

The Company is an investment holding company. 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.

2014 EGM

The 2014 EGM will be convened and held for the purpose of considering and, if thought fit, approving the Placing Agreement and the transaction contemplated thereunder and the allotment and issue of additional new Shares that are required to satisfy the Placing Shares, which will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the 2014 EGM.

A circular containing, among other matters, further details of the Placing Agreement together with a notice convening the 2014 EGM to consider and, if thought fit, approve the grant of the Specific Mandate to cover the allotment and issue of the Placing Shares will be despatched to the Shareholders on or before 8 October 2014 in accordance with the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 29 May 2014
“Board”	the board of Directors
“Business Day”	a day (other than Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which the licensed banks in Hong Kong are generally open for business
“Company”	Perception Digital Holdings Limited (幻音數碼控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Placee(s)”	any person(s) or entity(ies) whom the Placing Agent and/or any of its agent(s) has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 1,000,000,000 new Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	CCB International Capital, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities within the meaning of the SFO
“Placing Agreement”	a conditional placing agreement dated 15 September 2014 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.175 per Placing Share
“Placing Shares”	a maximum of 1,000,000,000 new Shares to be placed under the Placing Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)

“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Specific Mandate”	a specific mandate to allot and issue new Shares to be sought from the Shareholders at the 2014 EGM to satisfy the Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“2014 EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other matters, the grant of the Specific Mandate to cover the allotment and issue of the Placing Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 15 September 2014

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

Executive Directors:

Ms Deng Shufen (*Chairman*)

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