
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Perception Digital Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Perception Digital Holdings Limited and it must not be used for purpose of offering or inviting offers for any securities.

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 PLACING OF NEW SHARES PROPOSED GRANT OF SPECIFIC MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the Extraordinary General Meeting to be held on Friday, 7 November 2014 at 11:00 a.m. at Suites 3101-3105, 31st Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong is set out on pages 19 to 20 of this circular.

Whether or not you are able to attend the Extraordinary General Meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the Extraordinary General Meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Extraordinary General Meeting or any adjourned meeting thereof should you so wish.

22 October 2014

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
– Introduction	5
– Placing Agreement	6
– Reasons for the Placing	10
– Effects of the Placing on the shareholding structure of the Company	13
– Application for listing	13
– Specific Mandate	14
– Fund raising activities in the past twelve months	14
– Approval of the Board	14
– Information on the Group	14
– Use of net proceeds and compliance with Rule 14.82 of the Listing Rules	15
– Adjustment to outstanding warrants	17
– Extraordinary General Meeting	17
– Recommendation	18
– Responsibility statement	18
– General	18
Notice of Extraordinary General Meeting	19

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement dated 15 September 2014 of the Company relating to the proposed Placing contemplated under the Placing Agreement and the proposed grant of the Specific Mandate
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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
“Conditions”	the conditions precedent to completion of the Placing contemplated under the Placing Agreement and summarized in the paragraph headed “Conditions precedent to completion of the Placing” in this circular
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, the EGM Matters

DEFINITIONS

“EGM Matters”	the matters to be put forward to the Shareholders for consideration and, if thought fit, approval at the Extraordinary General Meeting which include the Placing contemplated under the Placing Agreement and the proposed grant of the Specific Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a party(ies) who is/are independent of, and is/are not connected with, the Company, its subsidiaries and their respective connected persons
“Latest Practicable Date”	20 October 2014, being the latest practicable date for ascertaining certain information contained in this circular
“Nat-Ace”	Nat-Ace Pharmaceutical Ltd. 邦強醫藥有限公司*, a company incorporated in the BVI on 2 January 2008 with limited liability and held by Ms Deng Shufen, Ms Liu Jiangyuan and Mr Gui Bin as to 60%, 20% and 20% respectively and a controlling Shareholder as at the Latest Practicable Date
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 Limited, 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

DEFINITIONS

“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, excluding for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	a specific mandate to allot, issue or otherwise deal in additional Shares for the period from the date of fulfilment of the Conditions up to 30 November 2014 to be sought from the Shareholders at the Extraordinary General Meeting to satisfy the allotment and issue of the Placing Shares upon completion of the Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Prime Elite Ventures Limited (傑盛創投有限公司), a company incorporated in the Cayman Islands with limited liability, being the target in which the Company intends to make an investment as part of the Group’s plan to explore other business opportunities (as contemplated under the subscription agreement dated 15 October 2014 entered into, among others, the Group and the Target (as disclosed in the Company’s announcement dated 15 October 2014)

DEFINITIONS

“Warrants”	the outstanding warrants issued by the Company entitling the holder thereof to subscribe in cash in aggregate up to HK\$16,807,500 at an adjusted subscription price of HK\$0.14 (subject to adjustment, if any)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

* *For identification purpose only*

LETTER FROM THE BOARD

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)

Executive Directors:

Ms Deng Shufen (*Chairman*)

Mr Dai Yumin

Ms Liu Jianguan

Mr Gui Bin

Registered office:

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Non-executive Director:

Mr Wang Yongbin

*Head office and principal place of
business in Hong Kong:*

Suites 3101-3105, 31st Floor

Dah Sing Financial Centre

108 Gloucester Road

Wanchai, Hong Kong

Independent non-executive Directors:

Mr Fang Jun

Mr Zhao Xianming

Mr Wong Yiu Kit, Ernest

22 October 2014

To the Shareholders

Dear Sir/Madam

**PROPOSED PLACING OF NEW SHARES
PROPOSED GRANT OF SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement.

The primary purpose of this circular is to:

- (a) provide you with further information relating to the proposed Placing contemplated under the Placing Agreement and the proposed grant of the Specific Mandate; and
- (b) give you notice of the Extraordinary General Meeting.

LETTER FROM THE BOARD

PLACING AGREEMENT

The principal terms of the Placing Agreement are summarized below:

Date:

15 September 2014

Parties involved:

Issuer : the Company

Placing Agent : CCB International Capital Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties

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 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 (comprising 3,081,375,000 Shares) as at the date of the Announcement and the Latest Practicable Date; 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 the Placing Shares are fully subscribed for and that there will be no change in the issued share capital of the Company between the Latest Practicable Date 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.

LETTER FROM THE BOARD

Ranking of the Placing Shares

The Placing Shares, upon issue, will rank equally 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 agreed after arm's length negotiations between the Company and the Placing Agent. The Placing Price was primarily determined with reference to the offer price of HK\$0.168 per Share in respect of the mandatory cash offer (the "Offer") made on behalf of Nat-Ace whereby the Offer was recently closed on 29 August 2014 and Nat-Ace has since then become the controlling Shareholder, and the prevailing market price prior to the period of the Offer.

The Placing Price of HK\$0.175 per Placing Share 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 45.80% 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 41.80% 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;
- (iv) a premium of approximately 4.2% over the offer price of HK\$0.168 per Share in respect of the Offer made on behalf of Nat-Ace closed on 29 August 2014;
- (v) a premium of approximately 250% over the unaudited consolidated net asset value per Share as at 31 August 2014 of HK\$0.05; and
- (vi) a discount of 31.4% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on 20 October 2014, being the Latest Practicable Date.

LETTER FROM THE BOARD

For the past 12 months prior to the date of entering into the Placing Agreement up to the release of the announcement by the Company of the possible Offer on 8 May 2014, the historical closing prices of the Shares were consistently below the Placing Price of HK\$0.175. The highest and lowest closing prices of the Shares during the period from 15 September 2013 to 24 April 2014 were HK\$0.149 and HK\$0.071 respectively.

Since the close of the Offer on 29 August 2014 and up to the last trading day prior to the date of entering into the Placing Agreement, the closing prices of the Shares are in the range of HK\$0.249 and HK\$0.365 (but for most of the time, the closing prices of the Shares were below HK\$0.300). The Directors consider that the rise in trading prices of the Shares during the above period does not actually reflect the prevailing market assessment of the fair value of the Company nor the historical price performance of the Shares nor were they a true reflection of the actual market's perception of the business or financial performance of the Group.

Accordingly, the Directors consider it more meaningful, fair and reasonable to determine the Placing Price by reference to the offer price of HK\$0.168 under the Offer and by reference to the historical price performance of the Shares prior to the period of the Offer.

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 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 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.

LETTER FROM THE BOARD

Conditions precedent to completion 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 an ordinary resolution at the Extraordinary General Meeting approving the proposed Placing contemplated under the Placing Agreement and the proposed 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 date of completion of the Placing.

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 will terminate.

It is the Company's intention to proceed with the completion of the Placing as soon as practicable and, if possible, within three weeks from the date of holding the Extraordinary General Meeting.

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

LETTER FROM THE BOARD

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 seven (7) 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.

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.

LETTER FROM THE BOARD

In addition, the Placing, if successfully consummated, can broaden the Shareholder base and allows wider participation from investors. From a corporate governance perspective, the Placing will significantly increase the level of public float of the Company (from approximately 26.61% presently to approximately 44.59% (assuming the Placing Shares were placed in full)) which, in turn, will enhance the corporate transparency of the Company.

Furthermore, the Group has taken proactive steps in exploring and identifying business opportunities in car rental related services businesses in the PRC, which is a sector of high growth potential.

As at the Latest Practicable Date, a legally binding subscription agreement in relation to the investment by the Group in the business of online car rental services in the PRC through the subscription of shares in the Target was entered into by the Group with, among others, the Target (as disclosed in the Company's announcement dated 15 October 2014) and other preliminary discussions regarding certain acquisition and/or investment opportunities in car rental related services businesses or companies are underway. For better financial and risk management on the one hand and in order to obtain a market share in this business sector on the other hand, the Company is required to act promptly and decisively, as well as to prudently plan ahead and be certain that the Group has (i) the necessary financial strength, capability and flexibility to pursue these investment or acquisition opportunities and/or implement its business expansion plan; and (ii) sufficient capital buffer to maintain a sound liquidity position after these potential investment/acquisition opportunities are materialised to cater for the day-to-day operation of the Group and other business and operational contingencies.

As the Placing will bring in additional capital for the Company to fund and implement its business expansion plan, this allows a better chance for the Company to grasp any business opportunities with high growth potentials as and when they arise and create enduring value and sustainable business development for the Shareholders.

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

LETTER FROM THE BOARD

The Directors had considered other means of financing including rights issue and open offer but are of the view that equity financing by way of the Placing is relatively an appropriate means of raising additional capital for the Company for the following reasons:

- it is less costly and takes shorter time to arrange (estimated to be within two months as in the present case) than rights issue or open offer (estimated to be more than three months) as the latter may involve the issue of a prospectus and other documentation (such as underwriting agreement) and the offer would be required to remain open for a minimum period of time before it is closed;
- the lesser documentation involved in a placing means that it is less cumbersome and the risk of a change in market conditions during the placing/issue period is greatly reduced;
- the placing can be handled on a best effort basis, while an open offer or rights issue are more likely required to be fully-underwritten. From experience, the identification of underwriter(s) to fully underwrite an open offer/rights issue is relatively less easier (without a higher rate of underwriting commission) than finding a placing agent for a placing;
- the payment of underwriting commission or other fees payable by the Company under an open offer/rights issue are generally more costly (2% to 5% depending on market conditions. As regards the open offer conducted by the Company and completed in January 2014, the underwriting commission was 2.5%) than the commission agreed under the Placing (1% in the present case); and
- as the Company had completed an open offer in January this year at the then offer price of HK\$0.05 per Share, the Board does not wish to increase the financial burden of the Shareholders and prefers to take advantage of the overall positive market sentiments this time to raise additional capital for the Group.

In light of the above and coupled with the factors disclosed in this circular (including but not limited to the basis on which the Placing Price was determined with the Placing Agent and the business plans currently in contemplation by the Company as respectively disclosed in this circular), the Board considers that it is justifiable, fair and reasonable for the Company to opt for the Placing subject to and upon the terms and conditions contained in the Placing Agreement to raise additional funds for the Group under the circumstances.

LETTER FROM THE BOARD

EFFECTS OF THE PLACING ON THE 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 the Announcement and the Latest Practicable Date, 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 the 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 the Announcement and the Latest Practicable Date		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Nat-Ace Pharmaceutical Ltd. ("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 Jianguan 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, Independent Third Parties. None of them will become a substantial Shareholder immediately after completion of the Placing.

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.

LETTER FROM THE BOARD

SPECIFIC MANDATE

In contemplation of the proposed allotment and issue of the Placing Shares (or to the extent necessary), the Company proposes to seek the grant of the Specific Mandate from the Shareholders at the Extraordinary General Meeting.

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 Latest Practicable Date:

Event	Net proceeds raised	Intended use of net proceeds	Amount utilized as at the Latest Practicable Date 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 Latest Practicable Date. There is no change in the intended use of such net proceeds as previously disclosed by the Company

APPROVAL OF THE BOARD

None of the Directors has interests in the Placing contemplated under the Placing Agreement or was required to abstain from voting in the resolutions of the Board for approving the Placing.

INFORMATION ON THE GROUP

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.

LETTER FROM THE BOARD

USE OF NET PROCEEDS AND COMPLIANCE WITH RULE 14.82 OF THE LISTING RULES

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 estimated amount of approximately HK\$2.5 million) will amount to approximately HK\$172.5 million.

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

Rule 14.82 of the Listing Rules provides that, where for any reason, the assets of a listed issuer consist wholly or substantially of cash or short-dated securities, it will not be regarded as suitable for listing and trading in its securities will be suspended.

Based on the Group's unaudited cash position as at 31 August 2014, the percentage of cash to total assets and net assets of the Group were approximately 68.9% and 90.6% respectively.

For illustration purposes only, assuming completion of the Placing and the Placing Shares were successfully placed in full (without taking into account any potential transaction(s) which may materialise or business expansion which may require the allocation of funds available to the Group or other circumstances beyond the Board's reasonable contemplation up to the date of completion of the Placing), the percentage of cash to total assets and net assets of the Group would be approximately 82.9% and 95.4% respectively.

The Board considers that the relatively high level of cash as shown above is temporary and is required for the existing operation of the Group and the implementation of the Group's expansion plans. The total amount of proceeds available (approximately HK\$146.1 million) and to be made available to the Group upon completion of the Placing (assuming the Placing Shares were placed in full) (approximately HK\$172.5 million) is estimated to be approximately HK\$318.6 million, which is presently intended by the Board to be utilised as follows:

	Intended use of proceeds	Estimated investment amount	Specific plans
(1)	Investment in online car rental business through the subscription of shares in the Target and other car rental related services business in the PRC	HK\$90 million	Please refer to the Company's announcement dated 15 October 2014 for details of the Company's investment in the Target pursuant to the legally binding subscription agreement dated 15 October 2014 entered into, among others, the Group and the Target. <i>(Note)</i>

LETTER FROM THE BOARD

	Intended use of proceeds	Estimated investment amount	Specific plans
(2)	Expansion of the Group's trading business	HK\$80 million	The Group intends to leverage from the experiences and network of the executive directors and devote more cash resources to expand the Group's trading business. As at the Latest Practicable Date, a legally binding procurement agreement (with a contract value of approximately HK\$49.3 million) was entered into by the Group with an Independent Third Party supplier for the purchase of copper cathodes (which is an excellent conductor of electricity and a component used extensively in electronics).

Expected cash position after the application of proceeds for (1) and (2) above. (HK\$318.6 million-[(1)+(2)] above) HK\$148.6 million
(Note)

Note: The Company is in preliminary discussions regarding certain possible investment/acquisition opportunities (which are also in the car rental services sector in the PRC with varying amounts of investment, which are initially estimated to be in the range of HK\$30 million and HK\$50 million for each investment, depending on the outcome of such discussions). To the extent that the proceeds available are not applied for acquisition and/or investment purposes, they will be used for the Group's trading business and/or general working capital of the Group.

For illustration purposes only, assuming (i) completion of the Placing and the Placing Shares were successfully placed in full and taking into account the intended application of proceeds for the purposes as stated in the table above, the percentage of cash to total assets and net assets of the Group is estimated to be approximately 38.6% and 44.5% respectively. The Board considers that the above level of cash reserve is reasonably prudent, normal and necessary to maintain or promote operating stability/sustainability and advance the business goals of the Group (as it is always strategically sound for the Company to equip itself with better financial capability and flexibility to cope with contingencies and seize new opportunities, as and when they arise, to complement the Group's existing business or for diversification purposes, which are crucial for financial and/or risk management of the Group).

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Group had identified certain other business or investment opportunities in car rental or car rental related services businesses or companies (with varying amounts of investment, which are initially estimated to be in the range of HK\$30 million and HK\$50 million for each investment). The Group is in the course of evaluating the viability of each of these possible acquisition or investment opportunities which, if considered viable, are expected to materialise in the fourth quarter of 2014 or in early 2015. Preliminary discussions with the prospective counter-parties are underway. If any of these possible business or investment opportunities comes to fruition, the Group will apply such funds available to finance the acquisition or investment (which will reduce further the level of cash held by the Group). The Company will make further announcement(s) in compliance with the applicable Listing Rules as and when appropriate.

Accordingly, the Board is of the view that the Company satisfies and will continue to satisfy the requirements of Rule 14.82 of the Listing Rules upon or after completion of the Placing.

ADJUSTMENT TO OUTSTANDING WARRANTS

As at the Latest Practicable Date, the Company had outstanding Warrants conferring rights upon the holder thereof to subscribe in cash in aggregate up to HK\$16,807,500 at an adjusted subscription price of HK\$0.14 per Share. The Placing, if it becomes unconditional, will cause adjustments to the subscription price and/or the number of Shares to be issued under the Warrants pursuant to the terms of issue thereof. The Company will engage an auditor or a financial adviser to confirm the adjustments and inform holder of the Warrants of such adjustments accordingly by written notice.

EXTRAORDINARY GENERAL MEETING

Set out on pages 19 to 20 of this circular is a notice convening the Extraordinary General Meeting to be held at Suites 3101-3105, 31st Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong on Friday, 7 November 2014 at 11:00 a.m. at which ordinary resolution will be proposed to the Shareholders to approve the proposed Placing contemplated under the Placing Agreement and the proposed grant of the Specific Mandate.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, none of the Shareholders would be required to abstain from voting on the resolution relating to the proposed Placing contemplated under the Placing Agreement and the proposed grant of the Specific Mandate at the Extraordinary General Meeting.

A form of proxy for use at the Extraordinary General Meeting is enclosed with this circular. Whether or not you are able to attend the Extraordinary General Meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as

LETTER FROM THE BOARD

soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending the Extraordinary General Meeting or any adjournment thereof and voting in person should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, the chairman of the Extraordinary General Meeting will direct that the proposed resolution set out in the notice convening the Extraordinary General Meeting be voted by poll.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the views that the proposed Placing contemplated under the Placing Agreement and the proposed grant of the Specific Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting to approve, ratify and/or confirm (as the case may be) the EGM Matters.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

GENERAL

The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

Yours faithfully
By order of the Board
Perception Digital Holdings Limited
Deng Shufen
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of Perception Digital Holdings Limited (the “**Company**”) will be held at Suites 3101-3105, 31st Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong on Friday, 7 November 2014 at 11:00 a.m. for the purposes of considering and, if thought fit, passing (with or without modifications), the following resolution (the “**Resolution**”) as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** (i) the placing agreement (the “**Placing Agreement**”) dated 15 September 2014 (a copy of which has been produced to the Meeting marked “A” and initialled by the chairman of the Meeting for the purpose of identification) between the Company and CCB International Capital Limited (the “**Placing Agent**”) in connection with the placement through the Placing Agent of up to a maximum of 1,000,000,000 new shares (the “**Placing Shares**”) of HK\$0.01 each in the capital of the Company at the placing price of HK\$0.175 per Placing Share on a best effort basis and all the transactions contemplated thereunder and all other matters of and incidental thereto or in connection therewith be and are hereby generally and unconditionally approved, ratified and/or confirmed in all respects and the directors (the “**Directors**”) of the Company (or any one of them) be and he/she/they are hereby generally and unconditionally authorised to do all such further acts and things and to sign and execute all such other or further documents and to take all such steps which, in the opinion of the Director(s), may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated by, the Placing Agreement and to agree to such variations, amendments or waiver or matters relating thereto as are, in the opinion of the Director(s), in the interests of the Company and its shareholders as a whole and (ii) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in the Placing Shares, the Directors (or any one of them) be and he/she/they are hereby generally and specifically authorised to allot and issue such number of new ordinary shares of HK\$0.01 each in the capital of the Company (the “**Specific Mandate**”) as may be required to be allotted and

NOTICE OF EXTRAORDINARY GENERAL MEETING

issued pursuant to the terms of the Placing Agreement. The Specific Mandate is in addition to, and shall not prejudice nor revoke the existing general mandate granted to the Directors by the shareholders of the Company in the annual general meeting of the Company held on 29 May 2014 or such other general or specific mandate(s) which may from time to time be granted to the Directors prior to or after the passing of this resolution.”

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

Hong Kong, 22 October 2014

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111
Cayman Islands

Head office and principal place of

business in Hong Kong:
Suites 3101-3105, 31st Floor
Dah Sing Financial Centre
108 Gloucester Road
Wanchai, Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more separate proxy(ies) to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for use at the Meeting is enclosed with the circular of the Company dated 22 October 2014.
3. To be valid, a form of proxy in the prescribed form together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) must be deposited with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Meeting (or at any adjournment thereof). Completion and return of the form of proxy shall not preclude members from attending and voting in person at the Meeting or at any adjourned meeting (as the case may be) should they so wish.
4. Where there are joint registered holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, the joint member whose name stands first on the register of members of the Company in respect of such share, or his proxy, shall alone be entitled to vote and will be accepted to the exclusion of other joint registered holders in respect thereof.
5. The votes at the Meeting will be taken by poll.

As at the date of this notice, the board of directors of the Company comprise four executive directors, namely Ms Deng Shufen (Chairman), Mr Dai Yumin, Ms Liu Jianguan and Mr Gui Bin, one non-executive director, namely Mr Wang Yongbin and three independent non-executive directors, namely Mr Fang Jun, Mr Zhao Xianming and Mr Wong Yiu Kit, Ernest.