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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)

DISCLOSEABLE TRANSACTION

DISPOSAL OF WHOLLY OWNED SUBSIDIARIES

Financial Adviser to the Company

Opus | Capital Limited
創富融資有限公司

THE DISPOSAL

The Board is pleased to announce that on 29 April 2015 (after trading hours), the Company as the First Vendor, the Second Vendor, a wholly owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which (i) the Purchaser has agreed to purchase and the Company has agreed to sell the First Sale Share, representing the entire issued share capital of the First Target Company for a consideration of US\$1.00; and (ii) the Purchaser has agreed to purchase and the Second Vendor has agreed to sell the Second Sale Shares, representing the entire issued share capital of the Second Target Company for a consideration of HK\$67,690.00.

Upon Completion, (i) the Company will not hold any shares in the First Target Company, the First Target Company will cease to be a subsidiary of the Company, and the financial information of the First Target Company will no longer be consolidated to the Group's consolidated financial statements; (ii) the Second Vendor will not hold any shares in the Second Target Company, the Second Target Company will cease to be a subsidiary of the Second Vendor, and the financial information of the Second Target Company will no longer be consolidated to the Group's consolidated financial statements.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (calculated under Rule 14.07 of the Listing Rules) in relation to the Disposal exceeds 5% but is less than 25%, accordingly, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 29 April 2015 (after trading hours), the Company as the First Vendor, the Second Vendor, a wholly owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which (i) the Purchaser has agreed to purchase and the Company has agreed to sell the First Sale Share, representing the entire issued share capital of the First Target Company for a consideration of US\$1.00; and (ii) the Purchaser has agreed to purchase and the Second Vendor has agreed to sell the Second Sale Shares, representing the entire issued share capital of the Second Target Company for a consideration of HK\$67,690.00.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

29 April 2015

Parties

- Purchaser** : Atom Xquare Corporation Limited
- First Vendor** : the Company, who owns the entire issued share capital of the First Target Company
- Second Vendor** : Perception Digital Technology (BVI) Limited, who owns the entire issued share capital of the Second Target Company

Subject of the Disposal

The First Sale Share

The Purchaser has agreed to purchase and the Company has agreed to sell the First Sale Share, representing the entire issued share capital of the First Target Company, free from any mortgage, charge, lien, pledge or other encumbrance and with all rights, including dividend rights, attached or accruing to them on the date of the Sale and Purchase Agreement.

The Second Sale Shares

The Purchaser has agreed to purchase and the Second Vendor has agreed to sell the Second Sale Shares, representing the entire issued share capital of the Second Target Company, free from any mortgage, charge, lien, pledge or other encumbrance and with all rights, including dividend rights, attached or accruing to them on the date of the Sale and Purchase Agreement.

Consideration

The First Consideration of US\$1.00 shall be payable by the Purchaser to the First Vendor in cash for the purchase of the First Sale Share upon Completion.

The Second Consideration of HK\$67,690.00 shall be payable by the Purchaser to the Second Vendor in cash for the purchase of the Second Sale Shares upon Completion.

The Total Consideration was arrived at after arm's length negotiations between the Company, the Second Vendor and the Purchaser with reference to the unaudited net asset value of the First Target Company and the Second Target Company in aggregate as at 31 March 2015.

Completion

Completion shall take place simultaneously with the signing of the Sale and Purchase Agreement.

Upon Completion, (i) the Company will not hold any shares in the First Target Company, the First Target Company will cease to be a subsidiary of the Company, and the financial information of the First Target Company will no longer be consolidated to the Group's consolidated financial statements; (ii) the Second Vendor will not hold any shares in the Second Target Company, the Second Target Company will cease to be a subsidiary of the Second Vendor, and the financial information of the Second Target Company will no longer be consolidated to the Group's consolidated financial statements.

INFORMATION ON THE DISPOSED GROUP

The First Target Company

The First Target Company is an investment holding company incorporated in the BVI with one (1) issued share and is wholly owned by the Company. As at the date of this announcement, the First Target Company has two wholly owned subsidiaries, namely, (a) 3Bays Corporation Limited, a company incorporated in Hong Kong which is engaged in the business of research, design, development and sale of DSP based consumer electronic devices/platforms, including embedded firmware; provision of solutions/services for DSP-based consumer electronic devices/platforms; and (b) Techedge Holdings Limited, a company incorporated in the BVI which is dormant.

A summary of the unaudited consolidated financial information of the First Target Company from 8 January 2014* to 31 December 2014 is set out below:

	From 8 January 2014* to 31 December 2014
	<i>HK\$'000</i>
Net loss before taxation	169
Net loss after taxation	169

* *Being the date when the First Target Company became a member of the Group.*

The unaudited consolidated total assets value and net liabilities value of the First Target Company as at 31 March 2015 were approximately HK\$1,243,000 and HK\$534,000, respectively.

The Second Target Company

Perception Digital Limited is a private company incorporated in Hong Kong with 67,690 issued shares and is wholly owned by the Second Vendor, which is in turn a wholly owned subsidiary of the Company. As at the date of this announcement, the Second Target Company is engaged in the business of product development and it has three wholly owned subsidiaries, namely, (a) 幻音科技(深圳)有限公司, a company incorporated in the People's Republic of China, which is principally engaged in the business of research, design, development and sale of DSP-based consumer electronic devices/platforms, including embedded firmware; provision of solutions/services for DSP-based consumer electronic devices/platforms; (b) IWC Digital Limited, a company incorporated in Hong Kong which is dormant; and (c) IPR Tech Limited, a company incorporated in Hong Kong which is dormant.

A summary of the unaudited consolidated financial information of the Second Target Company for the two years ended 31 December 2013 and 31 December 2014 is set out below:

	For the year ended 31 December	
	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss before taxation	31,365	17,441
Net loss after taxation	31,301	18,370

The unaudited consolidated total assets value and net asset value of the Second Target Company as at 31 March 2015 were approximately HK\$12,043,000 and HK\$445,000, respectively.

REASONS AND BENEFITS FOR THE DISPOSAL

The Group's existing business primarily involved in the provision for car rental services; the trading of electronic components/materials; and the research, design, development and sale of DSP-based consumer electronic devices/platforms, including embedded firmware, and the provision of solutions/services to customers for their DSP-based consumer electronic devices/platforms.

The Disposed Group is primarily engaged in the research, design, development and sale of DSP-based consumer electronic devices/platforms, including embedded firmware, and the provision of solutions/services to customers for their DSP-based consumer electronic devices/platforms segment which has consistently suffered loss during the past years.

The Company constantly evaluates its investment strategies to provide the best possible return on investment to its Shareholders based on limited resources. This includes increasing investment in areas which the management believes provide a better relevant growth potential and decreasing investment in areas which the management believes provide a relatively lower yield.

During the past year, the Group has been expanding its existing business, being the electronic components/materials business as the management sees growth potential in the trading of the electronic components/materials business and is looking to further invest additional capital to expand this business segment. On the other hand, the consumer electronic devices/platforms and related solutions/services business has consistently suffered loss. The First Target Company had been loss making since they became a member of the Group and the Second Target Company had been loss making during the last two financial years. The Directors believe that the Disposal shall enhance the future profitability of the Group.

The terms of the Sale and Purchase Agreement were determined after arm's length negotiations between the Company, the Second Vendor and the Purchaser. The Directors are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable, and the Disposal is in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

As a result of the Disposal, the Group is expected to record a gain of approximately HK\$157,000, which is calculated on the basis of the unaudited net asset value of the Disposed Group. The aggregate net proceeds from the Disposal are estimated to be approximately HK\$68,000, which will be used as the general working capital of the Group.

INFORMATION ON THE SECOND VENDOR

The Second Vendor is a wholly owned subsidiary of the Company and it is primarily engaged in the business of investment holding.

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in Hong Kong with limited liability. The principal business of the Purchaser is investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Group and its connected persons (as defined in the Listing Rules).

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (calculated under Rule 14.07 of the Listing Rules) in relation to the Disposal exceeds 5% but is less than 25%, accordingly, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms and expressions have the following meanings:

“Sale and Purchase Agreement”	the sale and purchase agreement dated 29 April 2015 entered into between the Company, the Second Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Perception Digital Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of the First Sale Share and the Second Sale Shares
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the First Sale Share and Second Sale Shares by the Company and the Second Vendor to the Purchaser under the Sale and Purchase Agreement

“Disposed Group”	the First Target Company, the Second Target Company and their respective subsidiaries
“DSP”	digital signal processing
“First Consideration”	the sum of US\$1.00, being the consideration payable by the Purchaser for the First Sale Share under the Sale and Purchase Agreement
“First Sale Share”	one (1) issued share of US\$1.00 each, representing the entire issued share capital of the First Target Company
“First Target Company”	Ace Legend International Limited, a company incorporated in the BVI with limited liability
“First Vendor”	the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Atom Xquare Corporation Limited, a company incorporated in Hong Kong with limited liability, a third party independent of the Group and its connected persons (as defined in the Listing Rules)
“Second Consideration”	the sum of HK\$67,690.00, being the consideration payable by the Purchaser for the Second Sale Shares under the Sale and Purchase Agreement
“Second Target Company”	Perception Digital Limited, a company incorporated in Hong Kong with limited liability
“Second Sale Shares”	67,690 issued shares of HK\$1.00 each, representing the entire issued share capital of the Second Target Company
“Second Vendor”	Perception Digital Technology (BVI) Limited, a company incorporated in the BVI, and a wholly owned subsidiary of the Company

“Shareholders”	holders of the ordinary shares of a par value of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total Consideration”	The sum of the First Consideration and the Second Consideration
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 29 April 2015

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