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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 on Main Board: 1822)

(Stock Code on GEM: 8248)

TRANSFER OF LISTING FROM GROWTH ENTERPRISE MARKET TO MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Financial adviser to Perception Digital Holdings Limited



On 26 April 2011, an application was made by the Company to the Stock Exchange for the transfer of listing of the Shares from GEM to the Main Board. The Company has applied for the listing of, and permission to deal in, (i) the 622,500,000 Shares in issue; (ii) the 14,640,000 Shares which may fall to be issued pursuant to the exercise of the outstanding options which were granted under the Share Option Scheme; and (iii) the 44,500,000 Shares which may fall to be issued pursuant to the exercise of additional options which may be granted during the remaining term of the Share Option Scheme, on the Main Board by way of transfer of listing from GEM to the Main Board.

The Board is pleased to announce that the approval-in-principle for the Transfer of Listing was granted by the Stock Exchange on 25 May 2011. The last day of dealings in the Shares on GEM will be 2 June 2011. Dealing in the Shares on the Main Board will commence at 9:00 a.m. on 3 June 2011.

INTRODUCTION

On 26 April 2011, an application was made by the Company to the Stock Exchange for the transfer of listing of the Shares from GEM to the Main Board. The Company has applied for the listing of, and permission to deal in, (i) the 622,500,000 Shares in issue; (ii) the 14,640,000 Shares which may fall to be issued pursuant to the exercise of the outstanding options which were granted under the Share Option Scheme; and (iii) the 44,500,000 Shares which may fall to be issued pursuant to the exercise of additional options which may be granted during the remaining term of the Share Option Scheme, on the Main Board by way of transfer of listing from GEM to the Main Board.

The Board is pleased to announce that the approval-in-principle for the Transfer of Listing was granted by the Stock Exchange on 25 May 2011. As at the date of this announcement, the pre-conditions for the Transfer of Listing in relation to the Company and the securities of the Company, insofar as applicable, have been fulfilled.

The Company does not intend to continue the quarterly reporting of financial results after the Transfer of Listing.

REASONS FOR THE TRANSFER OF LISTING

The Group is principally engaged in the provision of embedded firmware and turnkey solutions for consumer electronics devices, with services such as concept consultation, technology feasibility study, embedded firmware design and development, industrial design, intellectual property research, manufacturing and packaging, logistic management and after sales support. The Board believes that the Transfer of Listing will enhance the profile of the Company and increase the trading liquidity of the Shares. The Board considers that the Transfer of Listing will be beneficial to the future growth and business development of the Group as well as its financing flexibility. There is no intention of the Board to change the nature of business of the Group following the Transfer of Listing. The Transfer of Listing will not involve issue of any new Shares by the Company.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from 16 December 2009, the date on which the Shares were first listed on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of the CCASS and CCASS Operational Procedures in effect from time to time.

The last day of dealings in the Shares on GEM (Stock code: 8248) will be 2 June 2011. Dealing in the Shares on the Main Board (Stock code: 1822) will commence at 9:00 a.m. on 3 June 2011.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and valid for delivery, trading and settlement purposes, and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares have a board lot size of 5,000 Shares each and are traded in Hong Kong dollars. The principal share registrar of the Company is Butterfield Fulcrum Group (Cayman) Limited and the share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited. No change will be made to the board lot size, trading currency of the Shares and the share registrars of the Shares in connection with the Transfer of Listing.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted by the Company on 27 November 2009, for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group, which will expire on 27 November 2019. As at the date of this announcement, the Share Option Scheme fully complies with the requirements of Chapter 17 of the Listing Rules. Thus, the Share Option Scheme will remain effective upon the Transfer of Listing.

As at the date of this announcement, there were 15,500,000 options already granted to option holders of which 860,000 options lapsed. The details of the outstanding 14,640,000 options are as follows:

Number of options	Exercise price HK\$ per share	Exercise period
3,660,000	0.7	26 March 2011 to 25 March 2012
3,660,000	0.7	26 March 2012 to 25 March 2013
7,320,000	0.7	26 March 2013 to 25 March 2014

Pursuant to the Share Option Scheme and as at the date of this announcement, the Company may grant additional options in respect of a total of 44,500,000 Shares during the remaining term of the Share Option Scheme. The listing of the Shares issued and to be issued pursuant to the Share Option Scheme will also be transferred to the Main Board pursuant to Rule 9A.10 of the Listing Rules.

Pursuant to the Share Option Scheme, the total outstanding 14,640,000 options previously granted but unexercised under the Share Options Scheme will remain valid and exercisable in accordance with their respective terms of issue. Save for the 14,640,000 outstanding options previously granted but unexercised under the Share Option Scheme, the Company does not have any other options, warrants or similar rights or convertible equity securities in issue.

COMPETING INTERESTS

As at the date of this announcement, none of the Directors and controlling Shareholders and their respective associates has an interest in a business which competes or may compete, either directly or indirectly, with the business of the Group pursuant to Rule 9A.09(10) of the Listing Rules.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Main Board Listing Rules, the general mandates granted to the Directors to allot and issue new Shares and repurchase Shares by the Shareholders on 6 May 2011 will continue to be valid and remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by its articles of association or any applicable laws to be held; or
- (c) the revocation or variation of such authority by an ordinary resolution of the Shareholders in general meeting.

BIOGRAPHICAL INFORMATION OF DIRECTORS

The Company discloses the biographical information of each Director as follows:

Executive Directors:

Dr. Lau, Jack, aged 43, is one of the founders of the Group. He is the Chairman and Chief Executive Officer of the Company. He was appointed as an executive Director on 11 September 2009. Dr. Lau is currently an adjunct associate professor at the Hong Kong University of Science and Technology (the “**HKUST**”). He received his Bachelor’s and Master’s degrees from the University of California, Berkeley in Electrical Engineering and Computer Sciences in 1989 and 1990, respectively. He obtained his Ph.D. degree from HKUST in Electrical and Electronic Engineering in 1994 and became the first doctoral graduate of HKUST. Afterwards, he pursued his research interest at Stanford University from 1995 to 1996 and returned to HKUST in 1996. Dr. Lau currently holds more than 10 registered patents. He has published at various leading Institute of Electrical and Electronic Engineers (“**IEEE**”) journals and conferences. He was awarded the Top Ten Outstanding Young Person (十大傑出青年) by Hong Kong Junior Chamber in 2000; the Young Industrialist Award of Hong Kong (香港青年工業家獎) by the Hong Kong Young Industrialists Council in 2005; and the World Outstanding Young Chinese Entrepreneur (世界傑出青年華裔) by the World Federation of Chinese Entrepreneurs Organization, and Ernst & Young Entrepreneur Of The Year China by Ernst & Young in 2009. Dr. Lau is currently a director of SemiLEDs Corporation (stock code: LEDS), a company listed on Nasdaq Stock Market.

Mr. Tao, Hong Ming, aged 43, was appointed as an executive Director on 13 October 2010. He graduated from the Hong Kong Polytechnic University in 1990 with a Bachelor's degree in Electronic Engineering. He has over 19 years of working experience in engineering, sales and marketing, project management and operation in electronics business. Mr. Tao worked at VTech Communications Limited as an assistant project manager from 1990 to 1993 and as a senior business development manager from 1996 to 2001. During the period from 1993 to 1996, he worked as a marketing manager at Surface Mount Technology Limited. He was with our Group from July 2001 to March 2007 before he left to join Shenzhen Sangfei Consumer Communications Co., Ltd. as director of business line management in August 2007. He later rejoined our Group in June 2008. Mr. Tao is also a Senior Vice President of the Group and is responsible for sales and marketing, project management and operation.

Non-executive Directors:

Prof. Cheng, Roger Shu Kwan, aged 46, is one of the founders of the Group. He was appointed as a non-executive Director on 18 September 2009. He is currently a professor in the Electronic and Computer Engineering Department of HKUST. He was an assistant professor in the Electrical and Computer Engineering Department of University of Colorado at Boulder from 1991 to 1995, before he joined HKUST in June 1995. Prof. Cheng received his Bachelor's degree in Science from Drexel University, Philadelphia, Pennsylvania, in 1987, and his Ph.D. degree from Princeton University, Princeton, New Jersey, in 1991, both in Electrical Engineering. Prof. Cheng is currently an editor for the IEEE Transactions and Wireless Communications. He has also served as a consultant for industrial projects sponsored by various communication system and IC companies in Hong Kong, United States and China.

Prof. Tsui, Chi Ying, aged 51, was one of the founders of the Group and appointed as an executive Director on 18 September 2009. He was re-designated as a non-executive Director on 10 March 2010. He received his Bachelor's degree in Electrical Engineering from the University of Hong Kong in 1982 and Doctorate degree in Computer Engineering from the University of Southern California in 1994. He joined the Electrical and Electronic Engineering Department of HKUST in 1994 and is currently an associate professor in the department. Prof. Tsui has received various awards including Best Paper awards from IEEE Transactions on VLSI Systems, IEEE International Symposium on Circuits and Systems and IEEE International Symposium on Low Power Electronics and Design. He has served on the technical program committees of many international conferences and symposiums, including Design Automation Conference, International Symposium on Low Power Electronics and Design, Asia and South Pacific Design Automation Conference and the IEEE, VLSI Symposium. He is the holder of 7 registered patents in the United States.

Independent non-executive Directors:

Dr. Lam Lee, Kiu Yue Alice Piera, aged 71, was appointed as an independent non-executive Director on 18 September 2009. Dr. Lam has over 18 years of experience in banking and finance. She joined Hang Seng Bank Limited (stock code: 11) in 1978 and was appointed as a director in 1989, the general manager from 1990 to 1993, the managing director and deputy chief executive from 1994 to 1996. From 1999 to 2007, Dr. Lam worked as the Chairman of the University Grants Committee. She was an independent non-executive director of iMerchants Limited (stock code: 8009) from March 2000 to July 2005 and the vice-chairman of the Chinese University of Hong Kong from 1997 to 1998. She graduated from the University of Hong Kong in 1963 with a Bachelor of Arts degree. She attended the Solicitors' Professional Course and attained a Solicitors' Practising Certificate in 1978. In 1992, Dr. Lam was awarded an honorary Doctor of Laws degree by the Chinese University of Hong Kong. In 2003, Dr. Lam was honored to be awarded the Gold Bauhinia Star by the Hong Kong government in recognition of her service to the Hong Kong community.

Prof. Chin, Tai Hong Roland, aged 58, was appointed as an independent non-executive Director on 2 October 2010. He received his Bachelor's degree and Doctorate Degree in Electrical Engineering at the University of Missouri, Columbia (B.S. 1975; Ph.D. 1979). He subsequently worked at the NASA Goddard Space Flight Center in Maryland for two years prior to joining the Faculty of Electrical and Computer Engineering at the University of Wisconsin, Madison from 1981 to 1995 (Assistant Professor 1981; Associate Professor 1984; Full Professor 1989). He joined the University of Hong Kong ("HKU") in July 2010 as Deputy Vice-Chancellor and Provost, and Chair Professor of Computer Science. Prior to joining HKU, he was Vice-President for Academic Affairs and Deputy President (2006 - 2010), Vice-President for Research and Development (2003 - 2006), and Chair Professor of Computer Science (since 1992) at the HKUST. From 2001 to 2003, he was Vice-President for Information Technology of Applied Science and Technology Research Institute.

Prof. Chin had served on numerous public bodies, including the Hong Kong Examinations and Assessment Authority (from 1993 to 1996), Employees Retraining Board (from 2005 to 2008), Quality Education Fund (from 1998 to 2000), Hong Kong Association for Computer Education (from 2005 to 2007), Applied Research Council (from 2000 to 2002), Innovation and Technology Commission Committees (from 2000 to 2002), Cyberport Board (from 2003 to 2005), Board of Nano and Advanced Materials Institute (from 2006 to 2010) and Board of Logistics and Supply Chain Management Institute (from 2006 to 2010). He is currently a member of the University Grants Committee (since 2004), the Steering Committee on Innovation and Technology (since 2005) and the Commission on Strategic Development (since 2009). He has been the Chairman of the Research Grants Council, the Board Chairman of HKEdCity and the Chairman of the Science Museum Advisory Panel of Leisure and Cultural Services Department, HKSAR since 2005, 2006 and 2010 respectively.

Mr. Shu, Wa Tung Laurence, aged 38, was appointed as an independent non-executive Director on 18 September 2009. He is currently an independent non-executive Director of Greater China Holdings Limited (stock code: 431) and HL Technology Group Limited (stock code: 1087). Mr. Shu graduated from Deakin University in Australia in 1994 with a Bachelor's degree in Business majoring in Accounting. He is a Certified Public Accountant of the HKICPA and a Certified Practising Accountant of CPA Australia. He has over 15 years of experience in audit, corporate finance and corporate advisory services. He joined Deloitte Touche Tohmatsu ("Deloitte") in 1994 and later became a manager of the Reorganization Services Group and joined Deloitte & Touche Corporate Finance Limited (a corporate finance service company of Deloitte) as a manager from 2001 to 2002. From 2002 to 2005, Mr. Shu was an associate director of Goldbond Capital (Asia) Limited. From May 2005 to July 2008, he served as the chief financial officer and the company secretary of Texhong Textile Group Limited (stock code: 2678) overseeing the company's financial management function. From July 2008 to June 2010, Mr. Shu served as the chief financial officer of Rongsheng Heavy Industries Holdings Limited (熔盛重工控股有限公司) (stock code: 1101). He is currently the chief financial officer of Petro-King International Company Limited (百勤國際有限公司), overseeing the company's financial management function.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection on the websites of the Company at <http://www.perceptiondigital.com> and the Stock Exchange at www.hkgem.com:

- 1) the memorandum and articles of association of the Company;
- 2) the annual report of the Company for the year ended 31 December 2010;
- 3) the first quarterly report of the Company for the three months ended 31 March 2011;
- 4) the circular dated 31 March 2011 in relation to the general mandate to issue and to repurchase Shares and re-election of Directors;
- 5) the circular dated 31 March 2010 in relation to the general mandate to issue and to repurchase Shares and re-election of Directors; and
- 6) the announcements and other corporate communications made by the Company prior to the date of this announcement as required under the Listing Rules and the GEM Listing Rules.

DEFINITIONS

“Board”	the board of Directors
“CCASS”	The Central Clearing and Settlement System established and operated by HKSCC
“Company”	Perception Digital Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on GEM
“Directors”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	The Rules Governing the Listing of Securities on GEM, as amended from time to time
“Group”	the Company and its subsidiaries from time to time
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 27 November 2009
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transfer of Listing”

the proposed transfer of listing of the Shares from GEM to the Main Board pursuant to the Listing Rules

By order of the Board
Perception Digital Holdings Limited
Dr. Jack Lau
Chairman and Executive Director

Hong Kong, 26 May 2011

As at the date of this announcement, the executive Directors are Dr. Lau, Jack and Mr. Tao Hong Ming; the non-executive Directors are Prof. Cheng, Roger Shu Kwan and Prof. Tsui, Chi Ying; and the independent non-executive Directors are Dr. Lam Lee, Kiu Yue Alice Piera, Prof. Chin, Tai Hong Roland and Mr. Shu, Wa Tung Laurence.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company’s website at www.perceptiondigital.com.