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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 IN RELATION TO THE ACQUISITION OF 100% EQUITY INTEREST IN A COMPANY

THE ACQUISITION

On 28 November 2014 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the SPA, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell 100% equity interest of Gigantic, at the total consideration of RMB65,000,000.

IMPLICATIONS UNDER THE LISTING RULES

As some of the applicable percentage ratio (as defined under the Listing Rules) under Chapter 14 of the Listing Rules in relation to the Acquisition exceeds 5% but is less than 25%, the Acquisition contemplated under the SPA constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and therefore is subject to notification and announcement requirements but exempt from Shareholders' approval under Chapter 14 of the Listing Rules.

WARNING

Shareholders and potential investors in the Company should be aware that the Completion is subject to the satisfaction (or waiver, where applicable) of various conditions on or before the Completion Date and therefore the Completion may or may not take place. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board wishes to announce that on 28 November 2014 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the SPA, the Purchaser conditionally agreed to purchase and the Vendor conditionally agreed to sell 100% equity interest of Gigantic, at the total consideration of RMB65,000,000. Upon the Completion, Gigantic will become wholly-owned by the Purchaser and an indirect wholly-owned subsidiary of the Company.

The principal terms of the SPA are set out below.

PRINCIPAL TERMS OF THE SPA

Date

28 November 2014

Parties

Purchaser Easy Top Ace Limited, a limited liability company incorporated in the BVI and a direct wholly-owned subsidiary of the Company; and

Vendor Nimble Ring Limited, a limited liability company incorporated in the BVI, which as at the date of this announcement, directly holds 100% equity interest in Gigantic.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties.

Assets to be acquired

The Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase 100% equity interest of Gigantic free from all encumbrances together with all rights now or thereafter attaching thereto, including all dividends or distributions which may be paid, declared or made in respect thereof at any time on or after the Completion Date.

Consideration

The Consideration in the amount of RMB65,000,000 shall be paid by the Purchaser to the Vendor in the following manners:

- (i) upon the Completion, 25% of the Consideration, will be paid by the Purchaser to the Vendor in cash; and
- (ii) within three months after the Completion Date, the balance of the Consideration, will be paid by the Purchaser to the Vendor in cash.

The Group shall settle the Consideration out of its internal resources.

Basis of determining the Consideration

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms principally with reference to the financial position, business development and prospects of the Target Group as well as an estimated valuation of the Target Group. For details of the valuation, please refer to the conditions precedent (5) in this announcement below.

Conditions precedent

Completion is subject to, among others, the following conditions having been fulfilled or waived (as the case may be):

- (1) the warranties provided by the Vendor under the SPA shall be true and accurate in all respects on and as of the Completion Date;
- (2) the Purchaser being satisfied with the results of the due diligence review on, among others, the financial and legal aspects of the Target Group;
- (3) in the reasonable opinion of the Purchaser, there shall have been no material adverse change in and there shall not have occurred any events which materially and adversely affect the business operations or financial position since the date of the SPA;
- (4) the Vendor and Gigantic having obtained all approvals under the relevant laws and regulations and all necessary consents which are required for the signing and performance of the SPA; and

- (5) the Purchaser having obtained a valuation report issued by an independent valuer in the form and substance acceptable to the Purchaser confirming the appraised value of the 100% equity interest of Gigantic as at 30 November 2014 is not less than the Consideration.

Completion

The Completion shall take place on the date falling on the 5th Business Day after the fulfillment or waiver by the Purchaser (as the case may be) of the conditions (or any other date as may be agreed by the Purchaser).

Upon the Completion, the Purchaser will directly hold 100% equity interest in Gigantic and Gigantic will become a wholly-owned subsidiary of the Group.

INFORMATION OF THE GROUP

The Group is principally engaged in the research, design, development and sale of digital signal processing (“DSP”) based consumer electronic devices/platforms, including embedded firmware; the provision of solutions/services to customers for their DSP-based consumer electronic devices/platforms; and the trading of electronic components.

INFORMATION OF THE VENDOR

The Vendor is a limited liability company incorporated in the BVI and principally engaged in the business of investment holding.

INFORMATION OF THE TARGET GROUP

Gigantic is a limited liability company incorporated in the BVI and principally engaged in the business of investment holding. Gigantic is wholly-owned by the Vendor as at the date of this announcement.

Yin Rui is a company established under the laws of Hong Kong and principally engaged in the business of investment holding. Yin Rui is wholly-owned by Gigantic as at the date of this announcement.

Beijing Yizu is a wholly foreign owned enterprise established under the laws of the PRC and principally engaged in the business of investment holding. Beijing Yizu is an indirect wholly-owned subsidiary of Gigantic and a direct wholly-owned subsidiary of Yin Rui as at the date of this announcement.

Beijing Tu An is a limited company established under the laws of the PRC and is principally engaged in car rental services business. Beijing Tu An is an indirect wholly-owned subsidiary of Gigantic and a direct wholly-owned subsidiary of Beijing Yizu as at the date of this announcement.

FINANCIAL INFORMATION

Beijing Tu An

Set out below is the financial information of Beijing Tu An extracted from its audited financial statements for the two years ended 31 December 2012 and 2013 prepared in accordance with the generally accepted accounting principles in the PRC:

	For the year ended	
	31 December	
	2013	2012
	(audited)	(audited)
	RMB'000	RMB'000
Net profit before taxation	276	938
Net profit after taxation	216	895
		As at
		31 December
		2013
		(audited)
		RMB'000
Net assets		6,821

Beijing Yizu

Set out below is the financial information of Beijing Yizu extracted from its audited financial statements for the period from 7 May 2013 (being its date of incorporation) to 31 December 2013 prepared in accordance with the generally accepted accounting principles in the PRC:

	For the period	
	from	
	7 May 2013	
	(date of	
	incorporation)	
	to 31 December	
	2013	
	(audited)	
	RMB'000	
Net loss before taxation		1,492
Net loss after taxation		1,492

As at
31 December
2013
(audited)
RMB'000

Net liabilities **1,097**

Yin Rui

Set out below is the financial information of Yin Rui extracted from its unaudited financial statements for the two years ended 31 March 2013 and 2014 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended	
	31 March	
	2014	2013
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net loss before taxation	8	23
Net loss after taxation	8	23

As at 31 March
2014
(unaudited)
HK\$'000

Net liabilities **20**

Gigantic

Set out below is the financial information of Gigantic extracted from its unaudited financial statements for the period from 3 September 2014 (being its date of incorporation) to 14 November 2014 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the period from 3 September 2014 (date of incorporation) to 14 November 2014 (unaudited) <i>HK\$'000</i>
Net loss before taxation	10
Net loss after taxation	10
	As at 14 November 2014 (unaudited) <i>HK\$'000</i>
Net liabilities	10

Upon the Completion, Gigantic will become wholly-owned by the Purchaser and an indirect wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As mentioned in the response document of the Company dated 15 August 2014, and further explained in the Company's announcements on 12 September 2014 and 15 October 2014, it is the Group's intention to leverage on the experience and network of the executive Directors of the Company to diversify the existing business of the Group to car rental services business in the PRC, so as to broaden the sources of income of the Group.

In view of the increasing demand for car rental services in the PRC, the Directors consider that the Acquisition enables the Group to tap into the car rental services market in the PRC, which is a sector with high growth potential.

Through the Acquisition, the car rental services business segment will be added to the Group along with its existing electronics business and trading business.

The terms of the SPA were determined after arm's length negotiations between the parties thereto. The Directors are of the view that the terms of the SPA are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As some of the applicable percentage ratio (as defined under the Listing Rules) under Chapter 14 of the Listing Rules in relation to the Acquisition exceeds 5% but is less than 25%, the Acquisition contemplated under the SPA constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to notification and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

WARNING

Shareholders and potential investors in the Company should be aware that the Completion is subject to the satisfaction (or waiver, where applicable) of various conditions on or before the Completion Date and therefore the Completion may or may not take place. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Acquisition”	the acquisition of 100% equity interest in Gigantic by the Purchaser under the SPA
“Beijing Tu An”	北京途安汽車租賃有限責任公司 (Beijing Tu An Car Rental Services Limited*), a limited company established under the laws of the PRC
“Beijing Yizu”	北京宜租企業管理有限公司 (Beijing Yizu Enterprise Management Limited*), a wholly foreign owned enterprise established under the laws of the PRC
“Board”	the board of Directors

“Business Day(s)”	day(s) on which banks in the PRC are generally open for normal banking business (not including Saturday, Sunday, banking holidays and public holidays)
“BVI”	the British Virgin Islands
“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 are listed on the Stock Exchange under the stock code of 1822
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the SPA
“Completion Date”	the date on which the Completion takes place
“Consideration”	the total consideration payable by the Purchaser for the Acquisition pursuant to the terms of the SPA
“Director(s)”	the director(s) of the Company
“Gigantic”	Gigantic Wisdom Limited (鴻智有限公司), a limited liability company incorporated in the BVI, which as at the date of this announcement, is wholly-owned by the Vendor
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and is(are) not connected person(s) (as defined under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Easy Top Ace Limited (頂王有限公司), a limited liability company incorporated in the BVI, which is a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SPA”	the sale and purchase agreement dated 28 November 2014 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Gigantic and its subsidiaries, namely, Yin Rui, Beijing Yizu and Beijing Tu An
“Vendor”	Nimble Ring Limited (迅穎有限公司), a limited liability company incorporated in the BVI, which as at the date of this announcement, directly holds 100% equity interest in Gigantic
“Yin Rui”	Yin Rui (HK) Investment Limited (銀睿(香港)投資有限公司), a company established under the laws of Hong Kong
“%”	per cent

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

Hong Kong, 28 November 2014

As at the date of this announcement, the Board comprises of 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