

## DEFINITIONS

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

“Application Form(s)”	<b>white</b> application form(s), <b>yellow</b> application form(s), or where the context so requires, any one or both of them, relating to the Share Offer
“Articles of Association” or “Articles”	the articles of association of our Company adopted on 27 November 2009 and as amended from time to time, a summary of which is set out in Appendix V to this prospectus
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board” or “Board of Directors”	the board of Directors of our Company as at the date of this prospectus
“Business Day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalization Issue”	the issue of 449,868,023 Shares upon capitalization of certain sums standing to the credit of the share premium account of our Company referred to under the paragraph headed “Written resolutions of all the Shareholders of our Company passed on 27 November 2009” in the section headed “Further information about our Company” in Appendix VI to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation

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“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CEO”	the chief executive officer of our Group
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto in the GEM Listing Rules and unless the context requires otherwise, refers to Excel Direct, Masteray, Rochdale, Swanland, Dr. Lau, Ms. Loh (the spouse of Dr. Lau), Prof. Cheng, Ms. Le Cheng (the spouse of Prof. Cheng), Prof. Tsui and Ms. Cheung, Wai Hing, Barbara (the spouse of Prof. Tsui), who, together, will control the exercise of 30% or more of the voting rights in the general meeting of our Company immediately after the Share Offer and the Capitalization Issue (assuming that the Over-allotment Option is not exercised)
“Corporate Reorganization”	the corporate reorganization of our Group conducted in preparation for the Listing, details of which are set out under the paragraph headed “Corporate reorganization” in the section headed “History and corporate structure” in this prospectus
“Director(s)”	the director(s) of our Company as at the date of this prospectus
“Dr. Lau”	Doctor Lau, Jack, the Chairman, the CEO, an executive Director and one of the founders of our Group
“EPS”	earnings per Share

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“EU” or “European Union”	a supranational and intergovernmental union of twenty-seven states and a political body established in 1993 by the Treaty on European Union and is the de facto successor to the six member European Economic Community founded in 1957
“Excel Direct”	Excel Direct Technology Limited, a company incorporated in BVI, owned as to 50% by Prof. Tsui and as to 50% by Ms. Cheung, Wai Hing, Barbara, the spouse of Prof. Tsui
“Executive Officers”	the executive officers of our Company as at the date of this prospectus
“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)
“GEM website”	the Internet website at <a href="http://www.hkgem.com">www.hkgem.com</a> operated by the Stock Exchange for the purpose of GEM
“Group”, “our Group”, the “PD Group”, “we” or “us”	our Company and its subsidiaries following the completion of the Corporate Reorganization or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company and the businesses carried on by such subsidiaries or (as the case may be) their predecessors, and a Group Company shall refer to any one of them
“HKAS(s)”	Hong Kong Accounting Standard(s)
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s)
“HKICPA”	the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

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“HKTDC”	The Hong Kong Trade Development Council, an Independent Third Party
“HKUST”	the Hong Kong University of Science and Technology
“HKUST R&D”	Hong Kong University of Science and Technology R and D Corporation Limited, a company incorporated in Hong Kong and is wholly owned by HKUST, where our independent non-executive Director, Professor Chu, Ching Wu, Paul, served on its board of directors
“Hong Kong”, “HKSAR” or “HK”	the Hong Kong Special Administrative Region of the PRC
“IBM”	International Business Machines Corporation
“IFRS(s)”	International Financial Reporting Standard(s)
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) the Directors, chief executive, substantial shareholders (within the meaning of the GEM Listing Rules) and Management Shareholders of our Company, our subsidiaries or any of their respective associates, and not otherwise a connected person of our Company
“IWC”	IWC Digital Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of our Company
“JL Limited”	Jack Lau Limited, a company incorporated in Hong Kong and wholly owned by Ms. Loh
“Latest Practicable Date”	30 November 2009, being the latest practical date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Lead Manager”	Quam Securities Company Limited, a corporation licensed to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Listing”	the listing of the Shares on GEM

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“Listing Date”	the date, expected to be on or about Wednesday, 16 December 2009, on which dealings in the Shares on GEM first commence
“Listing Division”	the Listing Division of the Stock Exchange for GEM
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange prior to the establishment of GEM, which excludes options market and which continues to be operated by the Stock Exchange in parallel with GEM and which, for avoidance of doubt, excludes GEM
“Management Shareholders”	the management shareholder (having the same meaning ascribed thereto in the GEM Listing Rules) and in relation to our Company means Excel Direct, Masteray, Rochdale, Swanland, Glory Wood Limited, Dr. Lau, Ms. Loh, Prof. Cheng, Ms. Le Cheng, Prof. Tsui, Ms. Cheung, Wai Hing, Barbara and Chui, Shing Yip Jeff, more details of which are set out in the section headed “Substantial, significant and Management Shareholders” in this prospectus
“Masteray”	Masteray Limited, a company incorporated in BVI and wholly owned by Ms. Loh
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company
“Ms. Loh”	Loh, Jiah Yee, Katherine, a Controlling Shareholder and the spouse of Dr. Lau
“NAV”	net asset value
“Notable Success”	Notable Success Investments Limited, a company incorporated in BVI, wholly owned by Successful Link Limited, which is in turn wholly owned by Mr. Paulo Lam, a former director of PD (BVI), PD (HK) and PD Trading. Save for its interest in our Company and Mr. Paulo Lam’s prior directorship at PD (BVI), PD (HK) and PD Trading, Notable Success is not connected with our Company, our connected persons or their respective associates

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“Offer Price”	the final offer price per Offer Share (excluding brokerage fee, SFC transaction levy and Stock Exchange trading fee) which will be not more than HK\$0.73 and is expected to be not less than HK\$0.67, such price to be determined on or before 10 December 2009, as may be agreed between our Company and the Lead Manager (for itself and on behalf of the Underwriters)
“Offer Share(s)”	the Placing Share(s) and the Public Offer Share(s), and where relevant, together with any additional Share(s) issued pursuant to the exercise of the Over-allotment Option
“our Company” or “Company”	Perception Digital Holdings Limited (幻音數碼控股有限公司), a company incorporated with limited liability under the laws of the Cayman Islands on 11 September 2009 (please refer to the section headed “History and corporate structure” in this prospectus for a detailed description of the shareholding structure of our Company)
“Over-allotment Option”	the option to be granted by our Company to the Placing Underwriters exercisable by the Lead Manager (for itself and on behalf of the Placing Underwriters), pursuant to which our Company may be required to allot and issue up to 22,500,000 additional new Shares, representing 15% of the Shares initially available under the Share Offer at the Offer Price, to, among other things, cover over-allocations of the Placing (if any) as further described in the section headed “Structure of the Share Offer” in this prospectus
“PD (BVI)”	Perception Digital Technology (BVI) Ltd., a company incorporated in the BVI and a direct wholly owned subsidiary of our Company
“PD (HK)”	Perception Digital Limited, a company incorporated in Hong Kong and an indirect wholly owned subsidiary of our Company
“PD Shenzhen”	幻音科技(深圳)有限公司 (Perception Digital Technology (Shenzhen) Limited*), a wholly foreign-owned enterprise established in the PRC and an indirect wholly owned subsidiary of our Company

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“PD Trading”	PD Trading (Hong Kong) Limited, a company incorporated in Hong Kong, owned as to 50% by PD (HK) and as to 50% by PD (BVI), and an indirect wholly owned subsidiary of our Company
“Placing”	the conditional placing by the Placing Underwriters of the Placing Shares at the Offer Price with institutional, professional and private investors, details of which are described in the section headed “Structure of the Share Offer” in this prospectus
“Placing Shares”	the 135,000,000 new Shares being offered by our Company for subscription under the Placing (subject to the Over-allotment Option and re-allocation as described in the section headed “Structure of the Share Offer” in this prospectus), together, where relevant, with any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option
“Placing Underwriters”	the underwriters in respect of the Placing named in the paragraph headed “Placing Underwriters” in the section headed “Underwriting” in this prospectus
“Price Determination Date”	the date on which the Offer Price is determined, which is expected to be on or before 10 December 2009
“Prof. Cheng”	Professor Cheng, Roger Shu Kwan, a non-executive Director and one of the founders of our Group
“Prof. Tsui”	Professor Tsui, Chi Ying, an executive Director and one of the founders of our Group
“Public Offer”	the offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and in the Application Forms
“Public Offer Shares”	the 15,000,000 new Shares initially being offered by our Company for subscription at the Offer Price under the Public Offer (subject to re-allocation as described in the section headed “Structure of the Share Offer” in this prospectus)
“Public Offer Underwriters”	the underwriters in respect of the Public Offer named under the paragraph headed “Public Offer Underwriters” in the section headed “Underwriting” in this prospectus

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“Rochdale”	Rochdale Consultancy Limited, a company incorporated in BVI, owned as to 50% by Prof. Cheng and as to 50% by Ms. Le Cheng, the spouse of Prof. Cheng
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.10 each in the capital of our Company, which are to be subscribed for and traded in Hong Kong dollars and listed on GEM
“Share Lender”	Swanland
“Share Offer”	the Placing and the Public Offer
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 27 November 2009, the principal terms of which are summarized under the section headed “Share Option Scheme” in Appendix VI to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Sponsor”	Quam Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
“Stock Borrowing Agreement”	the stock borrowing agreement dated 3 December 2009 entered into between the Lead Manager and the Share Lender
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 2 of the Companies Ordinance
“Swanland”	Swanland Management Limited, a company incorporated in BVI, owned as to 51% by Masteray, as to 24.5% by Excel Direct and as to 24.5% by Rochdale
“Track Record Period”	the two years ended 31 December 2008 and the six months ended 30 June 2009



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“UGH”	UGH Investment Holding Limited, a company incorporated in BVI, wholly owned by Ms. Leung, Yee Li Lana, the spouse of Mr. Heung, Lap Chi Eugene, who provided certain loans and guarantee to our Group. Save for its interest in our Company and Mr. Heung, Lap Chi Eugene’s provision of loans and guarantee to our Group, UGH is not connected with our Company, our connected persons or their respective associates
“Underwriters”	the Placing Underwriters and the Public Offer Underwriters
“Underwriting Agreement”	the conditional underwriting agreement relating to the Share Offer dated 3 December 2009 and entered into between, among others, our Company, the Sponsor, the Lead Manager and the Underwriters
“United States” or “US”	the United States of America
“HK\$” or “HK dollar(s)” and “cents”	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq. ft.” and “sq. m.”	square feet and square meters, respectively
“US dollar(s)” or “US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

*Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

*In this prospectus, unless otherwise stated, certain amounts denominated in HK dollars have been translated into US dollars at an exchange rate of HK\$7.75 = US\$1.00, respectively, for illustration purpose only. Such conversions shall not be construed as representations that amounts in HK dollars were or could have been or could be converted into US dollars at such rates or any other exchange rates on such date or any other date.*

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*If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names in Chinese or another language which are marked with "\*" and the Chinese translation of names in English which are marked with "\*" is for identification purpose only.*

*Unless otherwise specified, all relevant information in this prospectus assumes no exercise of the Over-allotment Option.*