

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



CAUSE NO. FSD OF 2013

0135

IN THE MATTER of Perception Digital Holdings Limited (幻音數碼控股有限公司)

AND in the matter of the Companies Law (2013 Revision)

AND Grand Court Rules 1995 Order 102

PETITION



TO: The Grand Court of the Cayman Islands

THE PETITION of Perception Digital Holdings Limited (幻音數碼控股有限公司) shows as follows:

1. The object of this Petition is to seek an Order of the Court pursuant to section 15 of the Companies Law (2013 Revision) (the "Companies Law") confirming a reduction of the capital of your Petitioner Perception Digital Holdings Limited (幻音數碼控股有限公司) (the "Company").
2. The Company was incorporated under the Companies Law on 11 September 2009 with the name "Perception Digital Holdings Ltd." and registered in the Cayman Islands as an exempted company with registration number CR-43978. On 27 February 2001, the name of the Company was changed from "Perception Digital Holdings Ltd." to "Perception Digital Holdings Limited (幻音數碼控股有限公司)".
3. The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

4. As at the date of incorporation of the Company on 11 September 2009, the Company's authorised share capital was HK\$380,000 divided into 3,800,000 ordinary shares of HK\$0.10 each. The authorised share capital of the Company was subsequently increased to HK\$200,000,000 on 27 November 2009 by the creation of an additional 1,996,200,000 shares of HK\$0.10 each.

5. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited since 16 December 2009. Over the years, the Company has allotted and issued various tranches of ordinary shares, being the only class of shares of the Company. As at the date of this petition, the authorised share capital of the Company is HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each and its issued share capital is HK\$112,050,000 divided into 1,120,500,000 existing shares of HK\$0.10 each (the "Existing Shares").

6. The objects for which the Company was formed are unrestricted and the Company has full power and authority to exercise all the functions of a natural person of full capacity in respect of any question of corporate benefit, as provided by section 27(2) of the Companies Law.

7. The Articles of Association of the Company provide, *inter alia*, as follows:

Article 4: "The Company may from time to time by ordinary resolution in accordance with the Law alter the conditions of its Memorandum of Association to:

- (a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;

- (b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";
- (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Company's Memorandum of Association (subject, nevertheless, to the Law), and may be such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;
- (e) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of

the shares so cancelled or, in the case of shares, without par value, diminish the number of shares into which its capital is divided.”

Article 5: “The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company’s benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.”

Article 6: “The Company may from time to time by special resolution, subject to any confirmation or consent required by the Law, reduce its share capital or any capital redemption reserve or other undistributable reserve in any manner permitted by law.”

8. By a special resolution of the Company (the "Special Resolution") duly passed in accordance with section 14(1) of the Companies Law at an extraordinary general meeting held on 12 September 2013 (the "Extraordinary General Meeting"), it was resolved:

“THAT subject to and conditional upon (i) the approval of the Capital Reduction (as defined below) by the Grand Court of the Cayman Islands (the “Court”); (ii) compliance with any conditions which the Court may impose in relation to the Capital Reduction (as defined below); (iii) the registration by the Registrar of Companies of the Cayman Islands of the order of the Court and the minute approved by the Court containing the particulars required under the Companies Law (as revised) of the Cayman Islands in respect of the Capital Reduction (as defined below); and (iv) the Listing Committee of the Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reduction and Sub-division (as defined below) with effect from the date on which these conditions are fulfilled (the “Effective Date”):

- (a) the paid up capital of each of the issued shares be reduced from HK\$0.10 per issued share by cancelling paid up capital of HK\$0.09 per share (the “Capital Reduction”) by way of a reduction of capital, so as to form ordinary shares with par value of HK\$0.01 each (“New Share(s)”);
- (b) the credit arising from the Capital Reduction be applied towards setting-off or cancelling the accumulated deficit of the Company as at the Effective Date (if any) and the balance (if any) be transferred to the capital reduction reserve account of the Company or other reserve account of the Company which may be utilised by the directors of the Company as a distributable reserve in accordance with the articles of association of the Company and all applicable laws (the “Application of Credit”);
- (c) immediately following the Capital Reduction, each of the authorised but unissued ordinary shares with par value of HK\$0.10 each be sub-divided into ten (10) unissued ordinary shares with par value of HK\$0.01 each (“Share Subdivision”) and such shares shall rank *pari passu* in all respects with each

other and have all such rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company,

and that the directors of the Company be and are hereby authorised to do all such acts, deeds and things and execute all such documents they consider necessary or expedient to give effect to the aforesaid Capital Reduction, Application of Credit and Sub-division.

Each of the capitalised terms referred to in the Special Resolution above are defined in the information circular exhibited to the affidavit of LR ("LR-6").]

9. The number of votes casted by the members of the Company present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting is as set out in the table below:

| | Present & Voting | For | Against |
|--|---------------------------|---------------------------|---------------------------|
| How Present | Number of shares voted | Number of shares voted | Number of shares voted |
| In person/by corporate representatives | 70,433,500 shares | 70,433,500 shares | 0 shares |
| By proxy | 578,544,519 shares | 578,544,519 shares | 0 shares |
| Total | 648,978,019 shares | 648,978,019 shares | 0 shares |

The Special Resolution was voted on by way of a poll and the number of votes casted by the members present and voting in person or by corporate representatives or by proxy at the Extraordinary General Meeting in favour of the Special Resolution represents more than three-fourths of the votes casted in respect of the Special Resolution and therefore the chairman of the Extraordinary General Meeting declared the Special Resolution passed in accordance with the Articles of Association of the Company.

10. The proposed Capital Reorganisation is expected to enhance the attractiveness of the New Shares to potential investors and facilitate greater flexibility in conducting future capital raising exercises. A proposal was therefore put forward to give effect to the Capital Reorganisation.
11. The proposed Capital Reorganisation does not involve either the diminution of any liability in respect of unpaid capital and the Company does not have any intention to make payment to any shareholder of any paid-up capital. Furthermore, the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company and thus will have no direct impact on creditors nor will it affect the proportionate interests of the shareholders.
12. The form of Minute proposed to be registered is as follows:

"The issued share capital of Perception Digital Holdings Limited (幻音數碼控股有限公司) (the "Company") was by virtue of a Special Resolution passed on 12 September 2013 and with the sanction of an Order of the Grand Court of the Cayman Islands dated [•] 2013, reduced from HK\$0.10 per each issued share to HK\$0.01 per each issued share (the "Capital Reduction"). Upon the Capital Reduction becoming effective, each authorised but unissued share of HK\$0.10 each shall be subdivided into ten unissued shares of HK\$0.01 each in the capital of the Company. At the date of the registration of this Minute, the authorised share capital of the Company is HK\$200,000,000 divided into 20,000,000,000 shares of HK\$0.01 each."

Your Petitioner, the Company, therefore prays as follows:

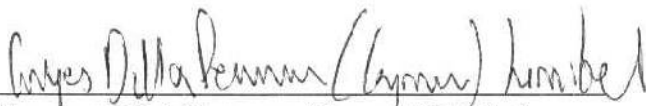
- (1) That the Capital Reorganisation of the Company proposed to be effected by the Special Resolution set forth in paragraph 8 of this Petition may be confirmed and that the above-mentioned Minute may be approved by the Court.

(2) That to this end, all necessary inquiries and directions may be made and given.

(3) Such further and other order as this Honourable Court shall think fit.

NOTE: It is intended to serve this Petition on Perception Digital Holdings Limited (幻音數碼控股有限公司), at its registered office located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

Dated this 18th day of October 2013


Conyers Dill & Pearman (Cayman) Limited
Attorneys-at-Law for the Petitioner

TIME ESTIMATE: One hour

This Petition having been presented to the Court on the ___ day of _____ 2013
will be heard at the Law Courts, George Town, Grand Cayman on the ___th day of
_____ 2013 at _____ am/pm or as soon thereafter as the Petition can be heard.

This Petition was filed by Conyers Dill & Pearman (Cayman) Limited, Attorneys-at-Law for and on behalf of the Petitioner herein whose address for service is that of its Attorneys, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

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