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**A8 Digital Music Holdings Limited**

**A8 電媒音樂控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 800)**

## **COMPLETION OF THE DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE SECOND DUOMI MUSIC SHARE SUBSCRIPTION**

References are made to the announcements of the Company dated 17 September 2012 and 10 and 26 October 2012, the circular and the notice of EGM both dated 20 November 2012 and the poll results announcement with respect to the EGM dated 11 December 2012, all in connection with the Second Duomi Music Share Subscription by Phoenix Success, a wholly-owned subsidiary of the Company (collectively, the “**Documents**”). Terms used in this announcement shall have the same meanings as those defined in the Documents unless otherwise stated herein.

### **COMPLETION OF THE SECOND DUOMI MUSIC SHARE SUBSCRIPTION**

The Board is pleased to announce that all the conditions precedent to the Completion of the Second Duomi Music Share Subscription have been fulfilled and the Completion took place on 14 December 2012. On Completion, each of Phoenix Success, Huayi and Hina paid 70% of its aggregate subscription price in the respective amounts of US\$4,200,000 (equivalent to HK\$32,760,000), US\$2,100,000 (equivalent to HK\$16,380,000) and US\$700,000 (equivalent to HK\$5,460,000) respectively to Duomi Music, and Duomi Music allotted and issued 13,853,868, 6,933,146 and 2,311,049 Duomi Music Preferred Shares to Phoenix Success, Huayi and Hina respectively.

The remaining 30% aggregate subscription price for the subscription of the Duomi Music Preferred Shares, subject to the User Targets Accomplishment Rate to be notified by Duomi Music 30 days after 31 December 2012, will be payable by Phoenix Success, Huayi and Hina to Duomi Music as Final Installment, or Adjusted Final Installment or will be fully exempted from payment to Duomi Music depending on the valuation adjustment in accordance with the Shareholders Agreement (as the case may be).

Upon Completion and assuming a full conversion of the Duomi Music Preferred Shares, Phoenix Success holds an aggregate of 50,247,228 Duomi Music Shares, representing: (i) approximately 46.38% of the

share capital of Duomi Music as enlarged by the Second Duomi Music Share Subscription assuming no exercise of options under the existing ESOP; and (ii) approximately 40.44% of the share capital of Duomi Music as enlarged by the Second Duomi Music Share Subscription assuming a full exercise of all the options under the existing ESOP in full.

Pursuant to the terms of the Shareholders Agreement, the board of directors of Duomi Music shall consist of five directors. Phoenix Success shall be entitled to nominate two directors of Duomi Music. As a result, Phoenix Success will not obtain control of the board of Duomi Music upon Completion.

Given the above, Duomi Music will remain as an associated company of the Company upon Completion.

### **THE SHAREHOLDING STRUCTURE OF DUOMI MUSIC IMMEDIATELY FOLLOWING COMPLETION**

The shareholding structure of Duomi Music immediately following the Completion is as follows:

Shareholders of Duomi Music	Immediately following Completion (assuming no option under the existing ESOP has been exercised)		Immediately following Completion (assuming all options under the existing ESOP have been exercised in full)		Immediately following Completion (assuming all the options under the existing ESOP and additional ESOP have been exercised in full)	
	Number	%	Number	%	Number	%
Phoenix Success	50,247,228	46.38	50,247,228	40.44	50,247,228	37.44
Fortune Light	35,435,640	32.71	35,435,640	28.52	35,435,640	26.41
Hero Victory Investments Limited	7,661,760	7.07	7,661,760	6.17	7,661,760	5.71
Bile Investments Limited	3,264,694	3.01	3,264,694	2.63	3,264,694	2.43
Beyond Faith Limited	2,489,328	2.30	2,489,328	2.00	2,489,328	1.86
Huayi	6,933,146	6.40	6,933,146	5.58	6,933,146	5.17
Hina	2,311,049	2.13	2,311,049	1.86	2,311,049	1.72
the existing ESOP	-	-	15,907,090	12.80	15,907,090	11.85
The additional ESOP	-	-	-	-	9,939,995	7.41
<b>Total</b>	<b>108,342,845</b>	<b>100</b>	<b>124,249,935</b>	<b>100</b>	<b>134,189,930</b>	<b>100</b>

*In this announcement, amounts denominated in US\$ have been converted into HK\$ at the rates of US\$1 = HK\$7.8 for the purpose of illustration.*

By Order of the Board  
**A8 Digital Music Holdings Limited**  
**Liu Xiaosong**  
*Chairman and Executive Director*

Hong Kong, 14 December 2012

*As at the date of this announcement, the Board of the Company comprises:*

- (1) executive Directors namely Mr. Liu Xiaosong and Mr. Lu Bin; and*
- (2) independent non-executive Directors namely Mr. Chan Yiu Kwong, Mr. Zeng Liqing and Ms. Wu Shihong.*