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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in A8 Digital Music Holdings Limited (“Company”), you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with the written consent referred to in the paragraph headed “Expert and Consent” in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance. Neither the Securities and Futures Commission nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of any of the Prospectus Documents.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

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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)**

### RIGHTS ISSUE ON THE BASIS OF TWO RIGHTS SHARES FOR EVERY EXISTING SHARE HELD ON THE RECORD DATE

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Terms used in this cover page have the same meanings as defined in this prospectus.

The Rights Issue is conditional upon the fulfilment of the conditions set out under the paragraph headed “Conditions of the Rights Issue” in the section headed “Letter from the Board” on pages 10 to 25 of this prospectus.

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing, at any time prior to the Latest Time for Termination, the right to terminate its obligations thereunder on the occurrence of certain events, including but not limited to force majeure, as more particularly described in the section headed “Termination of the Underwriting Agreement” in this prospectus. **The Rights Issue is therefore subject to the Underwriter not terminating the Underwriting Agreement. Accordingly, the Rights Issue may or may not proceed.**

**The Shares have been dealt with on an ex-rights basis from Thursday, 21 February 2013. Dealings in the Rights Shares in the nil-paid form are expected to take place from Monday, 4 March 2013 to Monday, 11 March 2013 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter on or before 4:00 p.m., Monday, 18 March 2013 (or such later time and/or date as the Company and the Underwriter may agree), the Rights Issue will not proceed. Any Shareholders or other persons dealing or contemplating dealing in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases), and any dealings in the nil-paid Rights Shares between Monday, 4 March 2013 to Monday, 11 March 2013 (both days inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons dealing or contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.**

**The Latest Time for Acceptance of and Payment for Rights Shares is 4:00 p.m. on Thursday, 14 March 2013. The procedure for acceptance of and payment for or transfer of the Right Shares are set out on pages 14 to 15 of this prospectus.**

28 February 2013

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## DEFINITION

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Announcements”	the announcements of the Company dated 6 January 2013, 10 January 2013 and 25 January 2013 in relation to, among other things, the Rights Issue and the Whitewash Waiver
“associates”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 30 January 2013 in relation to, among other things, the Rights Issue and the Whitewash Waiver
“Committed Shares”	an aggregate of 381,971,908 Rights Shares comprising (i) the 334,927,908 Rights Shares which the Underwriter has irrevocably undertaken to and/or procure to, accept and pay for pursuant to the Underwriting Agreement (representing the Rights Shares provisionally allotted to the Underwriter and Prime Century); (ii) the 3,844,000 Rights Shares which Mr. Liu has irrevocably undertaken to accept and pay for pursuant to the Liu Undertaking (representing the Rights Shares provisionally allotted to Mr. Liu); and (iii) the 43,200,000 Rights Shares which Grand Idea has irrevocably undertaken to accept and pay for pursuant to the Grand Idea Undertaking (representing the Rights Shares provisionally allotted to Grand Idea)

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## DEFINITION

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“Company”	A8 Digital Music Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and supplemented from time to time
“Concert Group”	the Underwriter and the parties acting in concert with it (including Mr. Liu, Prime Century and Grand Idea)
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Director Share Options”	the outstanding Share Options held by the Directors as at the date of the Director Undertakings
“Director Undertakings”	the Liu Undertaking and the Lu Undertaking
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares
“EGM”	the extraordinary general meeting of the Company held at 10:30 a.m. on Tuesday, 19 February 2013 at which the Independent Shareholders have approved the Rights Issue and the Whitewash Waiver
“Ever Novel” or “Underwriter”	Ever Novel Holdings Limited, a company incorporated in the BVI with limited liability whose issued share capital is 100% beneficially owned by a family trust set up by Mr. Liu for the benefit of his family members
“Executive”	the Executive Director of the Corporate Finance Division of Securities and Futures Commission of Hong Kong, or any delegate of the Executive Director
“Excluded Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal opinion(s) provided by legal adviser(s), consider it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

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## DEFINITION

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“First Announcement”	the announcement of the Company dated 6 January 2013 in relation to, among other things, the Rights Issue and the Whitewash Waiver
“First Supplemental Underwriting Agreement”	the supplemental agreement dated 10 January 2013 entered into between the Company and the Underwriter to amend certain terms of the Underwriting Agreement, details of which are set out in the announcement of the Company dated 10 January 2013
“Grand Idea”	Grand Idea Holdings Limited, a limited liability company incorporated in the BVI whose issued share capital is 100% beneficially owned by a family trust set up by Ms. Xie Yuanbi for the benefits of certain of her family members. Ms. Xie Yuanbi is the mother of Mr. Liu and Mr. Liu is not a beneficiary of such family trust
“Grand Idea Undertaking”	the irrevocable undertaking dated 25 January 2013 and executed by Grand Idea in favour of the Company whereby Grand Idea has undertaken, among other things, to accept and pay for all 43,200,000 Rights Shares provisionally allotted to it on the Record Date
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than (i) the Underwriter and persons acting in concert with it; (ii) the controlling shareholders of the Company (i.e. the Underwriter, Prime Century, Mr. Liu and Grand Idea) and their respective associates; and (iii) those who are involved in, or interested in, the Underwriting Agreement and/or the Whitewash Waiver
“Last Trading Day”	Friday, 4 January 2013, being the full trading day of the Shares on the Stock Exchange immediately prior to the publication of the First Announcement
“Latest Acceptance Date”	Thursday, 14 March 2013 or such other date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares

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## DEFINITION

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“Latest Time for Acceptance of and Payment for Rights Shares”	4:00 p.m. on Thursday, 14 March 2013 or such other time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of and payment for the Rights Shares and if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on such day (i) at anytime before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Acceptance of and Payment for Rights Shares will be extended to 5:00 p.m. on the same Business Day; and (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance of and Payment for Rights Shares will be extended to the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.
“Latest Practicable Date”	25 February 2013, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus
“Latest Time for Termination”	4:00 p.m. on the second Business Day immediately after the Latest Time for Acceptance of and Payment for Rights Shares or such later time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Liu Undertaking”	the irrevocable undertaking dated 4 January 2013 and executed by Mr. Liu in accordance with the Underwriting Agreement, whereby Mr. Liu has undertaken, among other things, (i) not to exercise any of the subscription rights attaching to the Share Options granted to him to subscribe for 455,441 new Shares from the date of the irrevocable undertaking until the date on which trading of the Rights Shares (in their fully-paid form) commences on the Stock Exchange; and (ii) to accept and pay for all 3,844,000 Rights Shares provisionally allotted to him on the Record Date

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## DEFINITION

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“Lu Undertaking”	the irrevocable undertaking dated 4 January 2013 and executed by Mr. Lu Bin, an executive Director, in accordance with the Underwriting Agreement, whereby Mr. Lu has undertaken, among other things, not to exercise any of the subscription rights attaching to the Share Options granted to him to subscribe for 2,340,000 new Shares from the date of the irrevocable undertaking until the date on which trading of the Rights Shares (in their fully paid form) commences on the Stock Exchange
“Mr. Liu”	Mr. Liu Xiaosong, the Chairman of the Company and an executive Director
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“PRC”	the People’s Republic of China
“Prime Century”	Prime Century Technology Limited, a company incorporated in the BVI with Limited liability and owned as to 80.20% by Ever Novel. The remaining 19.80% of its interest is held by Ms. Wang Gang
“Profit Warning”	the announcement of the Company dated 24 December 2012 relating to the anticipated loss of the Group for the year ended 31 December 2012
“Posting Date”	Thursday, 28 February 2013, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or this prospectus to the Excluded Shareholders for information only (as the case may be)
“Prospectus Documents”	this prospectus, the PALs and EAFs
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than those Excluded Shareholders
“Record Date”	Wednesday, 27 February 2013, being the record date for determining entitlements to the Rights Issue

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## DEFINITION

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“Rights Issue”	the issue by way of rights of two Rights Shares for every existing Share in issue on the Record Date at a price of HK\$0.36 per Rights Share
“Rights Share(s)”	952,564,752 new Shares to be allotted and issued under the Rights Issue
“Second Supplemental Underwriting Agreement”	the supplemental agreement dated 25 January 2013 entered into between the Company and the Underwriter to amend certain terms of the Underwriting Agreement, details of which are set out in the announcement of the Company dated 25 January 2013
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Options”	the outstanding options to subscribe for 9,311,781 new Shares granted to the Directors and employees of the Group pursuant to the Share Option Scheme as at the Latest Practicable Date
“Share Option Scheme”	the share option scheme (other than the Pre-IPO share option scheme of the Company) adopted by the Company on 26 May 2008
“Shareholder(s)”	holder(s) of the Shares
“Share Registrar”	the branch share registrar of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$0.36 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong



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## DEFINITION

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“Underwriting Agreement”	the underwriting agreement entered into between the Company and Ever Novel dated 4 January 2013 in relation to the Rights Issue, as amended by the First Supplemental Underwriting Agreement and the Second Supplemental Underwriting Agreement
“Underwritten Shares”	the Rights Shares to be issued pursuant to the Rights Issue other than the Committed Shares, being 570,592,844 Rights Shares
“Whitewash Waiver”	a waiver granted by the Executive pursuant to Note 1 of the Notes on the dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Underwriter and parties acting in concert with it to make a mandatory general offer for all securities of the Company not already owned by the Concert Group which would otherwise arise as a result of the Underwriter subscribing for the Underwritten Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
%	percentage

*In this prospectus, amounts denominated in RMB have been converted into HK\$ at the rate of RMB0.81085 = HK\$1 for the purpose of illustration.*

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## EXPECTED TIMETABLE

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Set out below is an indicative timetable for the implementation of the Rights Issue. The expected timetable may be subject to changes and the Company will notify the Shareholders on any changes to the expected timetable as and when appropriate.

2013

First day of dealing in nil-paid Rights Shares	Monday, 4 March
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Wednesday, 6 March
Last day of dealings in nil-paid Rights Shares	Monday, 11 March
Latest Time for Acceptance of and Payment for Rights Shares (Note (ii))	4:00 p.m. on Thursday, 14 March
Latest Time for Termination	4:00 p.m. on Monday, 18 March
Announcement of results of the Rights Issue	Thursday, 21 March
Despatch of refund cheques for wholly and partially unsuccessful applications for excess Rights Shares	Friday, 22 March
Despatch of certificates for the fully-paid Rights Shares	Friday, 22 March
Dealings in fully-paid Rights Shares expected to commence	9:00 a.m. on Monday, 25 March

*Notes:*

- (i) All times in this prospectus refer to Hong Kong time.
- (ii) Effect of bad weather on the Latest Time for Acceptance of and Payment for Rights Shares.

If there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning:
  - (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the Latest Time for Acceptance of and Payment for Rights Shares will be extended to 5:00 p.m. on the same Business Day;
  - (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the Latest Time for Acceptance of and Payment for Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and Payment for Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the section headed “Expected timetable” in this prospectus may be affected. The Company will notify the Shareholders by way of announcement on any changes to the expected timetable as soon as practicable.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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Ever Novel may terminate the Underwriting Agreement by notice in writing to the Company prior to the Latest Time for Termination if:

- (i) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or
  - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (ii) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this paragraph includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States or the PRC which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue.

If Ever Novel exercises such rights, the Rights Issue will not proceed.

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Liu Xiaosong (*Chairman*)

Mr. Lu Bin

*Independent non-executive Directors:*

Mr. Chan Yiu Kwong

Mr. Zeng Liqing

Ms. Wu Shihong

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

*Head Office:*

5/F, Fucheng Hi-Tech Building

South-1 Avenue

Southern District of Hi-Tech Park

Nanshan District, Shenzhen 518057

Guangdong Province

The People's Republic of China

*Principal place of business in*

*Hong Kong:*

Suites 06-12

33/F, Shui On Centre

6-8 Harbour Road

Wanchai, Hong Kong

28 February 2013

*To the Qualifying Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF  
TWO RIGHTS SHARES FOR EVERY EXISTING SHARE  
HELD ON THE RECORD DATE**

**INTRODUCTION**

On 6 January 2013, 10 January 2013 and 25 January 2013, the Board announced that the Company proposed to raise not less than approximately HK\$342.92 million (before expenses) by issuing not less than 952,564,752 Rights Shares at the Subscription Price of

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## LETTER FROM THE BOARD

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HK\$0.36 per Rights Share on the basis of two Rights Shares for every existing Share held on the Record Date. As at the Latest Practicable Date, there were 476,282,376 Shares in issue. The Rights Issue will be fully underwritten by the Underwriter, namely Ever Novel, on the terms and subject to the conditions set out in the Underwriting Agreement. The Underwriting Agreement contains provisions granting the Underwriter the ability to terminate its obligations thereunder on the occurrence of certain events as set out under the section headed “Termination of the Underwriting Agreement” in this prospectus at any time prior to the Latest Time for Termination. The Rights Issue is not available to the Excluded Shareholders.

The Rights Issue is conditional on, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. On 18 February 2013, the Executive granted the Whitewash Waiver which was subject to, among other things, the approval of the Independent Shareholders by way of poll at the EGM. At the EGM held on 19 February 2013, the resolution in respect of the Whitewash Waiver was duly passed by the Independent Shareholders by way of poll.

The purpose of this prospectus is to provide you with further information regarding details of the Rights Issue and certain information in respect of the Group.

### TERMS OF THE RIGHTS ISSUE

Details of the Rights Issue are set out as below:

#### Issue statistics

Basis of Rights Issue:	Two Rights Shares for every existing Share held on the Record Date
Number of Shares in issue:	476,282,376 Shares as at the Record Date
Number of Rights Shares:	952,564,752 Rights Shares
Enlarged issued share capital upon completion of the Rights Issue:	1,428,847,128 Shares
Subscription Price:	HK\$0.36 per Rights Share
Underwriter:	Ever Novel

The number of 952,564,752 Rights Shares to be allotted and issued pursuant to the terms of the Rights Issue represents 200.00% of the existing issued share capital of the Company and approximately 66.67% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company had outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 9,311,781 Shares, among which the Share Options entitling the holders thereof to subscribe for an aggregate of 2,795,441 Shares were Director Share Options. Pursuant to the Director Undertakings, each of Mr. Liu and Mr. Lu Bin, both being executive Directors, has undertaken to the Company not to exercise his respective Director Share Options from the date of the Director Undertakings until the date on which trading of the Rights Shares (in their fully-paid form) commences on the Stock Exchange. Save as disclosed above, the Company did not have any pre-existing obligation to issue any Shares or any derivatives or securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must not be an Excluded Shareholder. Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company.

The Company will send the Prospectus Documents to the Qualifying Shareholders. The Company will send this prospectus only to the Excluded Shareholders (if any) for information purpose.

### **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than Hong Kong. As at the Record Date, none of the Shareholders as recorded on the register of members of the Company had address outside Hong Kong. Accordingly, there will be no Excluded Shareholder for the purpose of the Rights Issue.

### **Subscription price**

HK\$0.36 per Rights Share will be payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or application for excess Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of 52% to the closing price of HK\$0.75 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 50.55% to the average closing price of approximately HK\$0.728 per Share for the five consecutive trading days up to and including the Last Trading Day;

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## LETTER FROM THE BOARD

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- (iii) a discount of approximately 50.28% to the average closing price of approximately HK\$0.724 per Share for the ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 26.53% to the theoretical ex-rights price of approximately HK\$0.49 per Share based on the closing price of HK\$0.75 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 14.29% to the closing price of HK\$0.42 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a discount of approximately 74.10% to the unaudited consolidated net asset value per Share of approximately HK\$1.39 (based on the latest published unaudited consolidated net asset value of the Group attributable to the Shareholders of approximately RMB535,679,000 (equivalent to approximately HK\$660,638,836) as at 30 June 2012 and 476,282,376 Shares in issue as at the Latest Practicable Date); and
- (vii) a discount of approximately 72.31% to the unaudited consolidated net tangible asset value per Share of approximately HK\$1.30 (based on the latest published unaudited consolidated net tangible asset value of the Group attributable to the Shareholders of approximately RMB503,623,000 (equivalent to approximately HK\$621,105,013) as at 30 June 2012 and 476,282,376 Shares in issue as at the Latest Practicable Date).

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. As the Rights Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Rights Issue. The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, are fair and reasonable so far as the Company and the Shareholders as a whole are concerned. The net price per Rights Share, after deducting all the expenses incurred and to be incurred thereof, upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.35.

### **Basis of provisional allotments**

Two Rights Shares (in nil-paid form) for every existing Share held by Qualifying Shareholders at the close of business on the Record Date.

### **Status of the Rights Shares**

When allotted, issued and fully paid, the Rights Shares will rank pari passu in all respects with the then existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the fully-paid Rights Shares.

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## LETTER FROM THE BOARD

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### Procedure for acceptance and payment or transfer

For each Qualifying Shareholder, a PAL is enclosed with this prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown thereon. If the Qualifying Shareholder(s) wish(es) to exercise his/their rights to subscribe for all the Rights Shares provisionally allotted to him/them, he/they must lodge the PAL(s) in accordance with the instructions printed thereon, together with the remittance for the full amount payable on acceptance, with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or 3rd Floor, Futura Plaza, 111-113 How Ming Street, Kwun Tong, Kowloon, Hong Kong by no later than 4:00 p.m. on Thursday, 14 March 2013.

All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "A8 DIGITAL MUSIC HOLDINGS LIMITED – PROVISIONAL ALLOTMENT ACCOUNT" and must be crossed "Account Payee Only".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Share Registrar by no later than 4:00 p.m. on Thursday, 14 March 2013, whether by the original allottee or any person to whom the nil-paid Rights Shares have been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by other Qualifying Shareholders. The Company may (at its sole discretion) treat a PAL as valid and binding on the person(s) by whom or whose behalf it is lodged even if not completed in accordance with the relevant instructions printed thereon.

If a Qualifying Shareholder wishes to accept only part of his provisional allotment and/or to transfer all or part of his provisional allotment to more than one persons, the original PAL must be surrendered and lodged for cancellation together with a covering letter stating clearly the number of split PALs required and the number of nil-paid Rights Shares to be comprised in each split PAL by no later than 4:30 p.m. on Wednesday, 6 March 2013 to the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong which will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection at the same place during normal business hours on the second Business Day after the surrender of the original PAL. The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of the rights to subscribe for the Rights Shares.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of the PAL with a cheque or cashier's order in payment for the Rights Shares accepted will constitute a warranty by the applicant that the



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## LETTER FROM THE BOARD

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cheque or cashier's order will be honoured on first presentation. If any cheque or cashier's order is dishonoured on first presentation, the PAL is liable to be rejected and, in such event, the relevant provisional allotment and all rights and entitlements given pursuant to it will be deemed to have been declined and will be cancelled. An applicant must pay the exact amount payable upon application for the Rights Shares and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque, without interest, will be made out to the applicant only if the overpaid amount is HK\$100 or above. No receipt will be issued in respect of any PAL and/or remittance received.

If the Underwriter exercises its rights to terminate the Underwriting Agreement on or before the Latest Time for Termination or if the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed and the monies received in respect of the relevant provisional allotments, without interest, will be returned to the applicants by means of cheques to be despatched by ordinary post to their registered addresses at the risk of such applicants on or before Friday, 22 March 2013.

### **Application for excess Rights Shares**

Qualifying Shareholders shall be entitled to apply for any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of the nil-paid Rights Shares. Application may be made by completing the EAFs and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable, and on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse the mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for smaller number of Rights Shares will be allocated a higher percentage of the excess Rights Shares they have applied for whereas Qualifying Shareholders applying for larger number of Rights Shares will be allocated a lower percentage of the excess Rights Shares they have applied for (although they will still receive a greater number of Rights Shares than those applying for a smaller number)) with board lot allocations to be made on a best effort basis. No reference will be made to Rights Shares comprised in applications by PAL or the existing number of Shares held by Qualifying Shareholders.

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## LETTER FROM THE BOARD

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Members of the Concert Group who held Shares as at the Latest Practicable Date have undertaken that they will not acquire any Shares (other than Rights Shares that are provisionally allotted to them) until the Latest Time for Acceptable of and Payment for Rights Shares. As such, none of them will apply for any excess Rights Shares.

Qualifying Shareholders with their Shares held by a nominee company, or which are held in CCASS, should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Qualifying Shareholders whose Shares are registered in the name of a nominee company, or which are held in CCASS, should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to them individually. The EAF is for use only by the Qualifying Shareholder(s) to whom it is addressed and is not transferable. Qualifying Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

**If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his provisional allotment, he must complete and sign the EAF in accordance with the instructions printed thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or 3rd Floor, Futura Plaza, 111-113 How Ming Street, Kwun Tong, Kowloon, Hong Kong by no later than 4:00 p.m. on Thursday, 14 March 2013. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "A8 DIGITAL MUSIC HOLDINGS LIMITED – EXCESS APPLICATION ACCOUNT" and crossed "Account Payee Only". An announcement of the results of acceptance of and excess applications for the Rights Issue will be published on Thursday, 21 March 2013.**

If no excess Rights Shares are allotted to the Qualifying Shareholders, cheque(s) for the amount tendered on application, without interest, is expected to be returned to such Qualifying Shareholders in full by ordinary post at their own risk to their registered addresses on or before Friday, 22 March 2013. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, cheque(s) for the surplus application monies, without interest, is also expected to be returned to them by ordinary post at their own risk to their registered addresses on or before Friday, 22 March 2013. All cheques and cashier's orders will be presented for payment immediately following receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of the EAF, together with a cheque or cashier's order in payment for the excess Rights Shares applied for, will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected. An applicant must pay the exact amount payable upon application for the Rights Shares and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque, without interest, will be made out to the applicant only if the overpaid amount is HK\$100 or above. No receipt will be issued in respect of any EAF and/or relevant remittance received.

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## LETTER FROM THE BOARD

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If the Underwriter exercises its rights to terminate the Underwriting Agreement on or before the Latest Time for Termination or if the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed and the monies received in respect of applications for excess Rights Shares, without interest, will be returned to the applicants by means of cheques to be despatched by ordinary post to their registered addresses at the risk of such applicants on or before Friday, 22 March 2013.

### **Certificates for the Rights Shares and refund cheques**

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted on or before Friday, 22 March 2013 by ordinary post to those entitled thereto at their own risk. Refund cheques, without interest, in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are also expected to be posted on or before Friday, 22 March 2013 by ordinary post at the own risk of the Shareholders.

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. The nil-paid and fully-paid Rights Shares are expected to have the same board lot size as Shares (i.e. 2,000 Shares in one board lot).

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) on the branch register of members of the Company will be subject to the payment of stamp duty and other applicable fees and charges in Hong Kong. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

### **Rights will be eligible for admission into CCASS**

Subject to the grant of listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into the CCASS.

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## LETTER FROM THE BOARD

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### **Taxation**

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or disposal of, or dealing in the Rights Shares. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accept responsibility for any tax effects or liability of holders of the Rights Shares resulting from purchase, holding or disposal of, or dealing in the Rights Shares.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon:

- (a) the passing by the Independent Shareholders at the EGM of an ordinary resolution to approve the Rights Issue (including, but not limited to, the exclusion of the offer of the Rights Issue to the Excluded Shareholder) by no later than the Posting Date;
- (b) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of any conditions attached to the Whitewash Waiver granted;
- (c) the passing by the Independent Shareholders at the EGM by way of poll of an ordinary resolution to approve the Whitewash Waiver by no later than the Posting Date;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Posting Date;
- (e) the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong by no later than the Posting Date;
- (f) the posting of the Prospectus Documents to Qualifying Shareholders on the Posting Date;
- (g) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time of Termination;
- (h) the delivery of the duly signed Liu Undertaking and the Lu Undertaking to the Company; and
- (i) compliance with and performance of all the undertakings and obligations of signatory of each of the Liu Undertaking and the Lu Undertaking.

If the above conditions are not satisfied by the Latest Time for Acceptance of and Payment for Rights Shares, or such later time and/or date as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate (save in respect of the

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## LETTER FROM THE BOARD

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provisions in relation to indemnity, notices and governing law) and no party will have any claim against any other party for costs, damages, compensation or otherwise, and the Rights Issue will not proceed.

As at the Latest Practicable Date, the above conditions (a) to (c) and (h) to (i) have been satisfied.

### INFORMATION OF THE GROUP

The Group is principally engaged in providing music and culture related service, mainly including providing the mobile value-added services (“MVAS”) focusing on music to mobile phones users in the PRC and offering personalized music service to mobile internet users in the PRC.

As disclosed in the Profit Warning, the Group is expected to record a loss for the year ended 31 December 2012 which represents a significant decline as compared to the consolidated profit for the year ended 31 December 2011. As disclosed in the Profit Warning and the announcement of the Company dated 25 January 2013, the anticipated loss was due to:

- (i) The continuing negative impact brought by the series of measures implemented to the MVAS industry by related industry management divisions and mobile operators in the PRC since 2010. As a result, the Group has recorded a decrease in revenue as at the Latest Practicable Date.
- (ii) Restructure of the current business and deployment of new business in the Company which are still in process as at the Latest Practicable Date.
- (iii) The effect of sharing of losses of associates of the Company (namely Duomi Music Holding Ltd (“**Duomi Music**”) and Shenzhen Ningmenghai Technology Limited).

The Company is still in the process of finalising the results of the Group for the financial year ended 31 December 2012. The information above is only preliminary assessment by the Directors based on the information available to them. Further details of the results of the Group will be disclosed in the results announcement which is expected to be published by the end of March 2013 and annual report of the Company for the financial year ended 31 December 2012.

### TREND OF BUSINESS OF THE GROUP

In general, the business of the Group is at its transition period now. Currently, the traditional MVAS business is in its downturn trend. Regarding the mobile internet business, the Group and its associates, Duomi Music, has achieved an expected progress by deploying music cloud in the home entertainment system and has accumulated a certain user scale, of which Duomi Music, has more than 80 million users, yet the profit model is still at the testing stage. Nevertheless, the Directors believe that the Group’s business will grow in the coming future forseeing that purchasing licensed music online will be the trend.

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## LETTER FROM THE BOARD

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### UNDERWRITING ARRANGEMENT

The Rights Share will be fully underwritten by Ever Novel in accordance with the terms of the Underwriting Agreement as described below.

#### Underwriting Agreement

Date:	4 January 2013 (the original Underwriting Agreement)
	10 January 2013 (the First Supplemental Underwriting Agreement)
	25 January 2013 (the Second Supplemental Underwriting Agreement)
Underwriter:	Ever Novel, a company incorporated in the BVI with limited liability and is 100% beneficially owned by a family trust, the beneficiaries of which are the family members of Mr. Liu. Mr. Liu is the Chairman of the Company and an executive Director and holds 1,922,000 Shares as at the Latest Practicable Date, representing approximately 0.40% of the existing issued share capital of the Company. As at the Latest Practicable Date, Ever Novel, together with Prime Century held in aggregate 167,463,954 Shares, representing approximately 35.16% of the issued share capital of the Company. The principal business is investment holding. The Underwriter does not underwrite issues of securities in its ordinary course of business.
Number of Underwritten Shares (being the difference between the total number of Rights Shares and the Committed Shares):	570,592,844 Rights Shares.
Commission:	Ever Novel will receive a commission in respect of its underwriting of the Rights Issue at 2% of the total subscription price of the Underwritten Shares.

The Board (excluding Mr. Liu who is a member of the Concert Group) is of the opinion that the amount of commission given to the Underwriter are fair as compared to the market practice and commercially reasonable as agreed between the parties of the Underwriting Agreement.

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## LETTER FROM THE BOARD

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### **Termination of the Underwriting Agreement**

The Underwriter may terminate the Underwriting Agreement by notice in writing to the Company prior to the Latest Time for Termination if:

- (i) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or
  - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (ii) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this paragraph includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States or the PRC which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue.

If the Underwriter exercises such rights, the Rights Issue will not proceed.

### **Undertaking by the Underwriter**

The Underwriter irrevocably undertakes to the Company to (i) accept the 90,184,098 Rights Shares provisionally allotted to it, and that all Shares beneficially owned by it as at the date of the Underwriting Agreement would remain beneficially owned by it as on the Record Date; and (ii) procure Prime Century to accept the 244,743,810 Rights Shares

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provisionally allotted to it, and that all Shares beneficially owned by Prime Century as at the date of the Underwriting Agreement would remain beneficially owned by it as on the Record Date.

### Liu Undertaking and Lu Undertaking

Pursuant to the Director Undertakings, each of Mr. Liu and Mr. Lu Bin, both being executive Directors, has undertaken to the Company not to exercise his respective Director Share Options from the date of the Director Undertakings until the date on which trading of the Rights Shares (in their fully-paid form) commences on the Stock Exchange.

As at the Latest Practicable Date, Mr. Liu held 1,922,000 Shares, representing approximately 0.40% of the existing issued share capital of the Company while Mr. Lu Bin did not have any Shares. Mr. Liu has also undertaken to accept and pay for all 3,844,000 Rights Shares provisionally allotted to him on the Record Date.

### SHAREHOLDING STRUCTURE

For illustration purposes only, the table below depicts the shareholding structure of the Company as at the Latest Practicable Date and the possible changes upon completion of the Rights Issue:

Shareholder	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders under the Rights Issue		Immediately upon completion of the Rights Issue assuming no acceptance by the Qualifying Shareholders under the Rights Issue (other than the Concert Group) (Note 1)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
The Underwriter (i.e. Ever Novel) and persons acting in concert with it (Note 2)	190,985,954	40.10	572,957,862	40.10	1,143,550,706	80.03
Public	285,296,422	59.90	855,889,266	59.90	285,296,422	19.97
Total	<u>476,282,376</u>	<u>100.0</u>	<u>1,428,847,128</u>	<u>100.0</u>	<u>1,428,847,128</u>	<u>100.0</u>

Notes:

- This scenario is for illustration only** and assuming the provisional allotments of the Rights Shares of all other Shareholders are taken up by the Underwriter. As at the Latest Practicable Date, the Concert Group held, in aggregate, 190,985,954 Shares. Pursuant to the Underwriting Agreement, Grand Idea Undertaking and the Liu Undertaking, the Concert Group have undertaken to take up, in aggregate, 381,971,908 Rights Shares provisionally allotted to them respectively. The Company will ensure its compliance with Rule 8.08 of the Listing Rules to maintain a public float of 25% of the Company's total issued share capital on the date of completion of the Rights Issue.



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## LETTER FROM THE BOARD

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2. The Underwriter is 100% beneficially owned by a family trust, the beneficiaries of which are the family members of Mr. Liu. As at the Latest Practicable Date, (i) the Underwriter, together with Prime Century, held in aggregate 167,463,954 Shares, representing approximately 35.16% of the existing issued share capital of the Company; (ii) Mr. Liu, being a member of the Concert Group, directly held 1,922,000 Shares, representing approximately 0.40% of the existing issued share capital of the Company; and (iii) Grand Idea, being a member of the Concert Group, directly held 21,600,000 Shares, representing approximately 4.54% of the existing issued share capital of the Company. The issued share capital of Grand Idea is 100% beneficially owned by a family trust set up by Ms. Xie Yuanbi for the benefits of her family members. Ms. Xie Yuanbi is the mother of Mr. Liu.

Pursuant to the Underwriting Agreement, the Underwriter has undertaken that in the event that the public float of the Company shall fall below the prescribed percentage applicable to the Company under the Listing Rules at the time of the allotment of the fully-paid Rights Shares, the Underwriter will, immediately after the completion of the Rights Issue, dispose of such number of Shares to independent third parties not connected or associated with the Directors, substantial shareholders or chief executive of the Company and its subsidiaries, or any of their respective associates in order to restore the public float of the Company to not less than the prescribed percentage applicable to the Company under the Listing Rules (“**Public Float Maintenance Arrangement**”). On 22 February 2013, the Underwriter entered into a share purchase agreement with an independent purchaser in respect of the Public Float Maintenance Arrangement.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

Existing Shares have been dealt with on an ex-rights basis from Thursday, 21 February 2013. The Rights Shares will be dealt with in their nil-paid form from Monday, 4 March 2013 to Monday, 11 March 2013 (both dates inclusive). If prior to 4:00 p.m., Monday, 18 March 2013 (or such later time and/or date as the Underwriter may agree with the Company), the Underwriter terminates the Underwriting Agreement (see the sub-section headed “Termination of the Underwriting Agreement” above) or the conditions of the Rights Issue (see the sub-section headed “Conditions of the Rights Issue” above) cannot be fulfilled, the Rights Issue will not proceed.

Any Shareholders or other persons dealing or contemplating dealing in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases), and any dealings in the nil-paid Rights Shares between Monday, 4 March 2013 to Monday, 11 March 2013 (both days inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons dealing or contemplating dealings in the Shares or nil-paid Rights Shares are recommended to consult with their own professional advisers.

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## LETTER FROM THE BOARD

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### A8 BUILDING

A8 building will serve as the Group's headquarter, theater, audio labs, studios and demo rooms, in which additional space will be used for rental purpose. A8 building, as the operator of the "Guangdong National Music Industrial Base – Digital Music Industry Park", will also serve as a hub for the creation, collection, production, distribution, performance, exhibition, trading as well as research and development of digital music.

The construction of A8 building assists in promoting the brand name of the Company as well as original produced music content. Through the integration of resources, it is expected to help nurture music talents and the Group is aspired to become Shenzhen's new cultural communication and consumption center. The Group estimates that after the completion of construction of the A8 building, the Group will be able to make a rental saving as well as secure rental income for leasing part of the A8 building out.

The major areas of construction had already been completed while the interior renovation and other accessories are expected to be completed around mid 2013. The total construction cost for the A8 building is expected to be approximately HK\$330.25 million, in which approximately HK\$120 million had been used up to 30 November 2012 and HK\$84 million will be used on the construction of the building, approximately HK\$91.25 million will be used on the interior renovation and the exterior glass walls, approximately HK\$22.5 million will be used on the studios, demo rooms and theatre, approximately HK\$12.5 million will be used on the air conditioning and electricity.

### REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Directors believe that the Rights Issue is in the best interest of the Group and the Shareholders as a whole and it would enable the Group to enlarge the capital base and strengthen the financial position of the Group. The Rights Issue would also enable the Qualifying Shareholders to maintain their respective pro rata shareholding interest in the Group and participate in the future growth of the Group by participating in the Rights Issue.

The estimated gross proceeds from the Rights Shares will be approximately HK\$342.92 million before expenses. The estimated expenses in relation to the Rights Issue, including underwriting commission, financial, legal and other professional expenses, of approximately HK\$5.51 million will be borne by the Company. The estimated net proceeds of the Rights Issue will be approximately HK\$337.42 million after the deduction of all estimated expenses.

As set out in the interim report of the Company for the six months ended 30 June 2012, the Group had interest-bearing borrowings amounted to approximately RMB39.7 million (equivalent to approximately HK\$48.96 million). As at 31 December 2012, the Group had an outstanding bank loan of approximately RMB70 million (equivalent to approximately HK\$86.33 million). The said borrowings were used for the construction of A8 building of the Group, which is expected to complete in mid 2013. Pursuant to the terms of the existing banking facility, the Group is required to start to repay such bank loans, subject to the amount drawn, from June 2014 and the Group is required to repay RMB4 million (equivalent to approximately HK\$4.93 million) per month from June 2014 to May 2015,

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## LETTER FROM THE BOARD

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RMB6 million (equivalent to approximately HK\$7.4 million) per month from June 2015 to May 2016 and RMB6.25 million (equivalent to approximately HK\$7.71 million) per month thereafter until full repayment. Depending on the construction progress of the A8 Building and assuming the RMB195 million (equivalent to approximately HK\$240.49 million) bank facility is fully drawn, the annual interest payable will be approximately RMB13.75 million (equivalent to approximately HK\$16.96 million) (assuming the outstanding amount is RMB195 million (equivalent to approximately HK\$240.49 million) for a full year). To avoid incurring further interest expenses, the Directors currently intend to apply the net proceeds from the Rights Issue of approximately HK\$85.8 million on the settlement of the Group's loan payables to certain banks, which are independent third parties of the Company. The Directors also intend to apply approximately HK\$210 million on the continuing investments in the construction of A8 building and the remaining balance of approximately HK\$41.62 million as general working capital to facilitate the Group's development and business.

### FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not effected any equity fund raising exercises in the 12 months immediately preceding the Latest Practicable Date.

### SHARE OPTION SCHEME

As at the Latest Practicable Date, the Company had outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 9,311,781 Shares, among which the Share Options entitling the holders thereof to subscribe for an aggregate of 2,795,441 Shares were Director Share Options. Pursuant to the Director Undertakings, each of the executive Directors has undertaken to the Company not to exercise their outstanding Share Options from the date of the Director Undertakings until the date on which trading of the Rights Shares (in their fully-paid form) commences on the Stock Exchange. As a result, there are outstanding Share Options entitling the holders thereof to subscribe for an aggregate of 6,516,340 Shares after taking into account the Director Undertakings.

Pursuant to the terms of the Share Option Scheme, adjustment to the outstanding share options may be made in the event of any alteration in the capital structure of the Company including by way of a rights issue. Further announcement on the details of such adjustment (if any) will be made as and when necessary.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices of this prospectus.

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

**1. FINANCIAL INFORMATION OF THE COMPANY**

The audited consolidated financial statements of the Group for the years ended 31 December 2009, 31 December 2010 and 31 December 2011, including the notes thereto, have been published in the annual reports of the Company for the years ended 31 December 2009 (pages 47 to 122), 31 December 2010 (pages 38 to 108) and 31 December 2011 (pages 36 to 108), and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2012, including the notes thereto, have been published in the interim report of the Company for the six months ended 30 June 2012 (pages 3 to 15), which are incorporated by reference into this prospectus. The said annual reports and interim report of the Company are available on the Company's website at <http://ir.a8.com> and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

**2. INDEBTEDNESS STATEMENT**

As at the close of business on 31 December 2012, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this prospectus, the Group had an outstanding bank loan of approximately RMB70 million, which was secured by the Group's leasehold land situated in the PRC.

Save as aforesaid and apart from intra-group liabilities and normal accounts payable, as at the close of business on 31 December 2012, the Group did not have any other debt securities issued and outstanding or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

The Directors are not aware of any material changes in the Group's indebtedness position and contingent liabilities since 31 December 2012 and up to the Latest Practicable Date.

**3. WORKING CAPITAL**

The Directors are of the opinion that after taking into account the cash flows generated from the operating activities, the financial resources available to the Group including internally generated funds and the existing banking facility available, and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements in the next twelve months from the date of this prospectus.

**4. FINANCIAL AND TRADING PROSPECTS**

The industry still faced uncertainty in the second half of 2012. The Group's management aims to strengthen the following business operations:

For music content, the Group will conduct a full range of exploration on the depth and breadth of the Composer Plan and commence the two major projects: "The post-90s artists" and "Commune of Beauty Icons" in which the Group will expand to the field of artist

management from the field of content production. Besides, the Group will continue to improve the A8.com website and construct a more convenient and practical sharing platform for original music.

For the traditional business, the Group will continue to seek its cooperation with the three major telecom operators in order to grasp the development opportunity of wireless music.

For mobile internet business, the Group will build the distribution platform for digital contents and mobile application through the cooperation with telecom operators and handset manufacturers: 1) Continue the cooperation with leading handset manufacturers while explore the cooperation with internet corporations and internet applications and expand the operation scope. From the level of products, the Group aims to expand its market shares based on the traditional music services and by operating a music service system with “Music APP” as the breakthrough. 2) Continue the cooperation with the three major telecom operators. Through the Project of “Operational Support to Digital Content Channels” with the China Mobile MM (Mobile Market), the Group aims to enhance its overall support service to operation with a new cooperation model with operators. 3) Strengthen the industrial chain layout of the Group through investment strategies.

Regarding music cloud business in 2012, the Group will further integrate and optimize the resources of the associated companies to reduce the operating cost, improve efficiency, encourage innovation and speed up the development towards social network. Meanwhile, the Group seeks to keep the leading position of Duomi Music’s software in terms of total users and newly registered users.

## **5. MATERIAL ADVERSE CHANGE**

As disclosed in the Profit Warning, the Group is expected to record a loss for the year ended 31 December 2012 which represents a significant decline as compared to the consolidated profit for the year ended 31 December 2011. As disclosed in the Profit Warning and the announcement of the Company dated 25 January 2013, the anticipated loss was due to:

- (i) The continuing negative impact brought by the series of measures implemented to the MVAS industry by related industry management divisions and mobile operators in the PRC since 2010. As a result, the Group had recorded a decrease in revenue as at the Latest Practicable Date.
- (ii) Restructure of the current business and deployment of new business in the Company which were still in process as at the Latest Practicable Date.
- (iii) The effect of sharing of losses of associates of the Company (namely Duomi Music and Shenzhen Ningmenghai Technology Limited).

The Group has also incurred additional interest-bearing bank borrowing in the sum of approximately RMB56.57 million since 31 December 2011 and up to 31 December 2012 (based on the management accounts of the Company). The Group also had capital and other

commitments for the A8 building in the amount of approximately RMB170 million relating to (1) the construction of the building; (2) the interior renovation and the exterior glass walls, (3) the studios, demo rooms and theatre; and (4) the air conditioning and electricity as at the Latest Practicable Date.

Save as disclosed above, the Directors were not aware of any other material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED  
NET TANGIBLE ASSETS OF THE GROUP**Introduction**

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the proposed rights issue on the basis of two rights shares for every share held on the record date (the “Rights Issue”) on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had been completed on 30 June 2012.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the unaudited consolidated net tangible assets of the Group as at 30 June 2012, as extracted from the published unaudited interim financial information of the Group for the six months ended 30 June 2012 (pages 3 to 15), which is published on both the website of the Company at <http://ir.a8.com> and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk), after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group following the Rights Issue.

	Unaudited consolidated net tangible assets of the Group attributable to the equity holders as at 30 June 2012 <i>(Note 2)</i> RMB'000	Estimated net proceeds from the Rights Issue <i>(Note 3)</i> RMB'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders immediately after completion of the Rights Issue <i>(Note 6)</i> RMB'000	Unaudited consolidated net tangible assets of the Group per share attributable to the equity holders as at 30 June 2012 <i>(Note 4)</i> RMB	Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to the equity holders immediately after completion of the Rights Issue <i>(Note 5)</i> RMB
Rights Issue of 952,564,752 Rights Shares <i>(Note 1)</i>	503,623	273,591	777,214	1.06	0.54

*Notes:*

- The Rights Issue of 952,564,752 Rights Shares is based on 476,282,376 Shares in issue as at 30 June 2012.
- The unaudited consolidated net tangible assets of the Group attributable to the equity holders as at 30 June 2012 is arrived at based on the unaudited consolidated net assets of the Group as at 30 June 2012 of approximately RMB535,679,000 less intangible assets of approximately

RMB32,056,000 as set out in the unaudited interim financial information of the Company for the six months ended 30 June 2012 (pages 3 to 15), which is published on both the website of the Company at <http://ir.a8.com> and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

3. The amount of estimated net proceeds from the Rights Issue is calculated based on 952,564,752 Rights Shares to be issued at the subscription price of HK\$0.36 per Rights Share. The amount of estimated net proceeds is arrived at based on the gross proceeds from the Rights Issue of approximately HK\$342,923,000 (equivalent to approximately RMB278,059,000) less the estimated related expenses of approximately HK\$5,510,000 (equivalent to approximately RMB4,468,000).
4. The number of Shares used for the calculation of unaudited consolidated net tangible assets per Share is 476,282,376 as at 30 June 2012.
5. The unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Rights Issue is calculated based on 1,428,847,128 Shares which comprise 476,282,376 Shares in issue as at 30 June 2012 and 952,564,752 Rights Shares expected to be issued on the completion of the Rights Issue.
6. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2012.



*The following is the text of a letter, prepared for the sole purpose of inclusion in this prospectus, received from the auditors of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.*

**2. LETTER ON THE UNAUDITED PRO FORMA CONSOLIDATED NET  
TANGIBLE ASSETS OF THE GROUP**



22/F, CITIC Tower,  
1 Tim Mei Avenue,  
Central, Hong Kong

28 February 2013

The Directors  
A8 Digital Music Holdings Limited

Dear Sirs,

**A8 Digital Music Holdings Limited and its subsidiaries  
Unaudited Pro Forma Financial Information**

We report on the unaudited pro forma adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of A8 Digital Music Holdings Limited (the “Company”) and its subsidiaries (the “Group”), set out on pages II-1 to II-2 in Appendix II to the prospectus of the Company dated 28 February 2013 (the “Prospectus”), which has been prepared by the directors of the Company (the “Directors”) for illustrative purposes only, to provide information about how the Company’s proposed rights issue at a subscription price of HK\$0.36 per rights share, on the basis of two rights shares for every existing share held (the “Proposed Rights Issue”) might have affected the relevant financial information presented in respect of the Group immediately after the completion of the Proposed Rights Issue. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages II-1 to II-2 in Appendix II to the Prospectus.

**Respective Responsibilities of the Directors and Reporting Accountants**

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of Opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 June 2012 or any future dates.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and

- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully  
**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

## 1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

## 2. SHARE CAPITAL

- (a) The authorised and issued share capital of the Company as at the Record Date and immediately following completion of the Rights Issue were/will be as follows:

(i) *As at the Record Date*

<i>Authorised:</i>		<i>HK\$</i>
<u>3,000,000,000</u>	Shares of HK\$0.01 each	<u>30,000,000</u>
<i>Issued and fully paid:</i>		
<u>476,282,376</u>	Shares	<u>4,762,823.76</u>

(ii) *Immediately following the completion of the Rights Issue*

<i>Authorised:</i>		<i>HK\$</i>
<u>3,000,000,000</u>	Shares of HK\$0.01 each	<u>30,000,000</u>
<i>Issued and fully paid/to be issued:</i>		
476,282,376	Shares as at the Record Date	4,762,823.76
<u>952,564,752</u>	Rights Shares to be allotted and issued under the Rights Issue	<u>9,525,647.52</u>
<u>1,428,847,128</u>	Shares in issue upon completion of the Rights Issue	<u>14,288,471.28</u>

All the existing Shares in issue are fully-paid and rank pari passu in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, issued and fully-paid) will rank pari passu with the then existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the Rights Shares in fully-paid form. As at the Latest Practicable Date, there were no arrangement under which future dividends are waived or agreed to be waived.

**(b) Share Option Scheme**

Details of the Share Options granted by the Company pursuant to the Share Option Scheme are as follows:

Name/Category of Participants	As at 30 June 2012	Exercised	Lapsed	As at Latest Practicable Date	Date of grant	Vesting period	End of exercise period	Exercise price (HK\$ per Share)
<b>Directors</b>								
Mr. Liu	455,441	-	-	455,441	5 October 2009	One-third of the Share Options will be vested every 12-month period starting from 5 October 2010	5 October 2014	3.168
Mr. Lu Bin	2,340,000	-	-	2,340,000	25 March 2011	One-fourth of the Share Options will be vested every 12-month period starting from 11 May 2012	24 March 2016	2.41
	<u>2,795,441</u>	<u>-</u>	<u>-</u>	<u>2,795,441</u>				
<b>Senior Management of the Group</b>								
	600,000	-	-	600,000	25 March 2011	One-fourth of the Share Options will be vested every 12-month period starting from 20 September 2011	24 March 2016	2.41
	400,000	-	-	400,000	18 August 2011	One-fourth of the Share Options will be vested every 12-month period starting from 9 August 2012	17 August 2016	1.20
	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>				

**APPENDIX III**

**GENERAL INFORMATION**

Name/Category of Participants	As at 30 June 2012	Exercised	Lapsed	As at Latest Practicable Date	Date of grant	Vesting period	End of exercise period	Exercise price (HK\$ per Share)
Other employees and eligible persons	2,202,640	-	-	2,202,640	15 October 2008	One-fourth of the Share Options will be vested every 12-month period starting from 15 October 2009	14 October 2018	1.184
	671,550	-	211,850	459,700	5 October 2009	one-fourth of the Share Options will be vested every 12-month period starting from 1 July 2010	5 October 2014	3.168
	108,000	-	-	108,000	24 December 2009	Minimum of 2 years and maximum of 4 years	24 December 2014	3.20
	3,142,000	-	396,000	2,746,000	25 March 2011	one-fourth of the Share Options will be vested every 12-month period starting from 25 March 2012	24 March 2016	2.41
	600,000	-	600,000	-	18 August 2011	One-fourth of 600,000 Share Options will be vested every 12-month period starting from 18 December 2012	17 August 2016	1.20
	<u>6,724,190</u>	<u>-</u>	<u>1,207,850</u>	<u>5,516,340</u>				
In aggregate	<u>10,519,631</u>			<u>9,311,781</u>				

As at the Latest Practicable Date, save as the Share Options, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

## 3. DISCLOSURE OF INTEREST

## (I) Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short position of the Directors and the chief executives of the Company and each of their respective associates, in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are deemed or taken to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

*Long position in the Shares*

Name of Director	Nature of interest	Ordinary Shares	Underlying Shares (under equity derivatives of the Company)	Total	Approximate percentage of shareholding (Note 1)
Mr. Liu	Founder of trust	1,086,017,386 (Note 2)	Nil	1,092,238,827	229.33%
	Beneficial owner	5,766,000 (Note 3)	455,441		
Mr. Lu Bin	Beneficial owner	Nil	2,340,000	2,340,000	0.49%

*Notes:*

- (1) The percentage shareholding in the Company is calculated by reference to the number of Shares in issue as at the Latest Practicable Date (i.e. 476,282,376 Shares).
- (2) Mr. Liu is the founder of a family trust which is deemed under SFO to be interested in all the Shares held by Ever Novel and Prime Century in the Company. These Shares comprised (i) 122,371,905 Shares directly held by Prime Century and 244,743,810 Committed Shares; and (ii) 45,092,049 Shares directly held by Ever Novel, 90,184,098 Committed Shares and 583,625,524 Underwritten Shares.
- (3) These Shares comprised 1,922,000 Shares directly held by Mr. Liu and 3,844,000 Committed Shares.

## (II) Long positions in shares of the associated corporations of the Company

Name of associated corporation	Name of Director	Nature of Interest	Registered capital/no. of shares held	Approximate percentage of interest
Shenzhen Huadong Feitian Network Development Co., Ltd. (“ <b>Huadong Feitian</b> ”) (Note 1)	Mr. Liu	Beneficial owner	RMB21,510,000 (Note 3)	75%
Duomi Music (Note 2)	Mr. Liu	Interest of controlled corporation	35,435,640 (Note 4)	32.71%

*Notes:*

1. Huadong Feitian is a limited liability company incorporated in the PRC whose financial results are, through a number of structure contracts, consolidated into the financial statements of the Company and therefore an associated corporation of the Company.
2. Duomi Music is a company incorporated in the Cayman Islands with limited liability. As at the Latest Practicable Date, the Company was interested in approximately 46.38% of the issued share capital of Duomi Music through its wholly-owned subsidiary, Phoenix Success Limited, and therefore Duomi Music is an associated corporation of the Company. Mr. Liu, through his wholly-owned company, Fortune Light Investments Limited (“**Fortune Light**”), held approximately 32.71% of the issued share capital of Duomi Music.
3. This represents the amount of registered capital of Huadong Feitian held by Mr. Liu.
4. This represents the number of shares of Duomi Music held by Mr. Liu.

Save as disclosed, as at the Latest Practicable Date, none of the Directors, chief executives and their respective associates had any interest or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO); or are required, pursuant to section 352 of the SFO to be entered into the register referred to therein; or are required, pursuant to the Model Code of Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.



**(III) Substantial Shareholders**

So far as is known to the Directors and the chief executives of the Company, as at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group, or held any option in respect of such capital:

Name of substantial shareholder	Nature of interest	Long positions in the Shares		Approximate percentage of shareholding (Note 1)
HSBC International Trustee Limited	Trustee (other than a bare trustee)	1,150,847,386 (Note 2)		241.63%
River Road Investment Limited	Interest in controlled corporation	1,086,017,386 (Note 2)		228.02%
Knight Bridge Holdings Limited	Interest in controlled corporation	1,086,017,386 (Note 2)		228.02%
Ever Novel	Interest in controlled corporation	367,115,715	1,086,017,386	228.02%
	Beneficial Owner	718,901,671 (Note 4)		
Prime Century	Beneficial Owner	367,115,715 (Note 3)		77.08%
Sunlight Star Assets Limited	Interest in controlled corporation	64,800,000 (Notes 2&5)		13.60%

*Notes:*

- (1) The percentage shareholding in the Company is calculated by reference to the number of Shares in issue as at the Latest Practicable Date i.e. 476,282,376 Shares.
- (2) The number of Shares held by the substantial shareholder is based on the notice of disclosure of interests filed with the Stock Exchange.
- (3) These Shares comprised 122,371,905 Shares directly held by Prime Century and 244,743,810 Committed Shares. Ever Novel was entitled to exercise or control the exercise of one third or more of the voting power at the general meetings of Prime Century and was deemed to be interested in all the Shares held by Prime Century.
- (4) These Shares comprised 45,092,049 Shares directly held by Ever Novel, 90,184,098 Committed Shares and 583,625,524 Underwritten Shares.
- (5) These Shares were held by Grand Idea, which is 100% owned by Congenial Holdings Limited, a wholly-owned company of Sunlight Star Assets Limited.

Save as disclosed herein, as at the Latest Practicable Date, there was no other person so far as is known to the Directors and chief executives of the Company, other than a Director or chief executive of the Company had an interest or a short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

#### **4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

#### **5. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP**

References are made to the circular of the Company dated 20 November 2012 and announcements of the Company dated 14 December 2012, 16 January 2013 and 30 January 2013, in relation to, among other things, the subscription of 13,853,868 preferred shares of Duomi Music for the consideration of US\$6 million by Phoenix Success Limited (a wholly-owned subsidiary of the Company) pursuant to a subscription agreement dated 17 September 2012. As at the Latest Practicable Date, Mr. Liu, as an executive Director, through Fortune Light, owned approximately 32.71% of the total issued share capital of Duomi Music. Saved as disclosed above, none of the Directors had any direct or indirect interest in any assets which have, since 31 December 2011 (being the date to which the latest audited financial statements of the Group were made up) and up to the Latest Practicable Date, been acquired or disposed of by, or leased to, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

As at the Latest Practicable Date, save for Ever Novel (a company controlled by Mr. Liu) being a party to the Underwriting Agreement, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group and subsisting at the date of this prospectus which was significant in relation to the business of the Group.

#### **6. COMPETING INTEREST**

References are made to the circular of the Company dated 20 November 2012 and announcements of the Company dated 14 December 2012, 16 January 2013 and 30 January 2013, Mr. Liu, as an executive Director, through Fortune Light, owned approximately 32.71% of the total issued share capital of Duomi Music as at the Latest Practicable Date. Duomi Music and its subsidiaries are principally engaged in providing online and connected digital music services directly to consumers.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates had any direct or indirect interest in a business which competes or may compete with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder).

## 7. EXPERT AND CONSENT

The following is the qualifications of the expert who has given its opinions or advice which is included in this prospectus:

<b>Name</b>	<b>Qualification</b>
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, Ernst & Young:

- (a) has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its letter, report and/or references to its name and/or its opinion in the form and context in which they are included;
- (b) was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had since 31 December 2011 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 8. LITIGATION

None of the member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material important known to the Directors to be pending or threatened by or against any member of the Group as at the Latest Practicable Date.

## 9. MATERIAL CONTRACTS

During the two years immediately preceding the date of the First Announcement and up to the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Group and are or may be material:

- (a) the capital increase agreement dated 31 January 2011 and entered into between 深圳市雲海情天文化傳播有限公司 (Shenzhen Yunhai Qingtian Cultural Broadcasting Co., Ltd.) (“**Yunhai Qingtian**”), a subsidiary of the Company through contractual arrangement, Mr. Liu Tao, Mr. Lin Yizhong, Mr. Wang Wei and 深圳市檸檬海科技有限公司 (Shenzhen Ningmenghai Technology Co., Ltd.) (“**Ningmenghai**”), in relation to, among other things, the subscription of 20% of the equity interests of the enlarged registered capital of Ningmenghai, for the consideration of RMB5,300,000, further details of which are set out in the announcement of the Company dated 31 January 2011;

- (b) the main construction contract dated 21 April 2011 and entered into by Huadong Feitian, a subsidiary of the Company through contractual arrangement, and 中國建築第二工程局有限公司 (China Construction Second Engineering Bureau Ltd.) for the main construction works of A8 Building at Southern District of Hi-Tech Park, Nanshan District, Shenzhen, Guangdong Province, the PRC for the aggregate consideration of RMB91,377,071.90, further details of which are set out in the announcement of the Company dated 21 April 2011;
- (c) the share transfer agreement dated 28 April 2011 and entered into between 江蘇廣視科貿發展有限公司 (Jiangsu Guangshi Science and Trade Development Limited), a subsidiary of the Company through contractual arrangement, and 深圳市讀一為二科技有限公司 (Shenzhen Duiyiweier Technology Co. Limited) (“**Shenzhen Technology**”) in relation to the sale of the entire equity interest of 北京海德中世文化傳媒有限公司 (Beijing Haide Zhongshi Cultural Broadcasting Co., Ltd.) for the consideration of RMB100,000, further details of which are set out in the announcement of the Company dated 28 April 2011;
- (d) the share transfer agreement dated 28 April 2011 and entered into between 福州卓龍天訊信息技術有限公司 (Fuzhou Zhuolong Tianxun Information Technology Ltd.), a subsidiary of the Company through contractual arrangement, and Shenzhen Technology in relation to the sale of 80% of the equity interest of 北京鐳尚游文化傳播有限公司 (Beijing Zhengshangyou Cultural Broadcasting Co., Ltd.) for the consideration of RMB4,700,000, further details of which are set out in the announcement of the Company dated 28 April 2011;
- (e) the share subscription agreement dated 19 September 2011 and entered into by Duomi Music Holding (Cayman) Company Limited (“**Duomi Music Cayman**”), Boundless Melody Company Limited (悅聆網絡有限公司), 深圳市磬笙同音科技有限公司 (Shenzhen Qingsheng Tongyin Technology Co. Ltd.), 北京彩雲在線技術開發有限公司 (Beijing Caiyun Online Technology Co. Ltd.), Phoenix Success Limited (a wholly-owned subsidiary of the Company), Success Reach Investments Limited, Bile Investments Limited, Shi Jimmy Jian-Ping, Fortune Sail Investments Limited, Mr. Liu, Feng Yousheng, Gu Weidong, Huang Bo, Li Yonghua and Feng Jiankang in relation to, among other things, the subscription of new shares of Duomi Music Cayman, under which Phoenix Success Limited conditionally agreed to subscribe for 36,393,360 new shares of Duomi Music Cayman for a consideration of RMB19 million (“**First Duomi Music Cayman Share Subscription Agreement**”), further details of which are set out in the announcement of the Company dated 19 September 2011;
- (f) the share transfer agreement dated 24 October 2011 and entered into between 深圳市快通聯科技有限公司 (Shenzhen Kuaitonglian Technology Company Limited) (“**Kuaitonglian**”), a subsidiary of the Company through contractual arrangement, and 深圳市掌盈天下科技開發有限公司 (Shenzhen Zhangying Tianxia Technology Development Company Limited) (“**Zhangying Tianxia**”) in relation to the purchase of 8.14% equity interest of Zhangying Tianxia in each of 廣州酷狗計算機科技有限公司 (Guangzhou Kugou Computer Technology Company Limited), 廣州思浪資訊科技有限公司 (Guangzhou Silang Information Technology Company Limited)

and KuGou Holding Limited for the total consideration of RMB16,311,090 (“**Kuaitonglian Share Transfer Agreement**”), further details of which are set out in the announcement of the Company dated 24 October 2011;

- (g) the supplemental agreement dated 30 December 2011 and entered into between Duomi Music, Duomi Music Cayman, Boundless Melody Company Limited, Boundless Melody Hong Kong Limited (悦聆香港有限公司), Mr. Liu, Feng Yousheng, Gu Weidong, Huang Bo, Li Yonghua, Feng Jiankang, Phoenix Success Limited (a wholly-owned subsidiary of the Company), Bile Investments Limited, Shi Jimmy Jian-Ping, Fortune Sail Investments Limited, Success Reach Investments Limited, Red Gold Investments Limited, Fortune Light, Beyond Faith Limited and Hero Victory Investments Limited in relation to the First Duomi Music Cayman Share Subscription Agreement for the change of transaction parties by using newly-registered special purpose vehicles to participate in the same, further details of which are set out in the announcement of the Company dated 23 April 2012;
- (h) the termination agreement dated 19 January 2012 and entered into between Kuaitonglian and Zhangying Tianxia for the termination of the Kuaitonglian Share Transfer Agreement, further details of which are set out in the announcement of the Company dated 19 January 2012;
- (i) the shareholders’ agreement dated 23 April 2012 and entered into by Duomi Music, Phoenix Success Limited (a wholly-owned subsidiary of the Company), Beyond Faith Limited, Bile Investments Limited, Fortune Light and Hero Victory Investments Limited, in relation to, among other things, the management of Duomi Music and there is no consideration involved in this agreement, further details of which are set out in the announcement of the Company dated 23 April 2012;
- (j) the share subscription agreement dated 17 September 2012 and entered into between Duomi Music, Boundless Melody Hong Kong Limited (悦聆香港有限公司), 北京歡舞悅動網絡科技有限公司 (Beijing Huanwu Yuedong Internet Technology Co., Ltd.), 北京彩雲在線技術開發有限公司 (Beijing Rainbow Online Technology Co., Ltd.), Shi Jimmy Jian-Ping, Feng Yousheng, Mr. Liu, Bile Investments Limited, Beyond Faith Limited, Hero Victory Investments Limited, Fortune Light, Phoenix Success Limited (a wholly-owned subsidiary of the Company), Huayi Brothers International Investment Ltd. and Hina Group Fund L.P. in relation to, among other things, the subscription of 13,853,868 preferred shares of Duomi Music for the consideration of US\$6 million, further details of which are set out in the announcement of the Company dated 17 September 2012, 14 December 2012 and 16 January 2013 and the circular of the Company dated 20 November 2012;
- (k) the shareholders agreement dated 17 September 2012 and entered into by Duomi Music, Boundless Melody Hong Kong Limited (悦聆香港有限公司), 北京歡舞悅動網絡科技有限公司 (Beijing Huanwu Yuedong Internet Technology Co., Ltd.), 北京彩雲在線技術開發有限公司 (Beijing Rainbow Online Technology Co., Ltd.), 北京好音味

網絡科技有限公司 (Beijing Haoyinwei Internet Technology Co., Ltd.), 北京勉致網絡科技有限公司 (Beijing Mianzhi Internet Technology Co., Ltd.), 深圳市磬笙同音科技有限公司 (Shenzhen Qingsheng Tongyin Technology Co., Ltd.), 深圳市匯音創世科技有限公司 (Shenzhen Huiyin Chuangshi Technology Co., Ltd.), 深圳市開心聽信息科技有限公司 (Shenzhen Kaixinting Information and Technology Co., Ltd.), Shi Jimmy Jian-Ping, Feng Yousheng, Mr. Liu, Bile Investments Limited, Beyond Faith Limited, Hero Victory Investments Limited, Fortune Light, Phoenix Success Limited (a wholly-owned subsidiary of the Company), Huayi Brothers International Investment Ltd. and Hina Group Fund L.P. in relation to, among other things, the management of Duomi Music as well as the ownership of shares in Duomi Music and there is no consideration involved in this agreement;

- (l) the Underwriting Agreement;
- (m) the First Supplemental Underwriting Agreement;
- (n) the Second Supplemental Underwriting Agreement;
- (o) the share subscription agreement dated 28 January 2013 and entered into between Duomi Music, Boundless Melody Hong Kong Limited (悅聆香港有限公司), 北京歡舞悅動網絡科技有限公司 (Beijing Huanwu Yuedong Internet Technology Co., Ltd.), 北京彩雲在線技術開發有限公司 (Beijing Rainbow Online Technology Co., Ltd.), Shi Jimmy Jian-Ping, Feng Yousheng, Mr. Liu, Bile Investments Limited, Beyond Faith Limited, Hero Victory Investments Limited, Fortune Light, Phoenix Success Limited (a wholly-owned subsidiary of the Company), KTB/NHN China Ventures I Limited (“KTB”) and Empire Day Limited (帝日有限公司), in relation to, among other things, the subscription of 9,244,195 preferred shares of Duomi Music for the consideration of US\$4 million, further details of which are set out in the announcement of the Company dated 30 January 2013; and
- (p) the shareholders agreement dated 28 January 2013 and entered into between Duomi Music, Boundless Melody Hong Kong Limited (悅聆香港有限公司), 北京歡舞悅動網絡科技有限公司 (Beijing Huanwu Yuedong Internet Technology Co., Ltd.), 北京彩雲在線技術開發有限公司 (Beijing Rainbow Online Technology Co., Ltd.), 北京好音味網絡科技有限公司 (Beijing Haoyinwei Internet Technology Co., Ltd.), 北京勉致網絡科技有限公司 (Beijing Mianzhi Internet Technology Co., Ltd.), 深圳市磬笙同音科技有限公司 (Shenzhen Qingsheng Tongyin Technology Co., Ltd.), 深圳市匯音創世科技有限公司 (Shenzhen Huiyin Chuangshi Technology Co., Ltd.), 深圳市開心聽信息科技有限公司 (Shenzhen Kaixinting Information and Technology Co., Ltd.), Shi Jimmy Jian-Ping, Feng Yousheng, Mr. Liu, Bile Investments Limited, Beyond Faith Limited, Hero Victory Investments Limited, Fortune Light, Phoenix Success Limited (a wholly-owned subsidiary of the Company), Huayi Brothers International Investment Ltd., Hina Group Fund L.P., KTB and Empire Day Limited (帝日有限公司), in relation to, among other things, the supersession and replacement of the previous shareholders agreement dated 17 September 2012, further details of which are set out in the announcement of the Company dated 30 January 2013.

**10. LEGAL EFFECT**

The Prospectus Documents and all acceptance of any offer or application contained in such documents are governed by and shall be construed in accordance with the Laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies Ordinance.

**11. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent of Ernst & Young referred to in the paragraph headed “Expert and consent” in this appendix have been delivered to the Registrar of Companies of Hong Kong pursuant to section 342C of the Companies Ordinance.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 5:30 p.m. on any Business Day at the principal place of business of the Company in Hong Kong at Suites 06-12, 33/F, Shui On Centre, 6-8 Harbour from the date of this prospectus up to and including Thursday, 14 March 2013:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for the financial years ended 31 December 2010 and 31 December 2011 and the interim report of the Company for the six months ended 30 June 2012;
- (iii) the written consent as referred to in the paragraph headed “Expert and Consent” in this appendix;
- (iv) the letter from Ernst & Young on the statement of the unaudited pro forma consolidated net tangible assets of the Group, the text of which is set out on pages II-3 to II-5 of this prospectus;
- (v) the material contracts referred to under the section headed “Material Contracts” in this appendix;
- (vi) the circular dated 20 November 2012 and issued by the Company pursuant to the requirements set out in Chapters 14 and 14A which has been issued since the date of the latest published audited accounts of the Company; and
- (vii) this prospectus.

**13. PARTIES INVOLVED IN THE RIGHTS ISSUE AN CORPORATE INFORMATION**

<b>Principal place of business in Hong Kong</b>	Suites 06-12 33/F, Shui On Centre 6-8 Harbour Road Wanchai, Hong Kong
<b>Registered office</b>	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
<b>Underwriter</b>	Ever Novel Holdings Limited Room 1401 Java Commercial Centre 128 Java Road North Point Hong Kong
<b>Legal adviser to the Company</b>	<i>As to Hong Kong Law</i> Leung & Lau 3rd Floor Agricultural Bank of China Tower 50 Connaught Road C. Central Hong Kong
<b>Auditor</b>	Ernst & Young 22nd Floor CITIC Tower 1 Tim Mei Avenue Central, Hong Kong
<b>Principal bankers</b>	China Merchants Bank Futian sub-branch Block West 1/F, Nanguang Building No.5, Huafu Road, Futian District Shenzhen China  Standard Chartered Bank (Hong Kong) Limited Shop 12, Standard Chartered Bank Building 4-4A Des Voeux Road Central Hong Kong



	Credit Suisse AG Hong Kong Branch Level 88 International Commerce Centre 1 Austin Road West Kowloon Hong Kong
<b>Principal share registrar and transfer agent</b>	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
<b>Hong Kong branch share registrar and transfer office</b>	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai, Hong Kong
<b>Authorised representatives</b>	Mr. Liu Xiaosong Suites 06-12 33/F, Shui On Centre 6-8 Harbour Road Wanchai Hong Kong  Ms. Gao Keying Suites 06-12 33/F, Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
<b>Joint company secretaries</b>	Ms. Ho Yip, Betty, <i>AICPA, HKICPA</i> Ms. Gao Keying

**14. DIRECTORS AND SENIOR MANAGEMENT PROFILE**

Particulars of Directors and senior management

<b>Name</b>	<b>Correspondence Address</b>
<b>Executive Director</b>	
Mr. Liu Xiaosong	Suites 06-12 33/F, Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Mr. Lu Bin	Suites 06-12 33/F, Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
<b>Independent Non-executive Director</b>	
Mr. Chan Yiu Kwong	Suites 06-12 33/F, Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Mr. Zeng Liqing	Suites 06-12 33/F, Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
Ms. Wu Shihong	Suites 06-12 33/F, Shui On Centre 6-8 Harbour Road Wanchai Hong Kong
<b>Senior Management</b>	
Mr. Su Wei	5/F, Fucheng Hi-tech Building South-1 Avenue Southern District of Hi-tech Park Nanshan District Shenzhen Guangdong Province The PRC

**Executive Directors***(1) Mr. Liu Xiaosong*

Mr. Liu Xiaosong, aged 47, is an executive Director, the Chairman and the Chief Executive Officer of the Group. Mr. Liu graduated from Hunan University in the PRC in 1984, with a Bachelor's degree in Electrical Engineering. In 1987, Mr. Liu graduated from China Electric Power Research Institute in the PRC with a Master's degree in Engineering. In 1991, he studied at Tsinghua University as a PhD research student. He has diversified experience in the technology, media and telecommunications industry. He is one of the co-founders of Tencent Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 00700.HK). In 2004, Mr. Liu was admitted to the Shenzhen Experts Working Union. Mr. Liu was appointed as the Vice President of the Copyright Union of the Internet Society of China and the Copyright Society of China. He is also the Vice President of the Shenzhen Hi-tech Association. He is the founder of the Group and was appointed as a Director on 2 October 2007. Mr. Liu is currently responsible for the overall strategic planning and the whole business operation and management of the Group.

Mr. Liu also acts as the director of Duomi Music and the director of A8 Music Group Limited, Total Plus Limited, Phoenix Success Limited, Cash River information Technology (Shenzhen) Co., Ltd., Shenzhen Huadong Feitian Network Development Co., Ltd, Shenzhen Kwaitonglian Technology Co., Ltd., Beijing Chuangmeng Yinyue Culture Development Co., Ltd., which are subsidiaries of the Company.

Mr. Liu is a director of Knight Bridge Holdings Limited, Ever Novel and Prime Century, all of which have interest in the Shares discloseable under the SFO.

Mr. Liu has not held any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Save as disclosed, Mr. Liu does not have any relationships with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

*(2) Mr. Lu Bin*

Mr. Lu Bin, aged 43, is an executive Director and the CFO of the Group. Mr. Lu graduated from Tsinghua University in 1992 with a Bachelor's degree in Engineering. In 2000, he obtained a degree of Master of Business Administration from The Ohio State University with Fisher Scholar Award. He studied Accounting at The Ohio State University in 2007. Mr. Lu has worked with Anaren, Inc (Nasdaq: ANEN) as Division Chief Financial Officer and Controller, and has worked as Partner for Janney & Lee Investment LLC.. He also held various finance management positions at China Network Communication Co., Ltd. (which has been acquired by China Unicom), Dell Inc. (Nasdaq: Dell) and China International Trust and Investment Corporation (currently known as CITIC Group). Mr. Lu has over 18 years' experience in strategic planning of corporate finance, finance management, equity investment, etc., and over 10 years' diversified working experience and

in-depth understanding in the telecommunication and internet industries. Mr. Lu joined the Company in February 2011 as the CFO and was appointed as an executive Director on 19 August 2011. Mr. Lu is also a director of Duomi Music.

Save as disclosed above, Mr. Lu has not held any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years and he does not hold other positions with the Company or other members of the Group.

As far as the Directors are aware, Mr. Lu does not have any relationships with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

#### **Independent non-executive Directors**

(1) *Mr. Chan Yiu Kwong*

Mr. Chan Yiu Kwong, aged 48, is an independent non-executive Director. Mr. Chan graduated from the University of Hong Kong with a Bachelor's degree in Social Sciences in 1988. He was admitted as a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants in 1999 and 2005 respectively. From June 2004 to July 2006, Mr. Chan served as an independent non-executive director of Beijing Enterprises Water Group Limited (formerly known as "Shang Hua Holdings Limited"), a company listed on the Main Board of the Stock Exchange (Stock Code: 00371.HK). From March 2001 to December 2007, Mr. Chan served as an executive director of Hi Sun Technology (China) Limited ("Hi Sun"), a company listed on the Main board of the Stock Exchange (Stock Code: 00818.HK). Between 2005 and 2010, Mr. Chan served as an independent non-executive director of Biosino Bio-Technology and Science Incorporation, a company listed on the Growth Enterprises Market of the Stock Exchange (Stock Code: 08247.HK). Mr. Chan currently serves as joint company secretary of Hi Sun and a joint company secretary of PAX Global Technology Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 00327.HK). He has years of diversified experience in auditing, business advisory and corporate management. He was appointed as an independent non-executive Director on 9 November 2007.

Save as disclosed above, Mr. Chan has not held any other directorships in listed public companies in the last three years.

As far as the Directors are aware, Mr. Chan does not have any relationships with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

(2) *Mr. Zeng Liqing*

Mr. Zeng Liqing, aged 43, is an independent non-executive Director. Mr. Zeng graduated from Xi'an University of Electronic Science and Technology in 1993 with a bachelor's degree in Computer Communication. He has years of diversified working

experience and has good knowledge of the internet and telecom Industry in China. He was one of the founders of Tencent Holdings Limited (“Tencent”), a listed company on the Main Board of The Stock Exchange (Stock code: 00700.HK). He acted as the Chief Operating Officer and was responsible for overseeing the business operation of Tencent from 1999 to 2007, and is an honorary life advisor of Tencent. From May 2007, Mr. Zeng expanded into the investment field and founded Shenzhen Dexun Investment Limited (深圳市德迅投資有限公司) and acts as the Executive Managing Director. He was appointed as an independent non-executive Director on 23 October 2009.

Save as disclosed above, Mr. Zeng has not held any other directorships in listed public companies in the last three years.

As far as the Directors are aware, Mr. Zeng does not have any relationships with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

(3) *Ms. Wu Shihong*

Ms. Wu Shihong, aged 55, has extensive experience in the information technology industry. She joined IBM China in 1985 and held the position of General Manager for channel management of IBM China from May 1997 to February 1998. She then acted as the General Manager of Microsoft China Co. Ltd. until August 1999. From December 1999 to December 2002, Ms. Wu was a Vice President of TCL Corporation as well as the General Manager of TCL Information Technology Industrial (Group) Co. Limited. She is an independent non-executive director of TCL Multimedia Technology Holdings Limited (Stock Code: 01070.HK) since June 2007. Ms. Wu founded Shanghai Blackspace Info. Tech. Co. Limited in May 2008 and has been the Chairman and Chief Executive Officer from May 2008 to February 2012. Ms. Wu was appointed as an independent non-executive Director on 27 March 2012.

Save as disclosed above, Ms. Wu has not held any other directorships in listed public companies in the last three years and does not hold other positions with the Company or other members of the Group.

As far as the Directors are aware, Ms. Wu does not have any relationships with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company.

### **Senior Management of the Group**

*Mr. Su Wei*

Mr. Su Wei, aged 37, the Chief Operation Officer of the Group. He graduated from the Shanghai University of Finance and Economics with a Bachelor’s degree in Money and Banking in 1998 and further obtained a Master of Business Administration degree from Donghua University in 2006. Mr. Su has years of diversified working experience in corporate internal management, investments, mergers and acquisitions, project financing, reorganization, and has in-depth knowledge in the internet industry. He has worked for

Shanghai Pudong Road & Bridge Construction Co., Ltd (Shanghai Stock Exchange: 600284), 盛大計算機(上海)有限公司 (Shanda Computer (Shanghai) Co., Ltd.), etc. Mr. Su joined the Group in March 2010 and he is now responsible for the Group's strategy, investment, operation management and informatization. Mr. Su also acts as the director of Duomi Music.

As far as the Directors are aware, Mr. Su does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling shareholders of the Company.