

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.*



**A8 New Media Group Limited**  
**A8新媒體集團有限公司**

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

**(Stock Code: 800)**

**VOLUNTARY ANNOUNCEMENT**

**(1) PROPOSED REORGANISATION OF DUOMI MUSIC GROUP;  
AND  
(2) FULLY EXEMPT CONNECTED TRANSACTION –  
INCREASE IN THE GROUP’S INTEREST IN DUOMI MUSIC  
IN THE PROCESS OF PROPOSED REORGANISATION**

**PROPOSED REORGANISATION**

The Board wishes to announce that in preparation for the intended application for the listing of Beijing Caiyun on NEEQ, the Duomi Music Group plans to undergo the Reorganisation, details of which are described in this announcement below. In connection with and as a result of the Reorganisation, among other matters:

1. Mr. Liu and the New Investors including Stone Capital, Septwolves and other investors made capital contribution to Beijing Caiyun;
2. the Duomi Music Group will terminate the Structural Agreements among Huanwu Yuedong, Beijing Caiyun and shareholders of Beijing Caiyun and Boundless Melody will transfer 100% equity interest in Huanwu Yuedong to Beijing Caiyun;
3. Duomi Music will repurchase certain of its existing shares from certain of its existing shareholders;
4. Duomi Music will repay all the outstanding amount under the Convertible Notes to the Group; and

5. the remaining shareholders of Duomi Music (including the Group) will, through their respective nominees (each being a PRC entity or individual), continue to hold equity interests in Beijing Caiyun.

Upon completion of the above Reorganisation, Duomi Music remains as an associate company of the Group. It is expected that the Reorganisation (including the repayment of the Convertible Notes to the Group) will be completed by the end of March 2016.

This is a voluntary announcement made by the Company.

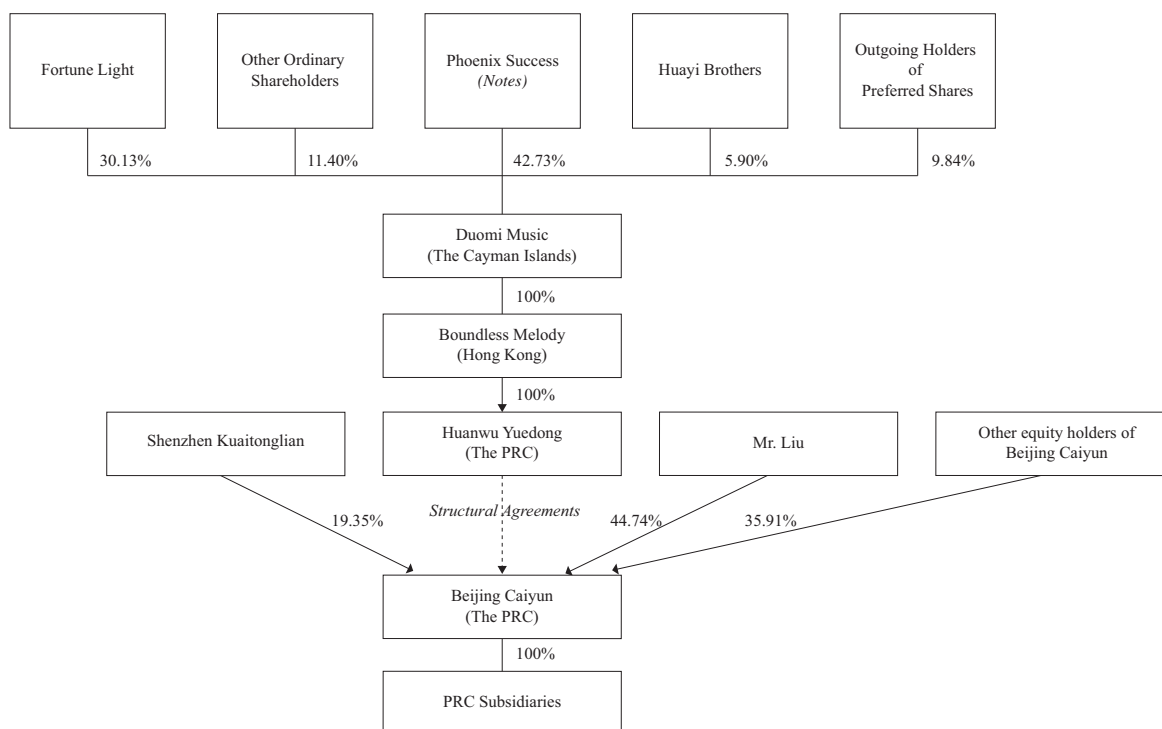
In preparation for the intended application for the listing of Beijing Caiyun on NEEQ, the Board wishes to announce the Reorganisation of the Duomi Music Group which involves, among other matters, the repayment of the Convertible Notes issued by Duomi Music to the Group.

## **BACKGROUND**

As at the date of this announcement, the Group held (a) 36,393,360 Duomi Ordinary Shares; (b) 13,853,868 Preferred Shares; and (c) the Convertible Notes in the principal amount of US\$14,730,000. As at the date of this announcement, Duomi Music was held as to approximately 42.73% by the Group (assuming after conversion of all the outstanding Preferred Shares in full on a one on one basis and no option of Duomi Music has been exercised), Duomi Music is an associate company of the Group. As Duomi Music is owned as to approximately 30.13% by Fortune Light, which is in turn wholly-owned by Mr. Liu, the chairman of the Board and an executive Director, Duomi Music is an associate of Mr. Liu and thus a connected person of the Company.

Duomi Music is an investment holding company and indirectly holds, through the Structural Agreements, Beijing Caiyun which engages in the business of cloud-based music service offering under the brand of Duomi Music. Specifically, Beijing Caiyun conducts online-music product research and development, and music service operations, and business development with various partners in the PRC. Duomi Music is one of the leading brands in the mobile music space.

The simplified diagram below illustrates the group structure of Duomi Music as at the date of this announcement (assuming conversion of all the outstanding Preferred Shares in full on a one on one basis and no option of Duomi Music has been exercised) and immediately before completion of the Reorganisation:



*Notes:* Phoenix Success is a wholly-owned subsidiary of the Company, and Phoenix Success is the holder of the Duomi Ordinary Shares, the Preferred Shares and the Convertible Notes immediately prior to the Reorganisation.

Due to restrictions in the PRC laws and regulations on foreign investment in business providing telecommunications value-added services in the PRC, Huanwu Yuedong, Beijing Caiyun and shareholders of Beijing Caiyun have signed a series of Structural Agreements for the purpose of controlling Beijing Caiyun and its subsidiaries in the PRC.

## PROPOSED REORGANISATION

The Board wishes to announce that in preparation for the intended application for the listing of Beijing Caiyun on NEEQ, the Duomi Music Group plans to undergo the Reorganisation which involves the following steps:

### 1. Capital injection into Beijing Caiyun (“Capital Injection”)

In December 2015, Mr. Liu and other Independent Third Parties including Stone Capital, Septwolves and other investors (collectively, the “**New Investors**”) made capital contribution to Beijing Caiyun.

The Capital Injection is subject to the procedures for the industrial and commerce change registration and the termination of the Structural Agreements. Such industrial and commerce change registration will only take effect after steps 2 and 3 below are completed.

## **2. Termination of the Structural Agreements and acquisition of Huanwu Yuedong by Beijing Caiyun (“Acquisition”)**

The Duomi Music Group will enter into a termination agreement to terminate the Structural Agreements. At the same time, Boundless Melody as vendor and Beijing Caiyun as purchaser will enter into an equity transfer agreement to transfer 100% equity interest in Huanwu Yuedong. Upon completion of the Acquisition, Huanwu Yuedong will become a wholly-owned subsidiary of Beijing Caiyun and therefore a domestic company in the PRC.

The Acquisition is subject to the procedures for approval of competent commerce department and the industrial and commerce change registration.

Upon completion of the termination of the Structural Agreements and the Acquisition, Duomi Music will not have substantial assets.

## **3. Restructuring of the Duomi Music Group**

- (a) Duomi Music will repurchase part of the Duomi Ordinary Shares held by one of the Other Ordinary Shareholders, being 1,632,353 Duomi Ordinary Shares, at par value.
- (b) Duomi Music will, upon demand by Phoenix Success for repayment of the Convertible Notes, repay an amount of approximately US\$15,480,000, being the outstanding principal amount of the Convertible Notes of US\$14,730,000 together with the accrued but unpaid interest on such principal amount, in accordance with the terms and conditions of the Convertible Notes. Upon such repayment, the Convertible Notes will be cancelled by Duomi Music.
- (c) Duomi Music will repurchase all of the Preferred Shares held by Outgoing Holders of Preferred Shares at their respective original investment costs.
- (d) Beijing Caiyun will change its shareholding structure to align with the shareholding structure of Duomi Music upon completion of the above steps.

Duomi Music remains as an associate company of the Group immediately prior to and after the Reorganisation.

Set out below are the shareholding structures of Duomi Music (a) as at the date of this announcement; and (b) immediately upon completion of the Reorganisation (without taking into account the effect of the Capital Injection) (*Note 1*):

Name of shareholders	(a) As at the date of this announcement <i>(approximate % of issued share capital)</i>	(b) Immediately upon completion of the Reorganisation (without taking into account the effect of the Capital Injection) <i>(approximate % of issued share capital)</i>
Phoenix Success ( <i>Note 2</i> )	42.73%	48.13%
Fortune Light	30.13%	33.94%
Other Ordinary Shareholders	11.40%	11.29%
Huayi Brothers	5.90%	6.64%
Outgoing Holders of Preferred Shares	9.84%	–
<b>Total:</b>	<b>100.00%</b>	<b>100.00%</b>

Set out below are the shareholding structures of Beijing Caiyun (a) as at the date of this announcement; (b) immediately upon completion of the Reorganisation (without taking into account the effect of the Capital Injection); and (c) immediately upon completion of the Reorganisation (including the Capital Injection) (*Note 3*):

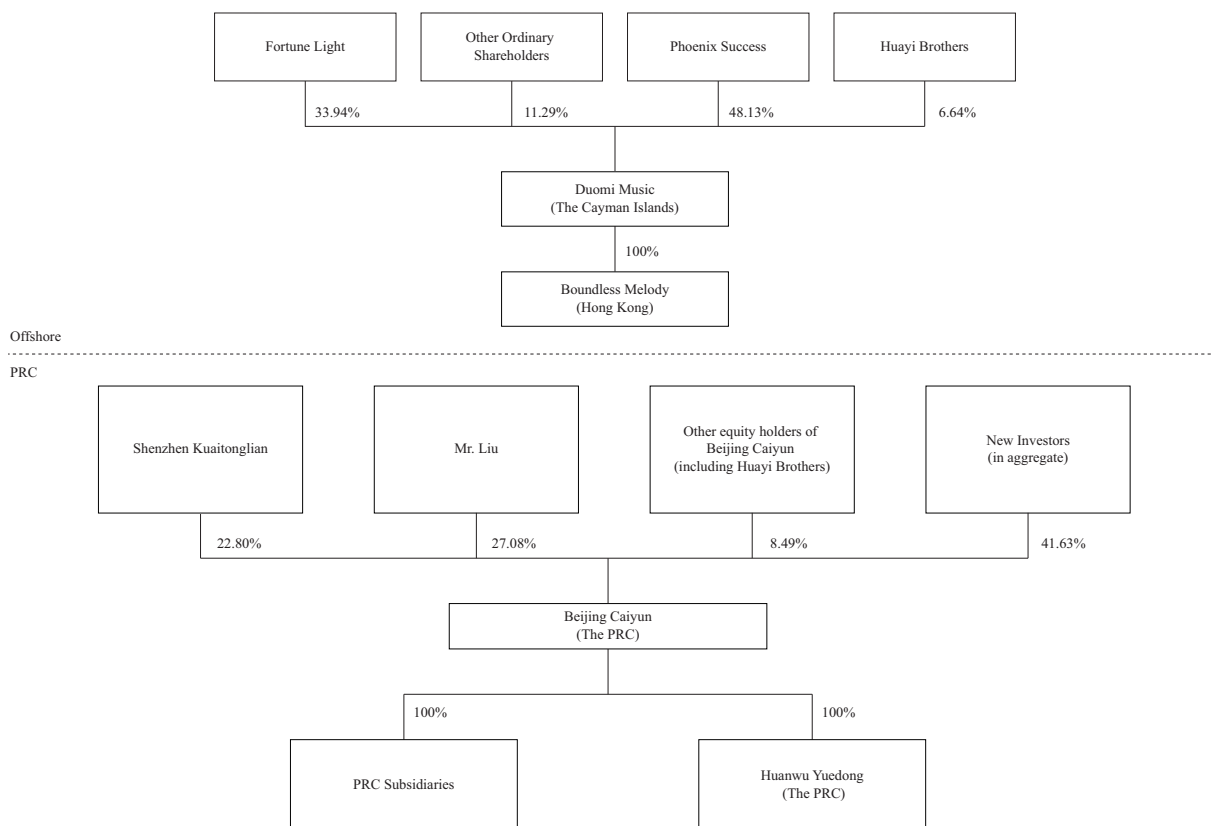
Name of shareholders	(b) As at the date of this announcement <i>(approximate % of registered capital)</i>	(b) Immediately upon completion of the Reorganisation (without taking into account the effect of the Capital Injection) <i>(approximate % of registered capital)</i>	(c) Immediately upon completion of the Reorganisation (including the Capital Injection) <i>(approximate % of registered capital)</i> <i>(Note 4)</i>
Shenzhen Kuaitonglian <i>(Note 2)</i>	19.35%	48.13%	22.80%
Mr. Liu	44.74%	33.94%	27.08%
Other equity holders	35.91%	11.29%	5.35%
Huayi Brothers	–	6.64%	3.14%
New Investors (in aggregate)	–	–	41.63%
<b>Total:</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Notes:

1. On the assumption that all the outstanding Preferred Shares are converted in full on a one on one basis and no option of Duomi Music has been exercised.
2. The Company holds its interests in Duomi Music through Phoenix Success and its interests in Beijing Caiyun through Shenzhen Kuaitonglian.
3. Other than the interests of the New Investors in Beijing Caiyun, interest in Beijing Caiyun is/will be held by the PRC corresponding nominees designated by the shareholders of Duomi Music.
4. Such percentages of holding of equity interest in Beijing Caiyun by its equity holders are subject to further changes if there is/are further capital injection(s) into Beijing Caiyun by new investors (if any) after the date of this announcement.

As noted in the two shareholding structures above, the shareholding immediately upon completion of the Reorganisation (without taking into account the effect of the Capital Injection) of the remaining shareholders of Duomi Music is the same with its or its nominees equity interest in Beijing Caiyun.

The shareholding structures of Duomi Music and Beijing Caiyun upon completion of the Reorganisation (including the Capital Injection) are as follows:



Upon completion of the above Reorganisation, Duomi Music remains as an associate company of the Group. It is expected that the Reorganisation (including the repayment of the Convertible Notes to the Group) will be completed by the end of March 2016.

## **REASONS FOR THE REORGANISATION**

The Group is principally engaged in the provision of digital entertainment services, including music-based entertainment service and game related services in the PRC.

Duomi Music is an investment holding company and indirectly holds Beijing Caiyun which engages in the business of cloud-based music service offering under the brand of Duomi Music. Specifically, Beijing Caiyun conducts online-music product research and development, and music service operations, and business development with various partners in the PRC. As advised by the PRC legal counsel of Beijing Caiyun, the arrangement under the Structural Agreements affects Beijing Caiyun's equity clarity thus will make Beijing Caiyun incapable of meeting the listing requirements of NEEQ. To rationalise the shareholding structure of the Duomi Music Group (including that of Beijing Caiyun and its subsidiaries) and to introduce new investors in preparation for the listing of Beijing Caiyun on NEEQ, the Group will participate in part of the Reorganisation by way of repayment of Convertible Notes held by Phoenix Success.

The Group will receive approximately US\$15,480,000 as a result of the repayment of the Convertible Notes.

## **IMPLICATIONS UNDER THE LISTING RULES**

As Duomi Music is owned as to approximately 30.13% by Fortune Light, which is in turn wholly-owned by Mr. Liu, the chairman of the Board and an executive Director, Duomi Music is an associate of Mr. Liu and thus a connected person of the Company.

In the process of the proposed Reorganisation (before the Capital Injection), the interests of the Group, through Phoenix Success, in Duomi Music will increase from approximately 42.73% to approximately 48.13% (assuming conversion of all the outstanding Preferred Shares in full on a one on one basis and no option of Duomi Music has been exercised). The increase of interest in Duomi Music is purely as a result of the repurchase of certain Ordinary Shares and certain Preferred Shares by Duomi Music. No member of the Group has actively acquired or has agreed to acquire any equity interests in the Duomi Music Group. As the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) in respect of such increase in interest in Duomi Music are less than 5% and no consideration is involved, such increase in interest in Duomi Music and transactions contemplated thereunder are exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**Shareholders of the Company should note that the Reorganisation is subject to a number of conditions and procedures and may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution in dealing in the securities of the Company.**

## DEFINITIONS

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

“associate”	has the meaning as ascribed to it under Chapter 14A of the Listing Rules
“Beijing Caiyun”	Beijing Caiyun Online Technologies Co. Ltd. (北京彩雲在線技術開發有限公司), a company incorporated in the PRC with limited liability, and a subsidiary indirectly controlled by Duomi Music
“Board”	the board of Directors
“Boundless Melody”	Boundless Melody Company Limited (悅聆香港有限公司), a company incorporated in Hong Kong with limited liability on 11 April 2011 which is wholly owned by Duomi Music
“Company”	A8 New Media Group Limited (A8新媒體集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 800)
“Convertible Notes”	the first tranche of convertible note in the principal amount of US\$14,730,000 subscribed by the Group on 9 April 2014 issued by Duomi Music
“Directors(s)”	directors(s) of the Company
“Duomi Music”	Duomi Music Holding Ltd, a company incorporated in the Cayman Islands on 20 December 2011
“Duomi Music Group”	Duomi Music and its subsidiaries including Boundless Melody, Huanwu Yuedong, Beijing Caiyun and the PRC Subsidiaries
“Duomi Ordinary Share(s)”	ordinary share(s) with par value of US\$0.0001 each in the capital of Duomi Music
“Fortune Light”	Fortune Light Investments Limited (福耀投資有限公司), a company incorporated and existing under the laws of the British Virgin Islands and wholly owned by Mr. Liu
“Group”	the Company and its subsidiaries



“Huanwu Yuedong”	Beijing Huanwu Yuedong Network Technology Co. Ltd. (北京歡舞悅動網絡科技有限公司), a wholly-foreign owned enterprise established in the PRC with limited liability and owned as to 100% by Boundless Melody
“Huayi Brothers”	Huayi Brothers International Investment Ltd, a company incorporated and existing under the laws of the British Virgin Islands, being a holder of the Preferred Shares
“Independent Third Party(ies)”	third party(ies) independent of and not connected with or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with the Company, its connected persons (as defined in the Listing Rules) and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Liu”	Mr. Liu Xiaosong, the chairman of the Board and an executive Director
“NEEQ”	National Equities Exchange and Quotations System (全國中小企業股份轉讓系統), a platform for the sale of existing shares or directed share placings for small and medium sized enterprises
“Other Ordinary Shareholders”	three holders of Duomi Ordinary Shares, including Bile Investments Limited (碧樂投資有限公司), Beyond Faith Limited (越信有限公司) and Hero Victory Investments Limited (豪勝投資有限公司)
“Outgoing Holders of Preferred Shares”	three holders of the Preferred Shares who will cease to invest in Duomi Music and Beijing Caiyun as a result of the Reorganisation, including Hina Group Fund, L.P., KTB/ NHN China Ventures I Limited and Empire Day Limited (帝日有限公司)
“Phoenix Success”	Phoenix Success Limited (茂御有限公司), a wholly-owned subsidiary of the Company
“PRC”	The People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“PRC Subsidiaries”	three existing PRC subsidiaries of Beijing Caiyun, including Shenzhen Qingsheng Tongyin Technology Co., Ltd. (深圳市馨笙同音科技有限公司), Shenzhen Kaixinting Information Technology Co., Ltd. (深圳市開心聽信息科技有限公司) and Beijing Haoyingwei Network Technology Co., Ltd. (北京好音味網絡科技有限公司)
“Preferred Share(s)”	the convertible, redeemable and participating series A preferred share(s) with par value of US\$0.0001 each in the capital of Duomi Music
“Reorganisation”	the reorganisation of the Duomi Music Group as further described in the section headed “Proposed Reorganisation” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shenzhen Kwaitonglian”	深圳市快通聯科技有限公司 (Shenzhen Kwaitonglian Technology Co., Ltd.), a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Septwolves”	Fujian Septwolves Industry Co., Ltd. (福建七匹狼實業股份有限公司), a company established in the PRC with limited liability and listed on the Small and Medium Enterprises Board of Shenzhen Stock Exchange (stock code: 002029)
“Stone Capital”	Shanghai Stone Yiyue Capital Investment Partnership (limited partnership) (上海磐石熠悅投資合夥企業(有限合夥)), a limited partnership established in the PRC
“Structural Agreements”	a series of structural agreements entered into by and among Huanwu Yuedong, Beijing Caiyun and shareholders of Beijing Caiyun in relation to the business of the Duomi Music Group

“US\$”

US dollars, the lawful currency of the United States of America

On behalf of the Board  
**A8 New Media Group Limited**  
*Chairman & Executive Director*  
**Liu Xiaosong**

28 December 2015

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

- (1) Executive Directors namely Mr. Liu Xiaosong and Mr. Liu Pun Leung; and*
- (2) Independent Non-Executive Directors namely Mr. Chan Yiu Kwong, Ms. Wu Shihong and Mr. Song Ke.*