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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)

DISCLOSEABLE AND CONNECTED TRANSACTION
THE SUBSCRIPTION OF CONVERTIBLE NOTE ISSUED BY DUOMI MUSIC

THE SUBSCRIPTION OF THE CONVERTIBLE NOTE

The Board is pleased to announce that on 9 April 2014 (after trading hours), Phoenix Success, a wholly owned subsidiary of the Company, and Duomi Music entered into the Subscription Agreement, pursuant to which Duomi Music has conditionally agreed to issue, and Phoenix Success has conditionally agreed to subscribe for, the Convertible Note for cash consideration in an aggregate principal amount of US\$22,910,000 (equivalent to approximately HK\$178,698,000) in two tranches.

The entering into of the Subscription Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios under Rule 14.06 of the Listing Rules are more than 5% but less than 25%.

The Subscription Agreement also constitutes a connected transaction under Chapter 14A of the Listing Rules as (1) Fortune Light Investment, which is owned as to 100% by Mr. Liu and hence an Associate of Mr. Liu, is one of the major shareholders of Duomi Music; and (2) Mr. Liu is currently an executive Director and a Substantial Shareholder of the Company. Accordingly, Duomi Music is a Connected Person of the Company; and the transactions as contemplated under the Subscription Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The EGM will be held for the Independent Shareholders to consider the Subscription Agreement and the transactions contemplated thereunder, and, if thought fit, approve by way of ordinary resolution the Subscription Agreement and the transactions contemplated thereunder.

GENERAL

The Independent Board Committee has been established by the Company to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Subscription Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent

Board Committee to the Independent Shareholders in respect of the Subscription Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement; and (iv) a notice for the convening of the EGM will be despatched to the Shareholders no later than 5 May 2014.

The Subscription Agreement and the transactions contemplated thereunder are subject to the fulfillment of a number of conditions precedent and may or may not proceed to completion. As a result, the Shareholders and the prospective investors of the Company are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION OF THE CONVERTIBLE NOTE

The Board is pleased to announce that on 9 April 2014 (after trading hours), Phoenix Success, a wholly owned subsidiary of the Company, and Duomi Music entered into the Subscription Agreement, pursuant to which Duomi Music has conditionally agreed to issue, and Phoenix Success has conditionally agreed to subscribe for, the Convertible Note for cash consideration in an aggregate principal amount of US\$22,910,000 (equivalent to approximately HK\$178,698,000) in two tranches.

The Subscription Agreement

Date : 9 April 2014

Issuer : Duomi Music

Subscriber : Phoenix Success

Phoenix Success shall subscribe for, and Duomi Music shall issue, the First Tranche Note in the aggregate principal amount of US\$14,730,000 (equivalent to approximately HK\$114,894,000).

Phoenix Success shall subscribe for, and Duomi Music shall issue, the Second Tranche Note in the aggregate principal amount of US\$8,180,000 (equivalent to approximately HK\$63,804,000).

The consideration for the Subscription and the terms and conditions set out in the Subscription Agreement were determined after arm's length negotiation between Phoenix Success and Duomi Music after taking into account a number of factors, including but not limited to (i) the Directors' positive view on the prospects of the digital music industry in the PRC; (ii) the business nature and the prospects of Duomi Music; and (iii) the fair market value of business enterprise of Duomi Music as at 31 December 2013 to be RMB312,000,000 (equivalent to approximately HK\$389,500,000) pursuant to the business valuation carried out by an independent valuer.

Conditions Precedent to the First Tranche Note

Completion of the First Tranche Note is conditional upon, among others:

- (a) the Independent Shareholders having, by ordinary resolution duly passed at the EGM, approved the entering into, implementation and completion of the Subscription

Agreement;

- (b) all other consents which are required or appropriate for the entering into or implementation or completion of the Subscription Agreement by Phoenix Success or for the performance of its obligations thereunder having been obtained, including, without limitation, the consents of the shareholders and the board of directors of Phoenix Success and applicable regulatory bodies;
- (c) Phoenix Success having been satisfied with the results of its due diligence investigations on the Duomi Group;
- (d) there having been delivered to Phoenix Success such resolutions, consents, authorities and documents relating to the issue of the Convertible Note, as Phoenix Success may require;
- (e) at the date of completion of the First Tranche Note, there shall not have occurred any Material Adverse Change; and
- (f) at the date of completion of the First Tranche Note, (i) the warranties given by Duomi Music remaining true and accurate and not misleading in all material respects; and (ii) Duomi Music shall have performed all of its obligations thereunder.

Conditions Precedent to the Second Tranche Note

Completion of the Second Tranche Note is conditional upon, among others:

- (a) completion of the First Tranche Note;
- (b) fulfillment of conditions (a) to (d) under the paragraph headed “Conditions Precedent to the First Tranche Note” above;
- (c) the actual turnover (including the prime operating revenue but excluding the revenue from the software development, government grant and other non-operation revenue) of Duomi Music for the accounting reference period ending on 31 December 2014 as recorded in the 2014 Reviewed Statements is equal to or higher than 80% of the 2014 Turnover Forecast;
- (d) at the date of completion of the Second Tranche Note, there shall not have occurred any Material Adverse Change; and
- (e) at the date of completion of the Second Tranche Note, (i) the warranties given by Duomi Music remaining true and accurate and not misleading in all material respects; and (ii) Duomi Music shall have performed all of its obligations thereunder.

If the conditions precedent to the First Tranche Note have not been fulfilled or waived on or before 31 December 2014 (or such other date as may be agreed between Phoenix Success and Duomi Music in writing), the Subscription Agreement will lapse and become null and void; and Phoenix Success and Duomi Music will be released from all obligations under the Subscription Agreement, save for liabilities for any antecedent breaches thereof.

Principal Terms of the Subscription Agreement

The principal terms of the Subscription Agreement are summarized below.

Principal Amount : the aggregate of the principal amount of US\$14,730,000 (equivalent

to approximately HK\$114,894,000) for the First Tranche Note and the principal amount of US\$8,180,000 (equivalent to approximately HK\$63,804,000) for the Second Tranche Note

Conversion : Phoenix Success will have the right, on any Business Day during the Conversion Period, to convert the First Tranche Note or the Second Tranche Note (as the case may be) in whole or in part thereof into the Conversion Shares at such conversion price determined in accordance with the terms thereof.

The number of Conversion Shares to be issued on conversion of the First Tranche Note or the Second Tranche Note (as the case may be) will be determined by dividing the principal amount of the First Tranche Note or the Second Tranche Note (as the case may be) by the conversion price.

Duomi Music shall not issue any Conversion Shares without the prior written consent of the holders of at least 80% of the Preferred A Shares, including the consent of Huayi Brothers, and Duomi Music shall issue a written notice in respect of such proposed issuance to and secure the required consent from the holders of the Preferred A Shares within 5 Business Days upon the Conversion Date; provided that, after the expiry of 185 days from the Conversion Date, the proposed issuance shall cease to be subject to and bound by such prior consent requirement, and Duomi Music shall, at the request of Phoenix Success who shall be satisfied that there have not occurred any Material Adverse Change, be obliged to issue the relevant Conversion Shares to Phoenix Success (which date of proposed issuance shall be determined under the First Tranche Note or the Second Tranche Note (as the case may be) and shall not, in any event, be earlier than the date of issuance of the 2015 Audited Statements upon which the conversion price of the Conversion Shares shall be determined), in which case the holders of the Preferred A Shares shall be deemed to have irrevocably and unconditionally consented to such proposed issuance in all respects and the required consent shall be deemed to have been secured.

Conversion Price : Subject to adjustments, the conversion price of the Conversion Shares shall be determined as follows:

- (i) if the 2015 EBIT as recorded in the 2015 Audited Statements is lower than zero, the conversion price shall be US\$0.368 (equivalent to approximately HK\$2.870);
- (ii) if the 2015 EBIT as recorded in the 2015 Audited Statements is equal to or higher than zero but lower than RMB15,000,000 (equivalent to approximately HK\$18,726,591), the conversion price shall be US\$0.433 (equivalent to approximately HK\$3.377); and
- (iii) if the 2015 EBIT as recorded in the 2015 Audited Statements is equal to or higher than RMB15,000,000 (equivalent to approximately HK\$18,726,591), the conversion price shall be US\$0.466 (equivalent to approximately HK\$3.635).

- Conversion Shares : Assuming that save for the issue of the Conversion Shares, there will be no change to the issued share capital of Duomi Music from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from exercise in full of the conversion rights by Phoenix Success:
- (i) a total of up to 62,297,261 Conversion Shares will be allotted and issued, representing approximately 34.63% of the issued share capital of Duomi Music as enlarged by the allotment and issue of such Conversion Shares (assuming after full conversion of preferred shares and no option has been exercised), assuming that the conversion rights in relation to the total principal amount of the Convertible Note are exercised in full at the conversion price of US\$0.368 per Conversion Share;
 - (ii) a total of up to 52,943,848 Conversion Shares will be allotted and issued, representing approximately 31.05% of the issued share capital of Duomi Music as enlarged by the allotment and issue of such Conversion Shares (assuming after full conversion of preferred shares and no option has been exercised), assuming that the conversion rights in relation to the total principal amount of the Convertible Note are exercised in full at the conversion price of US\$0.433 per Conversion Share; and
 - (iii) a total of up to 49,182,048 Conversion Shares will be allotted and issued, representing approximately 29.49% of the issued share capital of Duomi Music as enlarged by the allotment and issue of such Conversion Shares (assuming after full conversion of preferred shares and no option has been exercised), assuming that the conversion rights in relation to the total principal amount of the Convertible Note are exercised in full at the conversion price of US\$0.466 per Conversion Share.

Ranking of the Conversion Shares : The Conversion Shares shall rank *pari passu* with all other Duomi Shares in issue as at the date on which the relevant Conversion Shares are issued and be entitled to all dividends, bonus and other distributions the record date of which falls on a date on or after the date on which the relevant Conversion Shares are issued.

Deposit : Phoenix Success undertakes to Duomi Music to deposit a principal amount of US\$3,270,000 (equivalent to approximately HK\$25,506,000) at a deposit account maintained by Duomi Music within 5 Business Days after the date of this announcement.

If the conditions precedent to completion of the First Tranche Note are not satisfied or waived by the specified date, or Phoenix Success validly terminates the Subscription Agreement on or before the date of completion of the First Tranche Note, Duomi Music will immediately refund the deposit and accrued interest to Phoenix Success.

The deposit and accrued interest shall be applied by Duomi Music to

settle the subscription price of the First Tranche Note in part once Duomi Music has complied with its obligations under the Subscription Agreement on or before the date of completion of the First Tranche Note.

Maturity : Duomi Music shall repay to Phoenix Success 100% of the principal amount outstanding under the Convertible Note together with all interest accrued thereon on the Maturity Date.

Interest : The First Tranche Note or the Second Tranche Note (as the case may be) will bear interest from the date of issue at the rate of 3.5% per annum on the outstanding principal amount thereof which will be payable in cash in US\$ once every year in arrears at the end of each 12-month period commencing from the date of issue of the First Tranche Note or the Second Tranche Note (as the case may be).

If Phoenix Success has converted the First Tranche Note or the Second Tranche Note (as the case may be) in whole or in part thereof, Phoenix Success shall be entitled to interest in respect of such part or the whole (as the case may be) of the principal amount of the First Tranche Note or the Second Tranche Note (as the case may be) for the period from the immediately preceding interest payment date or the date of issue of the First Tranche Note or the Second Tranche Note (as the case may be) (whichever is the later) to and up to (but excluding) the date on which the relevant Conversion Shares are issued.

Redemption at the option of Duomi Music : From the first Business Day immediately following the first anniversary of the date of issue of the First Tranche Note or the Second Tranche Note (as the case may be) and prior to the Maturity Date, Duomi Music may, having given not less than 10 Business Days written notice to Phoenix Success, redeem the First Tranche Note or the Second Tranche Note (as the case may be) in whole at 102.5% of the outstanding principal amount of the First Tranche Note or the Second Tranche Note (as the case may be), together with any accrued but unpaid interest on such principal amount.

Redemption at the option of Phoenix Success : From the date of issue of the First Tranche Note and prior to the Maturity Date, Phoenix Success shall have the right to require Duomi Music to redeem its First Tranche Note (in whole or in part) at 100% of the outstanding principal amount of the First Tranche Note, together with any accrued but unpaid interest on such principal amount, if the actual turnover (including the prime operating revenue but excluding the revenue from the software development, government grant and other non-operation revenue) of Duomi Music for the accounting reference period ending on 31 December 2014 as recorded in the 2014 Reviewed Statements is lower than 50% of the 2014 Turnover Forecast.

From the date of issue of the First Tranche Note and prior to the Maturity Date, Phoenix Success shall have the right to require Duomi Music to redeem its outstanding First Tranche Note and Second Tranche Note (in whole or in part) at 100% of the outstanding principal amount of the Convertible Note, together with any accrued but unpaid interest on such principal amount, if the actual turnover (including the prime operating revenue but excluding the revenue

from the software development, government grant and other non-operation revenue) of Duomi Music for the accounting reference period ending on 31 December 2015 as recorded in the 2015 Audited Statements is lower than 50% of the 2015 Turnover Forecast.

- Events of Default : The Convertible Note contains customary events of default provisions which provide that, on the occurrence of certain events of default specified in the terms therein, Phoenix Success shall be entitled to demand for immediate repayment of the outstanding principal amount of the First Tranche Note or the Second Tranche Note (as the case may be) together with any accrued interest.
- Transferability : Phoenix Success shall have the right to assign or transfer the rights and obligations of the Convertible Note subject to the prior consent of Duomi Music.
- Voting Rights : Phoenix Success will not be entitled to attend or vote at any shareholders' meetings of Duomi Music by reason only of it being the holder of the Convertible Note.

Completion of the Subscription

Completion of the First Tranche Note will take place on the second Business Day following the date on which (a) Phoenix Success has received Duomi Music's notification in writing that the relevant conditions precedent to the First Tranche Note as set out in the Subscription Agreement have been fulfilled by Duomi Music and (b) Duomi Music has received Phoenix Success's notification in writing that the remaining conditions precedent to the First Tranche Note as set out in the Subscription Agreement have been fulfilled.

Completion of the Second Tranche Note will take place on the second Business Day following the date on which (a) Phoenix Success has received Duomi Music's notification in writing that the relevant conditions precedent to the Second Tranche Note as set out in the Subscription Agreement have been fulfilled by Duomi Music and (b) Duomi Music has received Phoenix Success's notification in writing that the remaining conditions precedent to the Second Tranche Note as set out in the Subscription Agreement have been fulfilled.

INFORMATION ON DUOMI MUSIC, THE COMPANY AND PHOENIX SUCCESS

Duomi Music is a limited liability company incorporated in the Cayman Islands and held as to 42.73% by Phoenix Success, 30.13% by Fortune Light Investment and 27.14% by the remaining shareholders (assuming after full conversion of preferred shares and no option has been exercised) as at the date of this announcement. Duomi Music is an investment holding company and is indirectly holding 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 unaudited financial information of Duomi Music for the two years ended 31 December 2013 and 31 December 2012 are set out below:

For the year ended

31 December 2013 31 December 2012*

	RMB'000	RMB'000
Revenue	24,578	7,021
Net profit/(loss) (before taxation)	- 77,809	- 65,995
Net profit/(loss) (after taxation)	- 77,692	- 65,917

*The amount in 2012 represented the consolidated figures for the eight-month period ending on 31 December 2012 upon the completion of the group reorganization of Duomi Music in April 2012.

The Company principally engages in the business of providing mobile internet services related to digital music and mobile games, etc.

Phoenix Success is a wholly-owned subsidiary of the Company in Hong Kong as an investment holding company for the purpose of holding the relevant Duomi Shares for the benefits and interests of the Company.

REASONS FOR THE SUBSCRIPTION

The Directors hold a positive view on the prospects of the business of Duomi Music and the overall digital music business industry in the PRC. The Directors believe that the Subscription would provide Phoenix Success with an opportunity to have a stable source of interest income and the flexibility to benefit from the growth of Duomi Music by exercising its conversion rights at such time as it considers appropriate during the Conversion Period for the purposes of increasing its shareholding in Duomi Music.

It is contemplated that the Subscription will improve the capital usage efficiency of the Group.

The consideration payable by Phoenix Success for the Subscription will be funded by the Group's internal cash resources and the terms of the Subscription Agreement are on normal commercial terms and have been arrived at after arm's length negotiation between Phoenix Success and Duomi Music. Taking into account the potential interest income of approximately US\$2,119,250 (equivalent to approximately HK\$16,530,150), the Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be issued by the Company after considering the advice from the Independent Financial Adviser) consider that the terms of the Subscription are fair and reasonable and that the entering into of the Subscription Agreement by Phoenix Success is in the interests of the Company and the Shareholders as a whole.

Save for Mr. Liu, all of the Directors have confirmed that none of them has any material interest in the Subscription; and therefore no Director (except Mr. Liu) is required to abstain from voting at the meeting of the Board to approve the Subscription.

LISTING RULES IMPLICATION

The entering into of the Subscription Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios under Rule 14.06 of the Listing Rules are more than 5% but less than 25%.

The Subscription Agreement also constitutes a connected transaction under Chapter 14A of the Listing Rules as (1) Fortune Light Investment, which is owned as to 100% by Mr. Liu and hence an Associate of Mr. Liu, is one of the major shareholders of Duomi Music; and (2) Mr. Liu is currently an executive Director and a Substantial Shareholder of the Company. Accordingly, Duomi Music is a Connected Person of the Company; and the transactions as contemplated under the Subscription Agreement are subject to the reporting, announcement

and Independent Shareholders' approval requirements under the Listing Rules.

The EGM will be held for the Independent Shareholders to consider the Subscription Agreement and the transactions contemplated thereunder, and, if thought fit, approve by way of ordinary resolution the Subscription Agreement and the transactions contemplated thereunder.

Mr. Liu, who is the executive Director and has a significant shareholding in Duomi Music through Fortune Light Investment, is regarded as having a material interest in the Subscription Agreement; and therefore he has abstained from voting at the meeting of the Board at which the resolution approving the Subscription Agreement was passed; and Mr. Liu and his Associates are required to abstain from voting on the resolution approving the Subscription Agreement to be passed at the EGM.

GENERAL

The Independent Board Committee has been established by the Company to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Subscription Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement; and (iv) a notice for the convening of the EGM will be despatched to the Shareholders no later than 5 May 2014.

The Subscription Agreement and the transactions contemplated thereunder are subject to the fulfillment of a number of conditions precedent and may or may not proceed to completion. As a result, the Shareholders and the prospective investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Associate”	has the meaning ascribed to the term under 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
“Board”	the board of Directors
“Business Day”	a day, other than a Saturday and a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours

“Company”	A8 Digital Music Holdings Limited (A8 電媒音樂控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 800)
“Connected Person”	has the meaning ascribed to the term under the Listing Rules
“Conversion Date”	the date on which Phoenix Success serves a conversion notice on Duomi Music to exercise its conversion rights under the First Tranche Note or the Second Tranche Note (as the case may be)
“Conversion Period”	the period commencing from the date which shall fall on the first anniversary of the date of issue of the First Tranche Note or the Second Tranche Note (as the case may be) and ending on the Maturity Date
“Conversion Shares”	new Duomi Shares to be issued and allotted by Duomi Music upon the exercise of the conversion rights by Phoenix Success under the First Tranche Note or the Second Tranche Note (as the case may be)
“Convertible Note”	the First Tranche Note and the Second Tranche Note
“Director(s)”	the director(s) of the Company
“Duomi Group”	Duomi Music and its subsidiaries
“Duomi Shares”	ordinary shares of US\$0.0001 each in the capital of Duomi Music
“Duomi Music”	Duomi Music Holding Limited (多米音樂控股有限公司), a company incorporated in the Cayman Islands on 20 December 2011
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and approve, among other things, the Subscription Agreement and the transactions contemplated thereunder
“First Tranche Note”	the convertible note(s) in the aggregate principal amount of US\$14,730,000 to be issued by Duomi Music in the first tranche pursuant to the Subscription Agreement
“Fortune Light Investment”	Fortune Light Investment 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“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 A Shares
“Independent Board Committee”	independent board committee of the Company comprising Mr. Chan Yiu Kwong, Ms. Wu Shi hong and Mr. Song Ke, being all independent non-executive Directors, to advise the Independent Shareholders in respect of the Subscription Agreement
“Independent Financial Advisor”	Donvex Capital Limited, a corporation licensed to carry out business in Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement
“Independent Shareholders”	Shareholders other than those who are required under the Listing Rules to abstain from voting on the resolution to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Adverse Change”	material adverse change (in the opinion of Phoenix Success) to the financial condition, results of operations, assets, regulatory status, business or prospects of the Duomi Group
“Maturity Date”	the date of repayment which shall fall on the third anniversary of the date of issue of the First Tranche Note or such other date as Phoenix Success and Duomi Music may agree in writing, and such date of repayment shall apply to both of the First Tranche Note and the Second Tranche Note
“Mr. Liu”	Mr. Liu Xiaosong, an executive Director and a Substantial Shareholder of the Company
“percentage ratios”	has the meaning ascribed to the term in Chapter 14 of the Listing Rules
“Phoenix Success”	Phoenix Success Limited, a company incorporated in the Hong Kong and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Preferred A Shares”	the series A convertible, redeemable and participating preferred shares in the capital of Duomi Music
“RMB”	Renminbi, the lawful currency of the PRC
“Second Tranche Note”	the convertible note(s) in the aggregate principal amount of

	up to US\$8,180,000 to be issued by Duomi Music in the second tranche pursuant to the Subscription Agreement
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.0001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Convertible Note
“Subscription Agreement”	the subscription agreement entered into between Phoenix Success and Duomi Music on 9 April 2014 in relation to the Subscription
“Substantial Shareholder”	has the meaning ascribed to the term under the Listing Rules
“US\$”	US dollar, the lawful currency of the United States of America
“2014 Reviewed Statements”	the reviewed financial statements of Duomi Music comprising a balance sheet and a profit and loss account and a cash flow statement for the accounting reference period ending on 31 December 2014 including the notes thereto and the review report thereon, as prepared by the auditors of Duomi Music
“2014 Turnover Forecast”	the forecasted turnover of Duomi Music (including the prime operating revenue but excluding the revenue from the software development, government grant and other non-operation revenue) at US\$11,000,000 (equivalent to approximately HK\$85,800,000) for the accounting reference period ending on 31 December 2014
“2015 Audited Statements”	the audited financial statements of Duomi Music comprising a balance sheet and a profit and loss account and a cash flow statement for the accounting reference period ending on 31 December 2015, including the notes thereto and the auditors’ report thereon, as prepared by the auditors of Duomi Music
“2015 EBIT”	earnings before interest (including but not limited to imputed interest expenses incurred by preferred shares and other financial instruments in compliance with generally accepted accounting principles) and tax, excluding income and expenditure from unusual, non-recurring or discontinued activities such as share options, convertible bonds and impairment or write-offs, of Duomi Music for the accounting reference period ending on 31 December 2015
“2015 Turnover	the forecasted turnover of Duomi Music (including the prime

Forecast” operating revenue but excluding the revenue from the software development, government grant and other non-operation revenue) at US\$23,780,000 (equivalent to approximately HK\$186,724,200) for the accounting reference period ending on 31 December 2015

“%” percent

In this announcement, amounts denominated in US\$ have been converted into HK\$ at the rates of US\$1 = HK\$7.8; and amounts denominated in RMB have been converted into HK\$ at the rate of RMB0.801 = HK\$1 for the purpose of illustration. Such exchange rates are for illustration purpose only and do not constitute representations that any amount in HK\$, RMB or US\$ have been, could have been or may be converted at such rate.

The English transliteration of the Chinese name in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name of such Chinese name.

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

Hong Kong, 9 April 2014

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

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