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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)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO RIGHTS SHARES FOR EVERY EXISTING SHARE
HELD ON THE RECORD DATE:
SUPPLEMENTAL UNDERWRITING AGREEMENT**

On 10 January 2013, the Company and the Underwriter entered into the Supplemental Agreement to correct the number of outstanding Share Options, the maximum number of the Rights Shares and the maximum number of the Underwritten Shares as set out in the Underwriting Agreement.

As a result, certain numbers as set out in the First Announcement have been corrected which are set out below.

Reference is made to the announcement of the Company dated 6 January 2013 (the “**First Announcement**”). Unless the content otherwise requires, terms used in this announcement shall have the same meanings as those defined in the First Announcement.

THE SUPPLEMENTAL AGREEMENT

Due to mis-communication among different departments of the Company, the number of outstanding Share Options, the maximum number of the Rights Shares and the maximum number of the Underwritten Shares as set out in the Underwriting Agreement and the First Announcement were mistakenly stated.

As a result, the Company and the Underwriter entered into a supplemental agreement to the Underwriting Agreement on 10 January 2013 (the “**Supplemental Underwriting Agreement**”) to correct the number of outstanding Share Options, the maximum number of the Rights Shares and the maximum number of the Underwritten Shares as set out in the Underwriting Agreement.

The Board wishes to clarify that:

1. as at the date of the Underwriting Agreement and the First Announcement, the number of Share Options should be corrected to **9,311,781** instead of 9,574,356;
2. the maximum number of the Rights Issue to be issued under the Rights Issue should be corrected to **965,597,432** instead of 966,122,582; and
3. the maximum number of Underwritten Shares should be corrected to **626,825,524** instead of 627,350,674.

THE RIGHTS ISSUE

As a result of the signing of the Supplemental Underwriting Agreement, the issue statistics of the Rights Issue are corrected to as follows (corrected numbers are bold for easy reference):

Issue statistics

Basis of Rights Issue:	Two Rights Shares for every existing Share held on the Record Date
Number of existing Shares in issue:	476,282,376 Shares as at the date of the First Announcement and the Underwriting Agreement
Number of new Shares to be issued upon exercise of the outstanding Share Options in full (other than those Director Share Options) ^(Note 1) :	6,516,340 Shares
Number of Rights Shares:	Not less than 952,564,752 ^(Note 2) Rights Shares but not more than 965,597,432 ^(Note 2) Rights Shares
Enlarged issued share capital upon completion of the Rights Issue:	Not less than 1,428,847,128 Shares but not more than 1,448,396,148 Shares
Subscription Price:	HK\$0.36 per Rights Share
Underwriter:	Ever Novel

Notes:

1. As at the date of the First Announcement and the Underwriting Agreement, the Company has 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.
2. The figure of 952,564,752 is calculated on the assumption that no outstanding Share Options will be exercised and no other Shares are allotted and issued on or before the Record Date, and the figure of **965,597,432** is calculated on the assumption that all outstanding Share Options (other than the Director Share Options) will be exercised in full but no other Shares are allotted and issued on or before the Record Date.

The maximum number of **965,597,432** Rights Shares to be allotted and issued pursuant to the terms of the Rights Issue represents **202.74%** of the existing issued share capital of the Company and 66.67% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

As at the date of the First Announcement and the Underwriting Agreement, there were outstanding Share Options (other than the Director Share Options) entitling the holders thereof to subscribe for an aggregate of **6,516,340** Shares. If all Share Options (other than the Director Share Options) are exercised in full and Shares are allotted and issued pursuant to such exercise on or before the Record Date, the number of issued Shares is expected to be increased to **482,798,716** and the number of Rights Shares that may be issued pursuant to the Rights Issue is expected to be increased to **965,597,432**.

SHAREHOLDING STRUCTURE

As a result of the signing of the Supplemental Underwriting Agreement, the possible shareholding structure of the Company as at the date of the First Announcement and the Underwriting Agreement and the possible changes upon completion of the Rights Issue are corrected as follows (corrected numbers are bold for easy reference):

Shareholder	Immediately upon completion of the Rights Issue									
	As at the date of the First Announcement and the Underwriting Agreement		Assuming no exercise of the outstanding Share Options on or before the Record Date				Assuming full exercise of the outstanding Share Options (other than the Director Share Options) on or before the Record Date			
			Full acceptance by the Qualifying Shareholders under the Rights Issue		No acceptance by the Qualifying Shareholders under the Rights Issue (other than Ever Novel, Prime Century and Mr. Liu) <i>(Note 1)</i>		Full acceptance by the Qualifying Shareholders under the Rights Issue		No acceptance by the Qualifying Shareholders under the Rights Issue (other than Ever Novel, Prime Century and Mr. Liu) <i>(Note 1)</i>	
<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	
The Underwriter (i.e. Ever Novel) and persons acting in concert with it <i>(Note 2)</i>	190,985,954	40.10	572,957,862	40.10	1,143,550,706	80.03	572,957,862	39.56	1,156,583,386	79.85
Public	285,296,422	59.90	855,889,266	59.90	285,296,422	19.97	875,438,286	60.44	291,812,762	20.15
Total	<u>476,282,376</u>	<u>100.00</u>	<u>1,428,847,128</u>	<u>100.00</u>	<u>1,428,847,128</u>	<u>100.00</u>	<u>1,448,396,148</u>	<u>100.00</u>	<u>1,448,396,148</u>	<u>100.00</u>

Notes:

- These scenarios are 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 date of the First Announcement and the Underwriting Agreement, the Underwriter, Prime Century and Mr. Liu hold, in aggregate, 169,385,954 Shares. Pursuant to the Underwriting Agreement and the Liu Undertaking, the Underwriter, Prime Century and Mr. Liu have undertaken to take up, in aggregate, 338,771,908 Rights Shares provisionally allotted to them respectively.
- The Underwriter is 100% beneficially owned by a family trust, the beneficiaries of which are the family members of Mr. Liu. As at the date the First Announcement and the Underwriting Agreement, (i) the Underwriter, together with Prime Century, holds in aggregate 167,463,954 Shares, representing 35.16% of the existing issued share capital of the Company; (ii) Mr. Liu, being a member of the Concert Group, is directly holding 1,922,000 Shares, representing 0.40% of the existing issued share capital of the Company; and (iii) Grand Idea, being a member of the Concert Group, is directly holding 21,600,000 Shares, representing 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.

PROCEEDS FROM THE RIGHTS ISSUE

As a result of the signing of the Supplemental Underwriting Agreement, the estimated gross and net proceeds from the Rights Issue are corrected as follows (corrected numbers are bold for easy reference):

Estimated gross proceeds from the Rights Issue	Not less than approximately HK\$342.92 million before expenses	Not more than approximately HK\$347.62 million before expenses
Estimated net proceeds of the Rights Issue after the deduction of all estimated expenses	Approximately HK\$337.10 million (assuming no Shares have been allotted and issued before the Record Date pursuant to any exercise of the Share Options and that no Shares have been allotted and issued on or before the Record Date)	Approximately HK\$341.70 million (assuming Shares have been allotted and issued before the Record Date pursuant to full exercise of the Share Options (other than the Director Share Options) but otherwise no Shares have been allotted and issued on or before the Record Date)

GENERAL

Shareholders and investors are reminded to refer to the corrected figures in relation to the Rights Issue as set out in this announcement. Save for the corrected figures as mentioned above, there is no other change to the information contained in the First Announcement.

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

Hong Kong, 10 January 2013

As at the date of this announcement, the board of Directors comprises:

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Ever Novel) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by Ever Novel) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement (other than those relating to Ever Novel) in this announcement misleading.

The directors of Ever Novel jointly and severally accept full responsibility for the accuracy of the information relating to Ever Novel contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement by Ever Novel have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement relating to Ever Novel in this announcement misleading.