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China Digital Licensing (Group) Limited **中國數碼版權(集團)有限公司**

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8175)

VOLUNTARY ANNOUNCEMENT

This announcement is issued by the Company on a voluntary basis to keep the Shareholders and potential investors of the Company informed of the latest business development of the Group.

The Board is pleased to announce that on 18 January 2012, Silver Season, an indirect wholly-owned subsidiary of the Company entered into the Agreement relating to the Investment in the Target Group.

The major terms of the Agreement are summarized as follows:

Date: 18 January 2012 (after trading hours)

- Parties:
- (a) Silver Season, an indirect wholly-owned subsidiary of the Company;
 - (b) Starry Honour, a company incorporated in the British Virgin Islands which is wholly and beneficially owned by Mr. Feng; and
 - (c) six other individuals (“**Other Investors**”).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of Starry Honour, Mr. Feng, and the Other Investors is third party independent of and not connected with the Company or any of its connected persons (as defined under the GEM Listing Rules).

Mr. Feng is the director of the Target Group and will be responsible for the management and business development of the Target Group.

Upon execution of the Agreement, each of Silver Season and Starry Honour is entitled to appoint one more representative to the board of the Target Group. Silver Season has nominated Mr. Hsu Tung Chi, the executive Director and Chief Executive Officer of the Company, as the representative to the board of the Target Group.

The Target:	China Digital Entertainment Company Limited, a company incorporated in the British Virgin Islands. The Target has set up a company in Hong Kong.
Scope of business of the Target and its subsidiaries:	As at the date of the Agreement, the Target Group has not commenced any business operation. It is intended that the Target Group will be principally engaged in the promotion, sale and distribution of licensed digital music content, such as digitalized label, digitalized membership management system and the organization of concerts, events and related services, in the Greater China Region.
Equity interests:	Pursuant to the Agreement, (i) Starry Honour will be the controlling shareholder of the Target holding 52.5% equity interests; (ii) Silver Season will be interested in 20% equity interests in the Target; and (iii) the remaining equity interests of 27.5% will be held by the Other Investors, each of them will be interested in not more than 5% equity interests in the Target.
Total Investment of the Target:	HK\$2 million, such amount will be contributed by the parties to the Agreement in proportion to their respective equity interests in the Target and hence HK\$400,000 will be contributed by the Group from its internal resources.

The terms of the Agreement were agreed upon after arm's length negotiations among the parties. The Board considers that the terms of the Agreement are on normal commercial terms and believe the terms are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

The Board is confident that the proposed investment in the Target represents a good investment and business opportunity of the Group and the co-operation with Mr. Feng through the Investment will also strengthen the existing business of the Group.

Apart from the Investment in 20% equity interests of the Target, the Group will explore cooperation opportunities with the Target Group and/or such other business opportunities to be derived from the Investment, including but not limited to promotion and distribution of more digital music content and related services to strengthen the existing business of the Group in the provision copyright management solution and the related consultancy services and the distribution of copyright-protected items. The popularization of the Internet in the PRC and its increasing number of Internet users will facilitate the development of high quality music entertainment content market. The Company is confident about the prospect of the digital music content business.

Background of Mr. Feng

Mr. Feng is the ultimate beneficial owner of Starry Honour and is currently a director of the Target Group. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Feng holds a bachelor's degree in Economic Management. He previously worked in the information and network technology field and has extensive expertise in the operation and application of information network in the PRC. Mr. Feng is currently an artistes' agent in the PRC and he has broad personnel connection, market experience and artiste management experience in the singer and movie artistes' agent market in particular. Mr. Feng has arranged events for several young and popular singers in the PRC, such as Zhang Liangying (張靚穎), Yang Mi (楊冪), Wang Zhengliang (王錚亮) and Pan Chen (潘辰). In the future, Mr. Feng will continue to introduce and select popular singers and/or artistes within the Greater China Region to collaborate with the Target Group for the development of the Target Group's promotion, sales and distribution license businesses of digital music content in the Greater China Region.

DEFINITIONS

“Agreement”	the agreement dated 18 January 2012 in relation to the proposed investment in the Target
“Board”	the board of Directors
“Company”	China Digital Licensing (Group) Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Directors”	the directors of the Company from time to time
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing of the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Investment”	the investment of 20% equity interests in the Target by the Group
“Mr. Feng”	Mr. Feng Ke (馮軻), the ultimate beneficial owner holding 100% interest in Starry Honour
“Other Investors”	six other individuals, all being independent third party of the Company and parties the Agreement

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued and unissued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Silver Season”	Silver Season Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Starry Honour”	Starry Honour Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Feng
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	China Digital Entertainment Company Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target together with its subsidiary, which include a company incorporated in Hong Kong as at the date of the Agreement and other companies to be incorporated in future if necessary

By order of the Board
China Digital Licensing (Group) Limited
Hsu Tung Sheng
Chairman

Hong Kong, 18 January 2012

As at the date of this announcement, the executive Directors are Mr. Hsu Tung Sheng, Mr. Hsu Tung Chi, Mr. Pang Hong Tao and Ms. Au Shui Ming, Anna. The independent non-executive Directors are Mr. Wong Tak Shing, Mr. Lee Kun Hung and Mr. Kwok Chi Sun, Vincent.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 announcement 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 in this announcement misleading.

This announcement will remain on GEM website on the “Latest Company announcements” page for at least 7 days from the date of its posting and on the website of the Company at www.chinadigitallic.com.