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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)

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING**

**Placing Agent**



**Phoenix Capital Securities Limited**

**Financial Adviser to the Company**



**INCU Corporate Finance Limited**

#### **PLACING OF NEW SHARES**

On 8 September 2009, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, through the Placing Agent, an aggregate of 273,000,000 Placing Shares, on a best-effort basis, to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules) at a price of HK\$0.105 per Placing Share.

**Completion is subject to the satisfaction of the condition precedent in the Placing Agreement.**

**As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 2:30 p.m. on 8 September 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 9 September 2009.

### **THE PLACING AGREEMENT**

**Date:** 8 September 2009

**Issuer:** The Company

**Placing Agent:** Phoenix Capital Securities Limited

The Placing Agent has conditionally agreed to place an aggregate of 273,000,000 Placing Shares, on a best-effort basis and will receive a placing commission of 2.5% on the gross proceeds of the actual number of Placing Shares placed, the terms of which were arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the market rate. The Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

#### **Placees**

The Placing Agent has agreed to place the Placing Shares, on a best-effort basis, to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules). Immediately after Completion, none of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules).

#### **Placing Price**

The Placing Price of HK\$0.105 represents:

- (i) a discount of approximately 19.85% to the closing price of HK\$0.131 per Share as quoted on the Stock Exchange on the Last Trading Date;

- (ii) a discount of approximately 19.60% to the average of the closing prices of approximately HK\$0.1306 per Share as quoted on the Stock Exchange in the last five consecutive trading days prior to the Last Trading Date; and
- (iii) a discount of approximately 11.32% to the average of the closing prices of approximately HK\$0.1184 per Share as quoted on the Stock Exchange in the last ten consecutive trading days prior to the Last Trading Date.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent and has been determined with reference to the prevailing market price of the Share. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement, including the Placing Price and the placing commission, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **The Placing Shares**

The 273,000,000 Placing Shares represent (i) approximately 19.10% of the existing issued share capital of the Company of 1,429,275,080 Shares as at the date of this announcement; and (ii) approximately 16.04% of the issued share capital of the Company of 1,702,275,080 Shares as enlarged by the Placing.

The Placing Shares will be issued under the General Mandate, subject to the limit of 273,015,016 Shares (representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of approving the General Mandate, i.e. 2 June 2009). The 273,000,000 Placing Shares to be allotted and issued will utilize approximately 99.99% of the General Mandate. Up to the date of this announcement, no Share has been issued under the General Mandate.

### **Ranking of the Placing Shares**

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of this announcement.

### **Condition of the Placing**

The Placing is conditional upon the GEM Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the Placing Agreement. If the foregoing provision is not fulfilled on or prior to 31 October 2009 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and neither of the parties shall have any claim against the other in respect of the Placing save for any antecedent breach and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination.

## **Completion**

The condition set out in the Placing Agreement is expected to be fulfilled on or before 31 October 2009, or such later date as may be agreed by the Company and the Placing Agent and the Completion will take place on the third Business Day after the Placing Agreement becomes unconditional.

**Completion is subject to the satisfaction of the condition precedent in the Placing Agreement.**

**As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **Application for listing**

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## **Termination**

If at any time prior to 6:00 p.m. on the day immediately preceding the Completion Date, in the reasonable opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Company or any of its subsidiaries would or might be adversely affected by:

- (i) any breach of any of the representations, undertakings and warranties as set out in the Placing Agreement; or
- (ii) any of the force majeure events as referred to in the Placing Agreement;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 6:00 p.m. on the day immediately preceding the Completion Date.

If notice is given pursuant to the above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to any other party in respect of the Placing Agreement save for any rights or obligations which may accrue under the Placing Agreement prior to such termination.

## **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Group is principally engaged in the development and provision of on-line education programs. The Group also invested in copyright management and digital licensing business in the PRC.

On the assumption that all Placing Shares are fully placed, the gross proceeds of the Placing will be approximately HK\$28.67 million. The net proceeds of the Placing of approximately HK\$27.5 million are intended to be used for general working capital of the Group and/or possible investment in the future when opportunities arise. As at the date of this announcement, no specific investment has been identified by the Group. The net price raised per Share upon Completion will be approximately HK\$0.10 per Share.

The Directors consider that the Placing represents an opportunity to raise capital for the Company while broadening the Shareholders base and capital base of the Company. Accordingly, the Directors consider the Placing is in the interest of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising activities in the past 12 months immediately before the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement and before Completion; and (ii) immediately after Completion and the allotment and issue of the Placing Shares:

Shareholders	As at the date of this announcement and before Completion		Immediately after Completion and the allotment and issue of the Placing Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Manciple Enterprises Limited (Note 1)	360,698,238	25.24%	360,698,238	21.19%
Ms. Chan Yiu Kan Katie (Note 1)	<u>4,500,000</u>	<u>0.31%</u>	<u>4,500,000</u>	<u>0.26%</u>
Subtotal	365,198,238	25.55%	365,198,238	21.45%
Directors (Note 2)				
Hsu Tung Sheng	13,000,000	0.91%	13,000,000	0.76%
Pang Hong Tao	21,500,000	1.51%	21,500,000	1.26%
Ma She Shing, Albert	9,870,000	0.69%	9,870,000	0.58%
Au Shui Ming Anna	<u>35,500,000</u>	<u>2.48%</u>	<u>35,500,000</u>	<u>2.09%</u>
Subtotal	79,870,000	5.59%	79,870,000	4.69%
Public				
Placees	–	–	273,000,000	16.04%
Other public Shareholders	<u>984,206,842</u>	<u>68.86%</u>	<u>984,206,842</u>	<u>57.82%</u>
Subtotal	<u>984,206,842</u>	<u>68.86%</u>	<u>1,257,206,842</u>	<u>73.86%</u>
Total:	<u><u>1,429,275,080</u></u>	<u><u>100.00%</u></u>	<u><u>1,702,275,080</u></u>	<u><u>100.00%</u></u>

*Notes:*

1. Manciple Enterprises Limited, a company incorporated in the British Virgin Islands which is wholly and beneficially owed by Mr. Lau Kim Hung, Jack (“Mr. Lau”). Accordingly, Mr. Lau is deemed to be interested in 360,698,238 Shares.

Ms. Chan Yiu Kan Katie (“Ms. Chan”) owns 4,500,000 Shares by virtue of being spouse of Ms. Chan, Mr. Lau is deemed to be interested in 4,500,000 Shares held by Ms. Chan.

2. Mr. Hsu Tung Sheng, Mr. Pang Hong Tao, and Ms. Au Shui Ming, Anna are executive Directors. Mr. Ma She Shing, Albert is a non-executive Director.

## **GENERAL**

The Company will make further announcement on the result of the Placing as required under the GEM Listing Rules.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 2:30 p.m. on 8 September 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 9 September 2009.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	China Digital Licensing (Group) Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	the third Business Day on which the condition precedent is satisfied (or such later date as may be agreed between the parties hereto)

“Director(s)”	the director(s) of the Company (including the independent non-executive directors) from time to time
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company convened and held on 2 June 2009
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Date”	8 September 2009, being the last trading date for the Shares
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the Placing of 273,000,000 Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Phoenix Capital Securities Limited, a licensed corporation to carry on business in type 1 and type 2 regulated activities (dealing in securities and dealing in futures contracts) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered between the Company and the Placing Agent dated 8 September 2009 in relation to the Placing
“Placing Price”	HK\$0.105 per Placing Share
“Placing Share(s)”	an aggregate of 273,000,000 Shares to be placed pursuant to the Placing Agreement
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board  
**CHINA DIGITAL LICENSING (GROUP) LIMITED**  
**Pang Hong Tao**  
*Chairman*

Hong Kong, 8 September 2009

*As at the date of this announcement, the executive Directors are Mr. Hsu Tung Sheng, Mr. Pang Hong Tao, and Ms. Au Shui Ming, Anna. The non-executive Director is Mr. Ma She Shing, Albert. The independent non-executive Directors are Mr. Hsu William Shiu Foo, 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*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](http://www.chinadigitallic.com).*