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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)

(1) POTENTIAL ACQUISITION; (2) NON-FULFILLMENT OF PROFIT GUARANTEE; AND (3) PROFIT WARNING

This announcement is made by China Digital Licensing (Group) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

(1) POTENTIAL ACQUISITION

The board of directors (the “**Board**”) of the Company would like to inform the shareholders of the Company (the “**Shareholders**”) that the Group is in preliminary negotiation with independent third party(ies) for the potential acquisition of an equity interest in a company which engages in the marketing and agency service for sports idols in the Greater China Region, which if materialise may constitute a notifiable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules. As at the date of this announcement, no letter of intent or definitive agreement has been entered into by the Company. In the event that any written agreement has been entered into in respect of the potential acquisition, the Company will make necessary disclosure in compliance with the GEM Listing Rules.

(2) NON-FULFILLMENT OF PROFIT GUARANTEE

Reference is made to the announcement of the Company dated 18 February 2011 and the circular of the Company dated 4 May 2011 (the “**Circular**”) in relation to, among other matters, the extension of time for fulfillment of the profit guarantee provided by the Guarantor in favour of the Group in respect of the acquisition of 12% shareholding interests in Far Glory Limited. Unless otherwise stated herein, terms used in the Circular shall have the same meaning as used herein.

The Board would like to inform the Shareholders that the revised guaranteed profit (i.e. the audited average consolidated net profits after tax of the Far Glory Group for the financial years ending 31 December 2011 and 31 December 2012) of not less than HK\$15,000,000 is not likely to be fulfilled; however, the actual amount of compensation is yet to be ascertained, subject to finalization of the management accounts of the Far Glory Group for the financial year ending 31 December 2012 and the confirmation by the auditor of the Company. The Company will commence negotiation with the Vendor with regard to the settlement pursuant to the terms of the Supplemental Agreement. The Company will publish a further announcement on any update on the non-fulfillment of profit guarantee as and when appropriate.

(3) PROFIT WARNING

Further to the Company’s profit alert announcement dated 8 November 2012 and the third quarterly results announcement dated 13 November 2012 where it was disclosed that, among other things, the Group recorded a profit for the nine months ended 30 September 2012 as compared with a loss for the same period of last year, the Board wishes to inform the Shareholders and potential investors that the Group is expected to record a loss for the year ending 31 December 2012. As compared to the loss recorded for the year ended 31 December 2011, it is expected that there will be an increase in the loss which was mainly attributable to the possible impairment loss on the goodwill arising from the subsidiaries of the Company.

As the information contained in this announcement is only based on the preliminary assessment by the management of the Company with reference to the unaudited management accounts of the Group for the eleven months ended 30 November 2012 which have yet to be finalised and have not been audited by the auditor of the Company, Shareholders and potential investors are advised to read carefully the final results of the Company which is expected to be published by the end of March 2013.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 28 December 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 Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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.