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)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2008

The Board of Directors (the "Board") of A8 Digital Music Holdings Limited (the "Company") is pleased to announce the unaudited combined interim financial statements ("Interim Accounts") of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2008 together with the unaudited comparative figures for the corresponding period in 2007 as follows:

COMBINED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008 AND 2007

		For the six months ended 30 June	
		2008	2007
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenue		**329,404**	109,468
Business tax		**(5,659)**	(3,168)
Net revenue	*3*	**323,745**	106,300
Cost of services provided		**(187,960)**	(57,881)
Gross profit		**135,785**	48,419
Other income and gains, net	*3*	**1,697**	11,537
Gain arising from disposal of an equity interest in a jointly-controlled entity		**–**	5,694
Selling and marketing expenses		**(61,832)**	(28,901)
Administrative expenses		**(16,320)**	(10,103)
Other expenses		**(11,773)**	(414)
Finance costs	*4*	**(1,883)**	(2,588)
Share of profits and losses of jointly-controlled entities		**–**	162
PROFIT BEFORE TAX	*5*	**45,674**	23,806
Tax	*6*	**(7,713)**	(2,501)
PROFIT FOR THE PERIOD		**37,961**	21,305
Attributable to:			
Equity holders of the Company		**37,026**	21,360
Minority interests		**935**	(55)
		37,961	21,305
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*8*		
Basic (RMB per share)		**0.11**	N/A
Diluted (RMB per share)		**0.11**	N/A

COMBINED BALANCE SHEET
AS AT 30 JUNE 2008 AND 31 DECEMBER 2007

	Notes	**30 June 2008 (Unaudited)** *RMB'000*	31 December 2007 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**6,769**	6,832
Intangible assets		**1,794**	360
Total non-current assets		**8,563**	7,192
CURRENT ASSETS			
Accounts receivable	*9*	**108,710**	64,809
Amounts due from related parties		**–**	59,708
Prepayments, deposits and other receivables		**27,196**	21,552
Equity investments at fair value through profit or loss		**3,073**	5,711
Tax recoverable		**–**	900
Cash and cash equivalents		**245,882**	131,315
Total current assets		**384,861**	283,995
CURRENT LIABILITIES			
Accounts payable	*10*	**39,585**	18,049
Other payables and accruals		**43,851**	18,753
Amount due to a related party		**–**	3,558
Tax payable		**3,369**	–
Total current liabilities		**86,805**	40,360
NET CURRENT ASSETS		**298,056**	243,635
TOTAL ASSETS LESS CURRENT LIABILITIES		**306,619**	250,827
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**813**	813
Convertible redeemable preferred shares		**–**	68,510
Total non-current liabilities		**813**	69,323
Net assets		**305,806**	181,504
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital	*11*	**3,893**	512
Reserves		**300,958**	180,972
		304,851	181,484
Minority interests		**955**	20
Total equity		**305,806**	181,504

Notes to unaudited Interim Accounts:

1. Corporate information and group reorganisation

The Company was incorporated as A8 Music International Limited in the Cayman Islands on 2 October 2007 as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. The name of the Company was changed to A8 Digital Music Holdings Limited on 7 November 2007.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 June 2008 (the "Listing Date").

To rationalise the corporate structure in preparation for the listing of its shares on the Stock Exchange, the Company underwent a reorganisation ("Reorganisation") of which the following principal steps were implemented:

(a) On 5 May 2008, the Company subdivided each of its ordinary shares of HK$0.10 each into 10 shares of HK$0.01 each. The number of authorised and issued ordinary shares increased from 3,800,000 to 38,000,000 and from 1 to 10, respectively;

(b) On 21 May 2008, 930,000 ordinary shares of HK$0.01 each in the authorised share capital of the Company were converted into 930,000 series A convertible preferred shares of HK$0.01 each;

(c) On 22 May 2008, an instrument of transfer was signed between Mr. Liu Xiaosong ("Mr. Liu", the then sole shareholder of the Company) and Prime Century Technology Ltd. ("Prime Century", one of the then shareholders of A8 Music Group Limited ("A8 Music")), pursuant to which Mr. Liu transferred the 10 issued ordinary shares of HK$0.01 each of the Company held by him to Prime Century;

(d) On 26 May 2008, New Media Group Overseas Limited ("New Media"), a company then wholly-owned by Mr. Liu, acquired the entire issued capital of A8 Music in consideration of the issuance and allotment of its shares to the then shareholders of A8 Music, such that the shareholding structure of New Media immediately after the allotment was the same as the then shareholding structure of A8 Music; and

(e) On 26 May 2008, the Company acquired the entire issued capital of A8 Music in consideration of the Company's issued and allotted 6,449,990 ordinary shares and 930,000 series A convertible preferred shares of HK$0.01 each to the shareholders of New Media.

Upon the completion of the Reorganisation on 26 May 2008, the Company became the holding company of the companies now comprising the Group.

During the period, the Group was principally engaged in selling music content through mobile phones as ringtone, ringback tone and interactive voice response ("IVR") music.

2(a). Basis of preparation and accounting policies

These unaudited Interim Accounts have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These unaudited Interim Accounts should be read in conjunction with the accountants' report included in the prospectus of the Company dated 28 May 2008.

These unaudited Interim Accounts have been prepared under the historical cost convention, except for equity investments at fair value through profit or loss which has been measured at fair value.

Impact of new and revised International Financial Reporting Standards

The accounting policies adopted in the preparation of the unaudited Interim Accounts are consistent with those followed in the preparation of the Company's accountants' report included in the prospectus of the Company dated 28 May 2008, except in relation to the following new and revised International Financial Reporting Standards ("IFRSs") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that affect the Group and are adopted for the first time for the current period's financial statements.

IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions
IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC 11 requires arrangements whereby an employee is granted rights to an entity's equity instruments, to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The adoption of this Interpretation did not have any effect on the financial position or performance of the Group.

IFRIC 14 provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee Benefits. As the Group currently has no defined benefit schemes, the adoption of this Interpretation did not have any effect on the financial position or performance of the Group.

2(b). Segment information

Over 90% of the Group's revenue and assets are generated from providing music and non-music services to mobile users and over 90% of the Group's revenue is derived from customers based in Mainland China. The Board of the Company considers that the Group's activities constitute one business segment since these activities are related and subject to common risks and returns. Accordingly, neither business nor geographical segment information is presented in accordance with IAS 14 *Segment Reporting*.

3. Revenue, other income and gains, net

Revenue represents the net invoiced value and estimated value of services rendered.

An analysis of revenue and other income and gains, net, is as follows:

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Ringtone services	**63,487**	27,154
Ringback tone services	**167,503**	28,250
IVR music	**6,269**	6,128
Other music related services	**6,789**	7,014
Non-music related services	**85,356**	40,922
	329,404	109,468
Less: Business tax	**(5,659)**	(3,168)
Net revenue	**323,745**	106,300
Other income and gains, net		
Government grant	**1,000**	–
Interest income	**583**	721
Gain on disposal of investments at fair value through profit or loss	**59**	385
Rendering of value-added services of mobile phone cards	**–**	5,772
Realisation of an unrealised gain arising from a transfer of assets from Shenzhen Huadong Feitian Network Development Co., Ltd. to a jointly-controlled entity	**–**	1,450
Fair value gain on investments at fair value through profit or loss	**–**	1,445
Management fee income	**–**	900
Fair value gain on derivative financial instruments	**–**	434
Exchange gain	**–**	196
Gain on disposal of subsidiaries	**–**	24
Dividend income from investments at fair value through profit or loss	**–**	6
Others	**55**	204
	1,697	11,537

4. **Finance costs**

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest expenses on convertible redeemable preferred shares	**1,661**	2,032
Amortisation of transaction costs	**222**	556
	1,883	2,588

5. **Profit before tax**

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Depreciation	**1,507**	1,137
Amortisation	**59**	55

6. **Tax**

An analysis of income tax charges for the six months ended 30 June 2008 and 2007 are shown as follows:

	For the six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Group		
Current – PRC		
Charge for the period	**7,713**	2,501

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2008 and 2007 respectively.

The income tax for the subsidiaries operating in Mainland China is calculated at the prevailing tax rates based on existing legislation, interpretations and practices in respect thereof.

7. **Interim dividend**

The Board does not recommend the payment of an interim dividend in respect of the six months ended 30 June 2008 (2007: Nil).

8. Earnings per share

(a) Earnings per share information for the six months ended 30 June 2007 was not disclosed as the disclosure is not considered meaningful prior to the Reorganisation as disclosed in note 1 above.

(b) The calculation of the basic earnings per share for the six months ended 30 June 2008 is based on the Group's profit attributable to equity holders of the Company of RMB37,026,000 and the weighted average number of ordinary shares in issue during the six months ended 30 June 2008 of 327,777,000, on the assumption that the Reorganisation and the capitalisation issue had been completed on 1 January 2008 and 12 June 2008, respectively.

(c) The calculation of diluted earnings per share for the six months ended 30 June 2008 is based on the Group's profit attributable to equity holders of the Company of RMB37,026,000 as used in the basic earnings per share calculation. The weighted average number of ordinary shares used in the calculation is the 327,777,000 ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average of 2,565,000 ordinary shares assumed to have been issued at no consideration on the deemed exercise of dilutive potential ordinary shares into ordinary shares.

9. Accounts receivable

An aged analysis of the accounts receivable as at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	30 June 2008 (Unaudited) ***RMB'000***	31 December 2007 (Audited) *RMB'000*
Neither past due nor impaired:		
Within 1 month	**41,624**	29,091
1 to 2 months	**32,080**	13,658
2 to 3 months	**18,269**	7,282
3 to 4 months	**5,329**	6,100
Past due but not impaired:		
4 to 6 months	**6,279**	5,121
Over 6 months	**5,129**	3,557
	108,710	64,809

The Group has no formal credit period communicated to its customers but the customers usually settle the amounts due to the Group within a period of 30 to 120 days.

10. Accounts payable

An aged analysis of the accounts payable as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008 (Unaudited) ***RMB'000***	31 December 2007 (Audited) *RMB'000*
Within 1 month	**17,513**	8,576
1 to 3 months	**14,737**	7,073
4 to 6 months	**5,947**	702
Over 6 months	**1,388**	1,698
	39,585	18,049

11. Share capital

Shares

	30 June 2008 (Unaudited) *RMB'000*	31 December 2007 (Audited) *RMB'000*
Authorised:		
3,000,000,000 (2007: 7,700,000) ordinary shares of HK$0.01 each (2007: US$0.01 each)	**26,513**	593
Issued and fully paid:		
440,528,000 (2007: 6,450,000) ordinary shares of HK$0.01 each (2007: US$0.01 each)	**3,893**	512

12. Post balance sheet event

On 4 July 2008, pursuant to the exercise of the over-allotment option on 2 July 2008 as referred to in the prospectus of the Company dated 28 May 2008 and the Company's announcement dated 3 July 2008, 5,760,000 additional new ordinary shares with par value HK$0.01 each were issued and allotted by the Company at HK$1.9 per share with gross proceeds of approximately HK$10,944,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Revenue and profit attributable to equity holders of the Company

For the six months ended 30 June 2008, the revenue of the Group amounted to approximately RMB329.4 million, representing an increase of approximately 201% as compared with the same period in 2007 (2007: approximately RMB109.5 million).

For the six months ended 30 June 2008, the profit attributable to equity holders of the Company amounted to approximately RMB37.0 million, representing an increase of approximately 73% as compared with the same period in 2007 (2007: approximately RMB21.4 million). There was an one-off listing expenses of approximately RMB9.0 million incurred during the six month ended 30 June 2008 and an one-off disposal gain of approximately RMB5.7 million during the same period in 2007. Excluding these one-off expenses and income, the net profits generated from core business attributable to equity holders of the Company was approximately RMB46.0 million (2007: approximately RMB15.7 million), representing an increase of approximately 193%.

The rapid growth in revenue was due to the strong growth of the mobile music industry in China. The Color Ring (or Ringback tone) subscription has increased by 99.8%, from 300 million times to 600 million times for the six months ended 2008 as compared to the same period in 2007, based on China Mobile's 2008 interim results.

In addition, it was mainly due to the successful execution of our integrated marketing strategies on new media (i.e. internet and mobile), as well as on traditional media (i.e. TV and radio). It was also attributable to a nationwide exclusive partnership event with one of the major mobile operators, as the sole organizer and promoter, for the "Happy Chinese New Year" event held from January to March 2008. This was one of the festival events held during the year, among which the Group had also participated in "Use Music to Move Olympics" and other events.

Cost of services provided

For the six months ended 30 June 2008, the cost of services provided by the Group amounted to approximately RMB188.0 million, representing an increase of approximately 225% as compared with the same period in 2007 (2007: approximately RMB57.9 million), which is consistent with the growth of the revenue.

The cost of services provided mainly comprises revenue share with mobile operators and business alliances, and other costs such as music copyrights and direct labor costs.

Revenue share with mobile operators were charged from 15% to 50% of the total revenue received from mobile users and it was averaged at approximately 31% of the total revenue for the six months ended 30 June 2008 (2007: approximately 27%). Revenue share with business alliances averaged at approximately 23% of the total revenue for the six months ended 30 June 2008 (2007: approximately 20%).

Gross profit

For the six months ended 30 June 2008, the gross profit of the Group amounted to approximately RMB135.8 million, representing an increase of approximately 180% as compared with the same period in 2007 (2007: approximately RMB48.4 million).

The overall gross profit margin of the Group decreased from approximately 44% to 41%. Such decrease was mainly due to the increase in revenue share with business alliances in order to enhance the Group's market share and the shift of significance of product mix from ringtones to ringback tones which were charged at a higher revenue sharing rate by the mobile operators.

Combining the selling and marketing expenses and the cost of services provided, the adjusted total cost of sales for the six months ended 30 June 2008 was approximately RMB249.8 million (2007: approximately RMB86.8 million). It represented a gross profit including selling and marketing expenses of approximately RMB74.0 million (2007: approximately RMB19.5 million). The gross profit margin including selling and marketing expenses was approximately 22% for the six months ended 30 June 2008 (2007: approximately 18%), representing an increase of 4% as compared with the same period in 2007.

Other income and gains

For the six months ended 30 June 2008, the other income and gains of the Group was approximately RMB1.7 million, representing a decrease of approximately 85% as compared with the same period in 2007 (2007: net gain of approximately RMB11.5 million).

The decrease was mainly due to the termination of a non-recurring project with one of the mobile operators which contributed approximately RMB5.8 million for the six months ended 30 June 2007.

Selling and marketing expenses

For the six months ended 30 June 2008, the selling and marketing expenses of the Group amounted to approximately RMB61.8 million, representing an increase of approximately 114% as compared with the same period in 2007 (2007: approximately RMB28.9 million), which is consistent with the growth of the revenue.

Administrative expenses

For the six months ended 30 June 2008, the administrative expenses of the Group amounted to approximately RMB16.3 million, representing an increase of approximately 61% as compared with the same period in 2007 (2007: approximately RMB10.1 million).

The increase was mainly due to the increase of professional expenses amounted to approximately RMB3.2 million and the increase of employee expenses resulting from the increase of approximately 15% headcount for the six months ended 30 June 2008 as compared with the same period in 2007.

Other expenses

For the six months ended 30 June 2008, the other expenses of the Group amounted to approximately RMB11.8 million, representing an increase of approximately 2850% as compared with the same period in 2007 (2007: approximately RMB0.4 million).

The increase was mainly due to the one-off listing expenses amounted to approximately RMB9.0 million.

Finance costs

For the six months ended 30 June 2008, the finance costs of the Group amounted to approximately RMB1.9 million, representing a decrease of approximately 27% as compared with the same period in 2007 (2007: approximately RMB2.6 million).

The decrease was mainly due to the termination of the accrued interest expenses of the convertible redeemable preferred shares upon listing of the Company's shares on the Listing Date.

Tax

For the six months ended 30 June 2008, the tax of the Group amounted to approximately RMB7.7 million, representing an increase of approximately 208% as compared with the same period in 2007 (2007: approximately RMB2.5 million).

The effective tax rate of the Group increased to approximately 16.9% (2007: approximately 11.0%) in the reporting period. As a result of the new enterprise income tax law in China, the statutory tax rates are 9%, 18% and 25% in the respective operating companies of the Group for 2008 (2007: 0%, 7.5%, 15% and 33% respectively). Fluctuations in the effective tax rate and deviation from standard rate are primarily due to the combined effect of the tax exemptions and tax reduction enjoyed by certain subsidiaries of the Group. The increase in the effective tax rate was mainly due to the termination or revision of various types of preferential tax treatment that the subsidiaries of the Group enjoyed in the same period of 2007 and this had a negative impact on the financial performance of the Group.

Use of proceeds

The Company raised approximately HK$152 million and HK$10.9 million of gross proceeds through the initial public offer of the Company ("IPO") and the exercise of the over-allotment option on the Listing Date and 2 July 2008, respectively. As described in the prospectus of the Company dated 28 May 2008, the intended use of proceeds is as follows:

– potential acquisitions that offer synergy with the current business operation of the Group;

– further developing A8 Box;

– integrating the Group's business with the introduction of 3G mobile technology;

– upgrading the interactive User Generated Platform ("UGC Platform") www.a8.com;

– promoting the UGC Platform;

– promoting the original independently produced music content; and

– providing additional working capital for the Group.

Since the IPO of the Company was close to the end of the reporting period, the proceeds had not yet been utilized as at 30 June 2008. Going forward, the Company expects to carry out its business plan with the gross proceeds as intended in the prospectus.

Business Outlook

In the second half of 2008, we expect the strong growth from the first half of 2008 will continue.

We noted from China Mobile's 2008 interim results that the number of mobile subscribers had increased by 24.7% to 414.6 million for the six months ended 30 June 2008 as compared to the same period last year. The Color Ring (or Ringback tone) subscription has increased by 99.8% (from 300 million times to 600 million times). It showed that the mobile music has been continuing growing at a strong pace in China.

In addition, we have a very healthy balance sheet with approximately RMB245.9 million cash and cash equivalents on hand and we have no debts.

Together with the China telecom industry restructuring and the launch of 3G services in the near future, we believe that mobile music will continue to be a very popular service and a major growth driver in the revenue of mobile related services, thus it has created a very favorable business environment for our future growth.

UGC Platform

The Group has successfully completed the "2007 Annual Original Music Competition", in which top 20 songs were selected for final out of over 4,000 submitted original independently created songs. The award ceremony was jointly held with the Municipal Government of Shenzhen on 18 June 2008. It was broadcasted and reported by over 70 media across the country, including major internet websites such as Sina, Tencent and Sohu, newspapers such as South Daily and Guangzhou Daily, television channels such as Hunan Satellite TV, Shenzhen Satellite TV and Guangdong Radio, etc.

In the first half of 2008, the revenue generated from UGC Platform accounted for approximately 35% of the total music and music related revenue of the Group and it is expected to generate about 45% of the Group's revenue for the full year of 2008. The most popular UGC song 寂寞才説愛 had been downloaded as ringback tone around 11.7 million times, which was nearly 50% more than the most downloaded song in the year 2007.

In the second half of 2008, we are planning to improve and enhance the user experience and interface on our UGC Platform www.a8.com. We will target promote the selected 20 songs from the 2007 Annual Original Music Competition.

With the number of registered users and the Annual Original Music Competition, it will set a strong foundation and the leading position of our UGC Platform in China.

A8 Box

In the second half of 2008, more advanced functions of A8 Box will be released. We plan to launch the Humming Song Recognition, PC Version with auto synchronization, A8 Box's Symbian touch screen version, Music Video and music related news support. A8 box will also support Nokia S60 and will be 3G compatible.

We aim to have 3 to 5 million new handsets embedded in our A8 Box shipped during the second half of 2008.

Interim Dividend

The Board does not recommend the payment of an interim dividend for 2008. The recommendation on the payment of a final dividend for the year ending 31 December 2008 may be made after the completion of a detailed review of the Group's capital requirements for its existing businesses and potential investment opportunities and when the full-year results are available.

Liquidity and Financial Resources

As at 30 June 2008, approximately RMB122.2 million, or 49.7% of the Group's total cash and cash equivalents were denominated in Renminbi. Approximately RMB244.9 million, or 99.6% of the Group's total cash and cash equivalents were placed in current deposits accounts.

As at 30 June 2008, the Group did not have any borrowing and debts.

The Group's exposure to changes in interest rate is mainly attributable to its term deposits placed with banks. The Group mainly operates in the mainland China with most of the transactions settled in RMB.

As at 30 June 2008, the Group did not have any derivative for hedging against both the interest and exchange rate risks.

Charges and Contingent Liabilities

As at 30 June 2008 and 31 December 2007, the Group had no charges on its assets and no material contingent liabilities.

Human Resources

As at 30 June 2008, the Group employed 271 employees. Total employee costs for the six months ended 30 June 2008, including directors' emoluments, amounted to approximately RMB17.3 million (2007: approximately RMB10.8 million). The Group's employment and remuneration policies remain the same as those described in the prospectus of the Company dated 28 May 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

From the Listing Date to 30 June 2008, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities. In addition, the Company has not repurchased any of its listed securities during the period.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

From the Listing Date to 30 June 2008, all the code provisions set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules were met by the Company, except in respect of one code provision providing for the roles of chairman and chief executive officer to be performed by different individuals.

Mr. Liu Xiaosong has over 15 years of experience in the technology, media and telecommunication industry and is responsible for overall management and strategic planning of the Group. The Board considers Mr. Liu, the chairman of the Board and chief executive officer of the Company, is able to lead the Board in major business decisions making for the Group. Therefore, Mr. Liu has the dual roles of the chairman of the Board and chief executive officer of the Company despite deviation from provision A.2.1 of the CG Code contained in Appendix 14 of the Listing Rules during the reporting period.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the "Code of Conduct for Securities Transactions by Directors of the Company" ("Own Code") which covers the "Model Code for Securities Transactions by Directors of Listed Issuers" ("Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct governing the directors' dealings in the Company's securities. Having made specific enquiries with all the directors of the Company, they all confirmed that they have complied with the required standards set out in the Own Code (covering the Model Code) throughout the period under review.

AUDIT COMMITTEE

The audit committee, which comprises three independent non-executive directors of the Company, has reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters. The audit committee has reviewed the Group's unaudited Interim Accounts for the six months ended 30 June 2008.

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

Hong Kong, 17 September 2008

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Liu Xiaosong, Ms. Ho Yip, Betty and Mr. Lin Yizhong, two non-executive Directors, namely Mr. Zhong Xiaolin and Mr. Li Wei and three independent non-executive Directors, namely Mr. Hui, Harry Chi, Mr. Song Yong Hua and Mr. Chan Yiu Kwong.