

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

Discloseable Transaction

Entering Into Main Construction Contract for A8 Building

The Board is pleased to announce that Huadong Feitian entered into the Main Construction Contract on 21 April 2011 with China Construction Second Engineering Bureau for the construction of A8 Building (also known as the Digital Music Hub of Southern China) for an aggregate Consideration of RMB 91,377,071.90 (equivalent to approximately HK\$ 107,502,437.53).

As the applicable percentage ratio as set out in the Listing Rules is more than 5% but less than 25%, the transaction contemplated under the Main Construction Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly this announcement is issued by the Company to the Shareholders as required under the Listing Rules.

THE MAIN CONSTRUCTION CONTRACT

Date:	21 April 2011
Contracting parties:	
Contractor:	China Construction Second Engineering Bureau
Developer:	Huadong Feitian (a wholly-owned subsidiary of the Company)
Consideration:	RMB 91,377,071.90 (equivalent to approximately HK\$107,502,437.53)
Construction period:	From 25 April 2011 to 24 November 2011
Subject of Construction:	The land situated at Lot No. T204-0111, Southern District of Hi-Tech Park, Nanshan District, Shenzhen, Guangdong Province, PRC with a total site area of approximately 4,745.5 sq.m is to be used for the construction of A8 Building (also known as the Digital Music Hub of Southern China). The Subject of Construction is the Main Construction Works of A8 Building.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, China Construction Second Engineering Bureau and its ultimate beneficial owners are independent third parties and not Connected Persons of the Company or their respective associates (as defined in the Listing Rules).

The Consideration of RMB 91,377,071.90 (equivalent to approximately HK\$107,502,437.53) to be paid by the Group for the Main Construction Works includes costs for the construction works as set out in the drawings, foundation works, construction and installation works for the basement parts, construction and installation works for the overground parts, chilled water storage works, decoration works for public areas, construction and installation works for outdoor areas, installation works of prefabricated parts for the curtain wall, equipments (chillers, generators, high and low voltage power distribution cabinets, floor air conditioning units, etc.) installation and coordination cost, and management and coordination cost of designated sub-contracting projects such as curtain wall, fine decoration and elevators.

The estimated total construction cost for A8 Building is tentatively fixed at RMB218,456,631 (equivalent to approximately HK\$257,007,801), among which, RMB91,377,071.90 (equivalent to approximately HK\$107,502,437.53) is to be paid to China Construction Second Engineering Bureau for the Main Construction Works. The rest of the costs will be applied to other designated sub-contracting works such as fine decoration works, curtain wall design, landscape and greenery works, fire protection engineering works, weak current engineering works, purchase and installation of elevators, purchase of equipments and so on. Huadong Feitian will enter into a tripartite contract with China Construction Second Engineering Bureau and the designated sub-contractors agreeing that China Construction Second Engineering Bureau is responsible for the overall management of construction works and Huadong Feitian will undertake the payment obligations towards the designated sub-contractors.

Payments of the Consideration:

1. Within ten days after signing of the Main Construction Contract, China Construction Second Engineering Bureau, the general contractor of the construction, will provide a performance guarantee for the Main Construction Works, being 10% of the Consideration, i.e. RMB 9,137,707.19 (equivalent to approximately HK\$10,750,243.75);
2. Prepayment: within ten days after the signing of the Main Construction Contract and upon provision of the above performance guarantee by China Construction Second Engineering Bureau, Huadong Feitian will make payment to China Construction Second Engineering Bureau in the amount of 10% of the Consideration, i.e. RMB9,137,707.19(equivalent to approximately HK\$10,750,243.75);
3. Progress payments: before topping out of the main building of A8 Building ,Huadong Feitian will make payment by way of instalments in accordance with work progress, i.e. payment will be made at four stages of (i) after completion of the basement construction, (ii) after completion of the podium level construction, (iii) after completion of the sixteenth floor construction and (iv) after top-out of A8 Building. After topping out of the A8 Building, Huadong Feitian will make monthly payment based on the progress of construction works.

The Directors consider that since the construction project is awarded to the winning bidder by way of open tender, the consideration to be paid for the construction project is fair. The Directors are of the view that the terms of the Main Construction Contract are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Consideration will be funded by internal cash resources of the Group or bank loans if deemed necessary by the Company.

INFORMATION OF THE GROUP, HUADONG FEITIAN AND CHINA CONSTRUCTION SECOND ENGINEERING BUREAU

The Group principally engages in the business of digital music. It sources its music contents from its own highly successful interactive UGC platform, www.a8.com, as well as from international and domestic record labels, and sells the music contents to mobile phone users in the PRC.

Huadong Feitian, a limited liability company established in the PRC which is indirectly controlled by the Company through structure contracts, is principally engaged in the business of, among others, research and development of computer hardware and software and information networking systems, advertising businesses and value-added services for telecommunications.

China Construction Second Engineering Bureau is a wholly-owned subsidiary of the China State Construction Engineering Corporation (中國建築股份有限公司) (China State Construction Engineering Corporation is a listed company managed by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) and was ranked no.187 by Fortune 500 in 2010 and ranked no.14 by Top 500 Chinese Enterprises in 2010). With a registered capital of RMB1,188,570,000 (equivalent to approximately HK\$1,398,317,647), and an incorporation history tracing back to 1952 and known formerly as “South-Eastern Field Infantry Division No.99 of the People’s Liberation Army of the PRC”, China Construction Second Engineering Bureau is a large scale development and construction enterprise with national special-grade qualification as main contractor for construction of housing projects, and first-class qualification as main contractor for municipal works projects, steel structures projects and the construction and development projects of roadbed.

REASONS FOR AND BENEFIT OF THE TRANSACTION

After the acquisition in December 2008 of the land use rights for the land where the A8 Building is situated, the Group is required to commence and complete the construction within the time limit in accordance with the relevant agreement. The Main Construction Works are the major construction works of the A8 Building required to be carried out by the Company after obtaining approvals for the building plan.

It is anticipated that the major construction works will be completed in October 2012 and following completion of the development and construction of the A8 Building, in addition to the use of part of the A8 Building by the Group itself as office, A8 Building is also intended to be used as the base for the digital music industry of the southern district of China to promote and facilitate the development of the digital music industry of the southern district of China.

IMPLICATION UNDER THE LISTING RULES

As the applicable percentage ratio as set out in the Listing Rules is more than 5% but less than 25%, the transaction contemplated under the Main Construction Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, this announcement is issued by the Company to the Shareholders as required under the Listing Rules.

DEFINITIONS:

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

“Board”	the board of Directors of the Company
“China Construction Second Engineering Bureau”	China Construction Second Engineering Bureau Ltd., a limited liability company established in the PRC on 9 December 1980, with national special-grade qualification as main contractor for construction of housing projects, and first-class qualification as main contractor for municipal works projects, steel structures projects and the construction and development projects of roadbed
“Company”	A8 Digital Music Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 2 October 2007 which was listed on the Main Board of the Stock Exchange (Stock Code: 800)
“Connected Person(s)”	has the meaning ascribed the term under the Listing Rules
“Consideration”	the aggregate consideration of RMB91,377,071.90 (equivalent to approximately HK\$107,502,437.53) for the Main Construction Works for the A8 Building payable to China Construction Second Engineering Bureau under the Contract
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huadong Feitian”	Shenzhen Huadong Feitian Network Development Co., Ltd., a limited liability company established in the PRC on 22 May 2000 and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Main Construction Contract”	the contract entered into between Huadong Feitian and China Construction Second Engineering Bureau dated 21 April 2011 for the construction of A8 Building (also known as the Digital Music Hub of Southern China)
“Main Construction Works of A8 Building” or “Main Construction Works”	the main construction works of A8 Building (also known as the Digital Music Hub of Southern China), located at Southern District of Hi-Tech Park, Nanshan District, Shenzhen, Guangdong Province, the PRC with a total site area of approximately 4,745.5 sq.m
“PRC” or “China”	the People’s Republic of China, and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the Shares of the Company
"Share(s)"	share(s) of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage
“sq.m”	square meter, the measurement unit of land area in the PRC

In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB0.85 = HK\$1 for the purpose of illustration.

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

Hong Kong, 21 April 2011

As at the date of this announcement, the Board of the Company comprises :

- (1) Executive Director Mr. Liu Xiaosong;*
- (2) Non-Executive Directors namely Mr. Li Wei and Ms. Ho Yip, Betty; and*
- (3) Independent Non-Executive Directors namely Mr. Chan Yiu Kwong, Mr. Hui, Harry Chi and Mr. Zeng Liqing.*