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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)

**CONNECTED TRANSACTIONS
IN RELATION TO
THE DISPOSALS OF BEIJING HAIDE AND BEIJING ZHENGSHANGYOU**

THE BEIJING HAIDE DISPOSAL

The Board is pleased to announce that on 28 April 2011, Jiangsu Guangshi, a wholly-owned subsidiary of the Company, entered into the Beijing Haide Share Transfer Agreement with Shenzhen Technology, pursuant to which Jiangsu Guangshi agreed to sell and Shenzhen Technology agreed to purchase the 100% equity interest of Jiangsu Guangshi in Beijing Haide, representing the entire issued share capital of Beijing Haide.

THE BEIJING ZHENGSHANGYOU DISPOSAL

The Board is also pleased to announce that on 28 April 2011, Fuzhou Zhuolong, a wholly-owned subsidiary of the Company, entered into the Beijing Zhengshangyou Share Transfer Agreement with Shenzhen Technology, pursuant to which Fuzhou Zhuolong agreed to sell and Shenzhen Technology agreed to purchase the 80% equity interest of Fuzhou Zhuolong in Beijing Zhengshangyou, representing 80% of the entire issued share capital of Beijing Zhengshangyou.

CONNECTED TRANSACTIONS

Given that (1) Mr. Liu is currently an executive Director and a Substantial Shareholder and thus a Connected Person; and (2) Shenzhen Technology owned as to 80% by Mr. Liu is an associate of Mr. Liu under the Listing Rules and thus a Connected Person, both the Beijing Haide Disposal and the Beijing Zhengshangyou Disposal constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios set out in the Listing Rules in respect of (1) each of the Beijing Haide Disposal and the Beijing Zhengshangyou Disposal and (2) the aggregate value of the Beijing Haide Disposal and the Beijing Zhengshangyou Disposal exceed 0.1% but are less than 5%, the Beijing Haide Disposal and the Beijing Zhengshangyou Disposal are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement.

THE BEIJING HAIDE DISPOSAL

On 28 April 2011, Jiangsu Guangshi, a wholly-owned subsidiary of the Company, entered into the Beijing Haide Share Transfer Agreement with Shenzhen Technology, pursuant to which Jiangsu Guangshi agreed to sell and Shenzhen Technology agreed to purchase the 100% equity interest of Jiangsu Guangshi in Beijing Haide, representing the entire issued share capital of Beijing Haide.

THE BEIJING HAIDE SHARE TRANSFER AGREEMENT

The principal terms of the Beijing Haide Share Transfer Agreement are set out below:-

Date:

28 April 2011

Parties:

Vendor: Jiangsu Guangshi (a wholly-owned subsidiary of the Company)

Purchaser: Shenzhen Technology (a Connected Person of the Company)

Subject Company:

Beijing Haide Zhongshi Cultural Broadcasting Co., Ltd. (北京海德中世文化傳媒有限公司) is a company incorporated under the laws of the PRC with a registered capital of RMB1,000,000 (equivalent to approximately HK\$1,176,471). Immediately prior to the completion of the share transfer of Beijing Haide, the equity interest of Beijing Haide is owned as to 100% by the Company.

Assets to be disposed of:

100% equity interest in Beijing Haide.

Consideration:

The consideration for the Beijing Haide Disposal is RMB100,000 (equivalent to approximately HK\$117,647), which was determined based on the valuation report on which figures show that the total debts exceeded the total assets as a result of the financial loss suffered by Beijing Haide in recent years and the negotiation results between Jiangsu Guangshi and Shenzhen Technology.

Payment:

The consideration will be paid by Shenzhen Technology in cash by two installments, 40% of which will be settled within 10 business days from the date of signing the Beijing Haide Share Transfer Agreement, and 60% of which will be settled within 30 business days from the completion of procedures for amendment of the records at the Industry and Commerce Bureau if Shenzhen Technology has obtained the amended business license in relation thereto.

Completion:

Completion shall take place immediately after the relevant government authorities have unconditionally approved the change of shareholders and shareholding of Beijing Haide and the amendments of the Articles of Beijing Haide in relation thereto. After completion of the

Beijing Haide Disposal, the Company and the Group will no longer hold any equity interest in Beijing Haide and Beijing Haide will cease to be a subsidiary of the Company.

THE BEIJING ZHENGSHANGYOU DISPOSAL

On 28 April 2011, Fuzhou Zhuolong, a wholly-owned subsidiary of the Company, entered into the Beijing Zhengshangyou Share Transfer Agreement with Shenzhen Technology, pursuant to which Fuzhou Zhuolong agreed to sell and Shenzhen Technology agreed to purchase the 80% equity interest of Fuzhou Zhuolong in Beijing Zhengshangyou, representing 80% of the entire issued share capital of Beijing Zhengshangyou.

THE BEIJING ZHENGSHANGYOU SHARE TRANSFER AGREEMENT

The principal terms of the Beijing Zhengshangyou Share Transfer Agreement are set out below:-

Date:

28 April 2011

Parties:

Vendor: Fuzhou Zhuolong (a wholly-owned subsidiary of the Company)

Purchaser: Shenzhen Technology (a Connected Person of the Company)

Subject Company:

Beijing Zhengshangyou Cultural Broadcasting Co., Ltd. (北京錚尚游文化傳播有限公司) is a company incorporated under the laws of the PRC with a registered capital of RMB1,000,000 (equivalent to approximately HK\$1,176,471). Immediately prior to the completion of the share transfer of Beijing Zhengshangyou, the equity interest of Beijing Zhengshangyou is owned as to 80% by the Company.

Assets to be disposed of:

80% equity interest in Beijing Zhengshangyou.

Consideration:

The consideration for the Beijing Zhengshangyou Disposal is RMB4,700,000 (equivalent to approximately HK\$5,529,412), which was determined based on the valuation report on Beijing Zhengshangyou taking into account of the potential future economic benefits which Beijing Zhengshangyou could bring to its shareholders and after arm's length negotiation between Fuzhou Zhuolong and Shenzhen Technology.

Payment:

The consideration will be paid by Shenzhen Technology in cash by three installments, 30% of which will be settled within 10 business days from the date of signing the Beijing Zhengshangyou Share Transfer Agreement, 60% of which will be settled within 30 business days from the completion of procedures for amendment of the records at the Industry and Commerce Bureau if Shenzhen Technology has obtained the amended business license in relation thereto, and the remaining 10% will be fully settled within half year from the date of signing the Beijing Zhengshangyou Share Transfer Agreement.

Completion:

Completion shall take place immediately after the relevant government authorities have unconditionally approved the change of shareholders and shareholding of Beijing Zhengshangyou and the amendments of the Articles of Beijing Zhengshangyou in relation thereto. After completion of the Beijing Zhengshangyou Disposal, the Company and the Group will no longer hold any equity interest in Beijing Zhengshangyou and Beijing Zhengshangyou will cease to be a subsidiary of the Company.

FINANCIAL INFORMATION ON BEIJING HAIDE AND BEIJING ZHENGSHANGYOU

The audited losses (both before and after taxation and extraordinary items) of Beijing Haide for the two fiscal years ended 31 December 2009 and 31 December 2010 were approximately RMB652,757 (equivalent to approximately HK\$767,949) and RMB611,589 (equivalent to approximately HK\$719,516) respectively.

The audited net asset of Beijing Haide as at 31 December 2009 was approximately RMB347,243 (equivalent to approximately HK\$408,521) and Beijing Haide recorded a negative audited net asset of RMB264,346 (equivalent to a negative value of approximately HK\$ 310,995) as at 31 December 2010.

The audited loss of Beijing Zhengshangyou for the fiscal year ended 31 December 2010 before taxation and extraordinary items was approximately RMB 1,290,675 (equivalent to approximately HK\$1,518,441) and after taxation and extraordinary items was approximately RMB1,500,478 (equivalent to approximately HK\$1,765,269).

The audited net asset of Beijing Zhengshangyou as at 31 December 2010 was approximately RMB218,671 (equivalent to approximately HK\$257,260).

The Company acquired Beijing Zhengshangyou in August 2010 and has held it for a period of less than 12 months, and the original purchase consideration of Beijing Zhengshangyou by the Company was approximately RMB4,300,000 (equivalent to approximately HK\$5,058,824).

INFORMATION ON THE COMPANY, JIANGSU GUANGSHI, BEIJING HAIDE, FUZHOU ZHUOLONG, BEIJING ZHENGSHANGYOU AND SHENZHEN TECHNOLOGY

The Company principally engages in the business of digital music. It sources its music content from its own interactive platform, www.a8.com, as well as from other international and domestic record labels, and sells the music content to mobile phone subscribers in the PRC.

Jiangsu Guangshi is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company. The principal business of Jiangsu Guangshi is the provision of mobile value-added services.

Beijing Haide is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company immediately before the Beijing Haide Disposal. The principal business of Beijing Haide is to provide and arrange cultural and art activities.

Fuzhou Zhuolong is a limited liability company incorporated in the PRC and an indirect

wholly-owned subsidiary of the Company. The principal business of Fuzhou Zhuolong is the provision of mobile value-added services.

Beijing Zhengshangyou is a limited liability company incorporated in the PRC and a subsidiary of the Company indirectly held as to 80% by the Company immediately before the Beijing Zhengshangyou Disposal. The principal business of Beijing Zhengshangyou is the provision of mobile value-added services such as the E-reading services.

Shenzhen Technology is a limited liability company newly incorporated in the PRC and held as to 80% by Mr. Liu and 20% by Mr. Du Yi (a previous employee of the Company). The principal business of Shenzhen Technology is the research and development of computing hardware and software and information technology system and to provide sale and maintenance services to the technology developed and acquired.

REASONS FOR THE BEIJING HAIDE DISPOSAL AND THE BEIJING ZHENGSHANGYOU DISPOSAL

As disclosed in the 2010 annual report of the Company, the Group will be focusing on the following businesses: (1) Music and music related business; and (2) distributing various applications developed by other providers outside the Group through the strong distribution channels and marketing capacity of the Group. The core business operated by Beijing Haide and Beijing Zhengshangyou is the development and operations of E-reading application, which is not in line with the Group's main field. Meanwhile, such E-reading business has not made profit till now and still need continuous investment in the future. Thus, the Group decides to dispose Beijing Haide and Beijing Zhengshangyou. The proceeds from the Beijing Haide Disposal and the Beijing Zhengshangyou Disposal, after deducting any related expenses, will be applied as general working capital of the Group.

The terms of the Beijing Haide Share Transfer Agreement and the Beijing Zhengshangyou Share Transfer Agreement are on normal commercial terms and have been arrived at after arm's length negotiation between the parties thereto. The Directors (including the independent non-executive Directors) consider that the terms of the Beijing Haide Share Transfer Agreement and the Beijing Zhengshangyou Share Transfer Agreement are fair and reasonable and that the entering into of the Beijing Haide Share Transfer Agreement and the Beijing Zhengshangyou Share Transfer Agreement is in the interests of the Company and its Shareholders as a whole.

Save for Mr. Liu, all the Directors have confirmed that none of them has any material interest in the Beijing Haide Disposal and the Beijing Zhengshangyou Disposal and therefore no Director (except Mr. Liu) is required to abstain from voting at the board meeting to approve the Beijing Haide Disposal and the Beijing Zhengshangyou Disposal.

FINANCIAL IMPLICATIONS OF THE BEIJING HAIDE DISPOSAL AND BEIJING ZHENGSHANGYOU DISPOSAL

The gain, before transaction costs and expenses, arising from the Beijing Haide Disposal is estimated to be approximately RMB494,302 (equivalent to approximately HK\$581,532), being the difference between the consideration of the Beijing Haide Disposal and the negative unaudited net asset book value of it of approximately RMB394,302 (equivalent to a negative value of approximately HK\$463,885) as at 31 March 2011.

The gain, before transaction costs and expenses, arising from the Beijing Zhengshangyou Disposal is estimated to be approximately RMB144,762 (equivalent to approximately HK\$170,308), being the difference between the consideration of Beijing Zhengshangyou

Disposal and (1) the unaudited net asset book value of it of approximately RMB326,401 (equivalent to approximately HK\$384,001) as at 31 March 2011; (2) the net book value of the intangible asset of it of approximately RMB2,033,762 (equivalent to approximately HK\$2,392,662) as at 31 March 2011 and (3) the net book value of the goodwill of it of approximately RMB2,195,075 (equivalent to approximately HK\$2,582,441) as at 31 March 2011, whereby the net book values of the intangible asset and the goodwill were agreed and recognized by the Company when the Company acquired the 80% equity interest of Beijing Zhengshangyou in August 2010.

IMPLICATIONS UNDER THE LISTING RULES

Given that (1) Mr. Liu is currently an executive Director and a Substantial Shareholder of the Company and a Connected Person; and (2) Shenzhen Technology owned as to 80% by Mr. Liu is an associate of Mr. Liu under the Listing Rules and thus a Connected Person, both the Beijing Haide Disposal and the Beijing Zhengshangyou Disposal constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios set out in the Listing Rules in respect of (1) each of the Beijing Haide Disposal and the Beijing Zhengshangyou Disposal and (2) the aggregate value of the Beijing Haide Disposal and the Beijing Zhengshangyou Disposal exceed 0.1% but are less than 5%, the Beijing Haide Disposal and the Beijing Zhengshangyou Disposal are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but are exempted from the independent shareholders' approval requirement.

DEFINITIONS

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

“Articles of Beijing Haide”	the Memorandum and Articles of Association of Beijing Haide
“Articles of Beijing Zhengshangyou”	the Memorandum and Articles of Association of Beijing Zhengshangyou
“Beijing Haide”	Beijing Haide Zhongshi Cultural Broadcasting Co., Ltd. (北京海德中世文化傳媒有限公司), a limited liability company incorporated in the PRC, which was an indirect wholly-owned subsidiary of the Company immediately prior to the date of the Beijing Haide Share Transfer Agreement
“Beijing Haide Disposal”	the entering into of the Beijing Haide Share Transfer Agreement and the disposal of Beijing Haide contemplated thereunder
“Beijing Haide Share Transfer Agreement”	the share transfer agreement dated 28 April 2011 entered into between Jiangsu Guangshi and Shenzhen Technology in relation to the purchase of 100% equity interest of the Company in Beijing Haide by Shenzhen Technology, representing the entire issued share capital of Beijing Haide
“Beijing Zhengshangyou”	Beijing Zhengshangyou Cultural Broadcasting Co.

	Ltd. (北京錚尚游文化傳播有限公司), a limited liability company incorporated in the PRC, which was a subsidiary of the Company indirectly held as to 80% of its equity interests by the Company immediately prior to the date of the Beijing Zhengshangyou Share Transfer Agreement
“Beijing Zhengshangyou Disposal”	the entering into of the Beijing Zhengshangyou Share Transfer Agreement and the disposal of Beijing Zhengshangyou contemplated thereunder
“Beijing Zhengshangyou Share Transfer Agreement”	the share transfer agreement dated 28 April 2011 entered into between Fuzhou Zhuolong and Shenzhen Technology in relation to the purchase of 80% equity interest of the Company in Beijing Zhengshangyou by Shenzhen Technology, representing 80% of the entire issued share capital of Beijing Zhengshangyou
“Board”	the board of the directors of the Company
“Connected Person”	has the meaning ascribed thereto under the Listing Rules
“Company”	A8 Digital Music Holdings Limited (A8 電媒音樂控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 800)
“Director(s)”	the director(s) of the Company
“Fuzhou Zhuolong”	Fuzhou Zhuolong Tianxun Information Technology Ltd. (福州卓龍天訊信息技術有限公司) is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Jiangsu Guangshi”	Jiangsu Guangshi Science and Trade Development Limited (江蘇廣視科貿發展有限公司) is a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Liu”	Mr. Liu Xiaosong, an executive Director and a Substantial Shareholder of the Company
“percentage ratios”	has the meaning ascribed to the term in Chapter 14 of the Listing Rules
“PRC”	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
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares of the Company
“Shenzhen Technology”	Shenzhen Duyiweier Technology Co. Limited (深圳市讀一為二科技有限公司), a limited liability company newly incorporated in the PRC and owned as to 80% by Mr. Liu
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to the term under the Listing Rules
“%”	percent

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 and Executive Director

Hong Kong, 28 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.*