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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)

DISCLOSEABLE TRANSACTION FOUNDATION WORK OF A8 BUILDING

The Board is pleased to announce that Huadong Feitian has entered into the Basic Agreement on 6 September 2010 with Shenzhen Hongye for the contracting of the Foundation Work of A8 Building for an aggregate cash consideration of RMB14,180,000 (equivalent to approximately HK\$16,113,636).

As the applicable percentage ratio as set out in the Listing Rules is more than 5% but less than 25%, the transaction under the Basic Agreement 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 BASIC AGREEMENT

Date:	6 September 2010
Parties:	
Contractor	Shenzhen Hongye
Contractee	Huadong Feitian
Consideration:	RMB14,180,000 (equivalent to approximately HK\$16,113,636)

Construction period From 6 September 2010 to 20 January 2011

Subject of Construction: The land situated at Lot No. T204-0111, Southern District of Hi-Tech Park, Nanshan District, Shenzhen, Guangdong Province, the PRC with a total site area of approximately 4,745.49 sq.m. to be used for the construction of A8 Building (known as the digital music hub of southern china).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Shenzhen Hongye and its ultimate beneficial owners are independent third parties and not connected with the Company, the Directors or controlling shareholders of the Company and branches of the Company or their respective connected persons.

The Consideration of RMB14,180,000 to be paid by the Group for the Foundation Work of A8 Building includes earthworks and foundation pit support works of approximately RMB9,490,000, piling work of RMB3,160,000, basic project expenses of RMB330,000 and provisional payment of RMB1,200,000.

Payments of the Consideration:

1. Within ten days after the signing of the Basic Agreement, Shenzhen Hongye, the contractor of the construction, will provide the performance guarantee for the Foundation Work of A8 Building, being 10% of the consideration (excluding the provisional amount of RMB1,200,000 in the Consideration of the Basic Agreement), i.e. RMB1,298,000;
2. Prepayment: within ten days after the signing of the Basic Agreement and upon provision of the above performance guarantee by Shenzhen Hongye, Huadong Feitian will make payment to Shenzhen Hongye in the amount of 10% of the Consideration (excluding the provisional amount of RMB1,200,000), i.e. RMB1,298,000; and
3. Progress payment: Huadong Feitian will then make payment monthly according to the work progress. Shenzhen Hongye will issue a construction progress schedule with the reporting amount on the 25th of each month, which will be confirmed by the supervision engineer and Huadong Feitian's engineer within ten working days and Shenzhen Hongye will issue invoices as requested. The progress payment report for the current month shall only cover the construction project in the Basic Agreement.

The Directors consider that since the construction project is awarded through open tender and the partner chosen and the consideration to be paid are fair. The Directors are of the view that the terms of the Basic Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP AND HUADONG FEITIAN

The Group 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.

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

REASONS FOR THE TRANSACTION

After the acquisition of the land use rights for the land where the A8 Building was situated in December 2008, the Group is required to commence and complete the construction of the A8 Building within the time limits provided in the relevant agreement. The Foundation Work of A8 Building is the basic construction work of the A8 Building required to be carried out by the Group after obtaining approval for the building plan.

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 under the Basic Agreement 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 expressions shall have the following meanings unless the context requires otherwise:

“A8 Building”	also known as the Digital Music Hub of Southern China, located at the Southern District of Hi-Tech Park, Nanshan District, Shenzhen, Guangdong Province, the PRC with a total site area of 4,745.49 sq.m.
“Foundation Work of A8 Building ”	the foundation work of the A8 Building, which includes earthworks, foundation pit support and piling work
“Basic Agreement”	the contracting agreement for the earthworks, foundation pit support and piling work dated 6 September 2010 entered into between Huadong Feitian and Shenzhen Hongye in relation to the Foundation Work of A8 Building
“Consideration”	the aggregate consideration of RMB14,180,000 for the development of the earthworks, foundation pit support and piling work of A8 Building payable to Shenzhen Hongye under the Basic Agreement
“Directors”	the directors of the Company
“Board”	the board of Directors of the Company
“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 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 thereto under the Listing Rules
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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

“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
“ Shenzhen Hongye ”	深圳市宏業基礎工程有限公司, a limited liability company established in the PRC on 25 June 2002 and a third party independent of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“%”	percent
“sq.m.”	square metre, 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 RMB0.88 = 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, 6 September 2010

As at the date of this announcement, the Board of the Company comprises of: (1) Executive directors namely Mr. Liu Xiaosong, Ms. Ho Yip, Betty and Mr. Lin Yizhong; (2) Non-executive director namely Mr. Li Wei; and (3) Independent non- executive directors namely Mr. Chan Yiu Kwong, Mr. Hui, Harry Chi and Mr. Zeng Liqing.