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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)

GRANT OF AWARDED SHARES AND ISSUE OF NEW SHARES PURSUANT TO SHARE AWARD SCHEME

On 17 January 2011, the Board resolved to grant 2,171,806 Awarded Shares to 170 Awardees (who are independent of the Company and its connected persons) pursuant to the terms of the Scheme, subject to the cancellation on the same day of the specific Share Options to subscribe for an aggregate of 5,761,675 Shares granted to the Awardees during the second half year of 2009 under the Share Option Scheme.

The Board further resolved to issue and allot 2,171,806 Awarded Shares to the Trustee at nominal value HK\$0.01 per Share pursuant to the terms of the Scheme under the General Mandate. The Company will lend the Trustee, from the Company's internal resources, a sum equivalent to approximately HK\$21,718.06 in accordance with the Loan Agreement for the subscription of the 2,171,806 Awarded Shares. Upon allotment of the new shares, the Trustee will hold the 2,171,806 Awarded Shares on trust for the Awardees. The Awarded Shares held by the Trustee shall be transferred to the Awardees at no cost upon all vesting conditions specified by the Board at the time of making the Award having been satisfied.

Reference is made to the announcement of the Company dated 19 August 2010 in relation to the adoption of the Scheme of the Company by the Board on 16 August 2010.

On 17 January 2011, the Board resolved to grant 2,171,806 Awarded Shares to 170 Awardees pursuant to the terms of the Scheme, subject to the cancellation on the same day of the specific Share Options to subscribe for an aggregate of 5,761,675 Shares granted to the Awardees during the second half year of 2009 under the Share Option Scheme.

Under the Scheme, the Trustee can purchase existing Shares from the market with funds derived from a limited recourse loan under the Loan Agreement. The Company may also instruct its broker to purchase existing Shares from the market, settle payment and costs and deliver the same to the Trustee to hold on trust for the Awardees. The Company may also allot and issue new Shares to the Trustee to hold on trust for the Awardees. The total number of Awarded Shares granted by the Company under the Scheme must not be 10% or more of the issued share capital of the Company as at the Adoption Date (being 46,084,435 Shares) unless the Board otherwise decides.

On 17 January 2011, the Board further resolved to issue and allot 2,171,806 Awarded Shares to the Trustee at nominal value HK\$0.01 per Share pursuant to the General Mandate. The

Company will lend the Trustee, from the Company's internal resources, a sum equivalent to approximately HK\$21,718.06 in accordance with the Loan Agreement for the subscription of the 2,171,806 Awarded Shares. Upon allotment of the Awarded Shares, the Trustee will hold them on trust for the Awardees and shall transfer them to the Awardees at no cost upon all vesting conditions specified by the Board at the time of making the Award having been satisfied.

The Trustee and the 170 Awardees and their respective ultimate beneficial owners (if applicable) are independent of the Company and its connected persons.

The 2,171,806 Awarded Shares to be issued and allotted to the Trustee represent approximately (a) 2.37% of the maximum number of Shares that can be issued and allotted under the General Mandate; (b) 4.71% of the Scheme Limit; and (c) 0.47% of the issued share capital of the Company as at the date of this announcement and 0.46% of the Company's enlarged issued share capital after the allotment.

As at the date of this announcement, (i) save for the issue of the Awarded Shares, the Company has not issued or allotted any new Shares under the General Mandate; (ii) the Company has not engaged in any capital fund raising activities in the preceding 12 months; (iii) the closing price of the Shares of the Company was HK\$2.76 per Share; and (iv) the average closing price of the Shares of the Company for the five preceding business days was HK\$ 2.684 per Share.

The Awarded Shares, when issued and allotted, will rank *pari passu* among themselves and with the Shares in issue, with the right to receive all dividends and other distribution declared, made or paid on or after the date of allotment. The rules of the Scheme provide that the Trustee must not exercise the voting rights of those Shares during the applicable lock-up period except upon an occurrence of scheme of arrangement in relation to the Company for the purpose of a takeover or merger or of a winding up, where the Trustee will vote the Shares according to the instructions of the Board and such instructions must comply with the Listing Rules and the Takeovers Code and any other applicable laws and regulations.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the 2,171,806 Awarded Shares.

DEFINITIONS

In this announcement, the following expressions shall have the following meaning:

“Adoption Date” 16 August 2010, being the date when the Scheme was adopted by the Board

“Award” an award of Shares by the Board to an Awardee pursuant to the Scheme

“Awarded Shares” in respect of an Awardee, such number of Shares determined by the Board and subscribed for or purchased by (i) the Company and delivered to the Trustee subsequently; or (ii) the Trustee out of cash arranged to be paid by the Company out of the Company's funds to the Trustee, pursuant to the Scheme, together with in either case any scrip Shares or bonus Shares

referable to those Shares

“Awardee”	any Eligible Person or such Eligible Person’s wholly-owned company or trust (the beneficiaries of which include such Eligible Person and/or his immediate family members) selected by the Board for participation in the Scheme
“Board”	the board of Directors, and for the purpose of the administration of the Scheme, including such committee or sub-committee or person(s) delegated with the power and authority by the Board to administer the Scheme
“Company”	A8 Digital Music Holdings Limited (stock code: 800), 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
“Director(s)”	the director(s) of the Company
“Eligible Person(s)”	any employee (whether full time or part time) of the Company or any Subsidiary, or any director (including, without limitation, any executive, non-executive or independent non-executive directors) of any member of the Group
“General Mandate”	the general mandate granted by the Shareholders at the annual general meeting of the Company held on 20 May 2010, under which the Directors may issue and allot up to 91,731,246 Shares
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement entered into between the Company and the Trustee dated 27 August 2010 for the purpose of making a limited recourse loan to the Trustee to enable the Scheme to operate with sufficient funds
“Scheme”	the share award scheme adopted by the Board on 16 August 2010
“Scheme Limit”	46,084,435 Shares, the maximum number of Shares that can be awarded by the Board under the Scheme, being 10% of the issued share capital of the Company as at the Adoption Date
“Share Option”	the share option scheme of the Company, which was adopted by

Scheme	the Company on 26 May 2008
“Share Option(s)”	the option(s) granted under the Share Option Scheme
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning given under section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere
“Trustee”	the trustee appointed by the Company for the administration of the Scheme, which is a third party independent of the Company and its connected persons

By order of the Board
**A8 DIGITAL MUSIC HOLDINGS
LIMITED**
Liu Xiaosong
Chairman & Executive Director

Hong Kong, 17 January 2011

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

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