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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
IN RELATION TO THE DISPOSAL OF FUZHOU ZHUOLONG**

The Board is pleased to announce that on 30 August 2013, the Company, through Entrusted Nominee Shareholders, entered into the Fuzhou Zhuolong Share Transfer Agreement with Beijing Yuedong. Pursuant to the Agreement, the Company agreed the Disposal of Fuzhou Zhuolong for a total consideration of RMB950,000 (equivalent to approximately HK\$1,201,011), but the Company retained all assets and liabilities showed on the management accounts of Fuzhou Zhuolong (at the company level) as at the end of 31 July 2013, and Beijing Yuedong would not accept these part of assets and liabilities. After completion of the Disposal, the Company and the Group will no longer hold any equity interest in Fuzhou Zhuolong and Fuzhou Zhuolong will cease to be a subsidiary of the Company.

As one of the relevant applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Disposal contemplated under the Equity Transfer Agreement exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

BACKGROUND INFORMATION

The Board is pleased to announce that on 30 August 2013, the Company, through Entrusted Nominee Shareholders, entered into the Fuzhou Zhuolong Share Transfer Agreement with Beijing Yuedong. Pursuant to the Agreement, the Company agreed the Disposal of Fuzhou Zhuolong for a total consideration of RMB950,000 (equivalent to approximately HK\$1,201,011), but the Company retained all assets and liabilities showed on the management accounts of Fuzhou Zhuolong (at the company level) as at the end of 31 July 2013, and Beijing Yuedong would not accept these part of assets and liabilities. After completion of the Disposal, the Company and the Group will no longer hold any equity interest in Fuzhou Zhuolong and Fuzhou Zhuolong will cease to be a subsidiary of the Company.

SHARE TRANSFER AGREEMENT

The principal terms of the Fuzhou Zhuolong Share Transfer Agreement are set out below:

Date:

30 August 2013

Parties:

- Transferors:** Entrusted Nominee Shareholders, Ma Hongxia (as transferor of 60% interest in Fuzhou Zhuolong);
Entrusted Nominee Shareholders, Zhang Yingxiu (as transferor of 40% interest in Fuzhou Zhuolong);
- Transferee:** Beijing Yuedong.

To the best of the knowledge, information and belief of the Directors having made all reasonable inquiry, the transferee is an independent third party of the Company and its connected persons.

Subject Company:

Fuzhou Zhuolong Tianxun Information Technology Ltd. (福州卓龍天訊信息技術有限公司) is a company incorporated under the laws of the PRC with a registered capital of RMB10,000,000 (equivalent to approximately HK\$12,640,000). Immediately prior to the completion of the Disposal, Fuzhou Zhuolong is a wholly-owned subsidiary of the Company which is indirectly controlled by the Company through contractual arrangements.

Assets to be disposed of:

100% equity interest in Fuzhou Zhuolong, but the Company retained all book assets and book liabilities showed on the management accounts of Fuzhou Zhuolong (at the affiliated company level) as at the end of 31 July 2013, and Beijing Yuedong would not accept these parts of assets and liabilities.

The assets and liabilities showed on the management accounts of Fuzhou Zhuolong (at the company level) as at the end of 31 July 2013 are RMB4,064,385 (equivalent to approximately HK\$5,138,287) and RMB3,184,441 (equivalent to approximately HK\$4,025,842) respectively.

Consideration:

The consideration for the Disposal of Fuzhou Zhuolong is RMB950,000 (equivalent to approximately HK\$1,201,011), which was determined based on multi-party inquiries through the market, the comprehensive consideration on background of partners and terms of contract, and the net carrying amount related to above-mentioned intangible assets which is showed on

the consolidated financial statements of the Group.

Payment:

The consideration will be paid by Beijing Yuedong in cash by three installments, 50% of which will be settled within 3 business days from the date of signing the Share Transfer Agreement, 30% of which will be settled within 3 business days from the completion of procedures for amendment of the records at the Industry and Commerce Bureau and 20% of which will be settled within 3 business days from the completion of procedures for ownership change of telecom value-added services operation license.

Completion:

Completion shall take place immediately after the Disposal of Fuzhou Zhuolong in accordance with the terms and conditions of the Share Transfer Agreement. After completion of the Disposal, the Company and the Group will no longer hold any equity interest in Fuzhou Zhuolong and Fuzhou Zhuolong will cease to be a subsidiary of the Company.

FINANCIAL INFORMATION ON FUZHOU ZHUOLONG

The Company acquired 100% equity interest in Fuzhou Zhuolong in September 2009, and the original purchase consideration of Fuzhou Zhuolong by the Company was approximately RMB3,630,000 (equivalent to approximately HK\$4,589,128).

The details of gross revenue, net asset, net profit before and after taxation in the audited financial statements for the year ended 31 December 2011 and 31 December 2012 and the unaudited management accounts for seven months ended 31 July 2013 of Fuzhou Zhuolong were as follows:

	For the year ended 31 December 2011 RMB (Audited)	For the year ended 31 December 2012 RMB (Audited)	Seven months ended 31 July 2013 RMB (Unaudited)
Gross revenue	29,739,203	18,858,116	1,349,284
Net asset	1,258,225	1,309,665	879,943
Net profit before taxation	610,404	99,187	(421,623)
Net profit after taxation	456,664	51,440	(430,413)

INFORMATION ON THE COMPANY, FUZHOU ZHUOLONG AND BEIJING YUEDONG

The Company is principally engaged in providing music and mobile internet related service.

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 telecom value-added services.

Beijing Yuedong is a limited liability company incorporated in the PRC. The principal business of Beijing Yuedong is the provision of digital entertainment products to users.

REASONS FOR THE DISPOSAL

As disclosed in the 2013 Interim Results Announcement, since the end of 2012, the Group disposed of certain traditional wireless value-added business comprising of “unidentifiable users’ subscription” which hardly create the value for users or satisfy user experience and is to be replaced in the future as we anticipated. Meanwhile, the Group has shifted its strategic focus to the rapid layout in the field of digital music and mobile Internet. According to the above-mentioned strategy, the Group has ceased nearly all traditional wireless value-added business in Fuzhou Zhuolong since December 2012. In the first half of 2013, the revenue of Fuzhou Zhuolong dropped significantly, while the Group still needs to invest continually to maintain its qualifications in telecom value-added business. Considering the qualifications hold by Fuzhou Zhuolong, such as the national telecom value-added business license, still has market value in its traditional telecom value-added services field currently. The Group decided to dispose Fuzhou Zhuolong. The proceeds from the disposal of Fuzhou Zhuolong, after deducting any related expensed, will be applied as general working capital of the Group.

The terms of the 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 Share Transfer Agreement are fair and reasonable and that the entering into of the Agreement is in the interests of the Company and its Shareholders as a whole.

FINANCIAL IMPLICATION OF THE DISPOSAL

Basis on the consideration of RMB950,000, the gain arising from the Fuzhou Zhuolong Disposal is estimated to be approximately RMB199,266 (equivalent to approximately HK\$251,917), being the difference between the consideration of the Fuzhou Zhuolong Disposal and the net carrying amount related to above-mentioned intangible assets which is showed on the consolidated financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one of the relevant applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the Disposal contemplated under the Equity Transfer Agreement exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company subject to the reporting and announcement requirements but exempt from the Shareholders’ approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Applicable percentage ratios”		has the meaning ascribed to the term in Chapter 14 of the Listing Rules
“Beijing Yuedong”		Yuedong Xinguang (Beijing) Culture & Media Co., Ltd. (北京樂動星光文化傳媒有限公司) is a limited liability company incorporated in the PRC
“Board”		the board of the 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 and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 800)
“Connected Person”		has the meaning ascribed thereto under the Listing Rules
“Director”		The director of the Company
“Entrusted Shareholders”	Nominee	Fuzhou Zhuolong is an wholly-owned subsidiary of the Company which is indirectly controlled by the Company through contractual arrangements, Ma Hongxia and Zhang Yingxiu both are Entrusted Nominee Shareholders, represents 60% interest and 40% interest in Fuzhou Zhuolong respectively entrusted by 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 wholly-owned subsidiary of the Company which is indirectly controlled by the Company through contractual arrangements
“Fuzhou Zhuolong Disposal, the Disposal”		the entering into of the Fuzhou Zhuolong Share Transfer Agreement and the disposal of Fuzhou Zhuolong contemplated thereunder
“Fuzhou Zhuolong Share Transfer Agreement, the Share Transfer Agreement, the Agreement”		the share transfer agreement dated 30 August 2013 entered into between the Company, through Entrusted Nominee Shareholders, and Beijing Yuedong in relation to the disposal of 100% equity

	interest of the Company in Fuzhou Zhuolong
“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
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB0.791 = HK\$1 for the purpose of illustration.

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

Hong Kong, 30 August 2013

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

- (1) Executive Directors namely Mr. Liu Xiaosong and Mr. Lu Bin; and*
(2) Independent Non-Executive Directors namely Mr. Chan Yiu Kwong, Ms. Wu Shihong and Mr. Songke.