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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 TRANSACTION

INVESTMENT IN QINGSONG FUND II

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The Board is pleased to announce that on 24 January 2014, the Company through Zhangyi Tianxia, a wholly-owned subsidiary of the Company, entered the Partnership Agreement with Qianhai Qingsong, Mr. Liu and other independent third parties. Pursuant to the Partnership Agreement, the Company has committed to invest RMB 20 million (equivalent to HKD 25.61 million) to subscribe approximately 6% interest of Qingsong Fund II. Qingsong Fund II is mainly investing in the Mobile Internet and Internet industry and is focusing on creative enterprises at their initial stage of foundation and/or their early and medium stage of development within the industry.

IMPLICATIONS UNDER THE LISTING RULES

Given that (1) Mr. Liu is an Executive Director and a Substantial Shareholder and thus a Connected Person of the Company; and (2) Qianhai Qingsong, whose 68% interests is being held by Mr. Liu, thus is the Associate of Mr. Liu. Therefore, both Mr. Liu and Qianhai Qingsong are Connected Persons of the Company. Pursuant to Rule 14A.13(6) of the Listing Rules, the transaction of investment in Qingsong Fund II under the Partnership Agreement constitutes a connected transaction of the Company.

The highest applicable Percentage Ratio for the transaction of the investment in Qingsong Fund II under the Partnership Agreement is higher than 0.1% but less than 5%. The foregoing transaction is subject to the reporting and announcement requirements but exempted from independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Mr. Liu has abstained from voting at the Board meeting to approve the Partnership Agreement to invest Qingsong Fund II due to his interest in Qianhai Qingsong and Qingsong Fund II and the material interest in this transaction.

INVESTMENT IN QINGSONG FUND II

The Board is pleased to announce that on 24 January 2014, the Company through Zhangyi Tianxia, a wholly-owned subsidiary of the Company, entered the Partnership Agreement with Qianhai Qingsong, Mr. Liu Xiaosong ("Mr. Liu ", the executive Director and a Substantial Shareholder of the Company) and other independent third parties. Pursuant to the Partnership Agreement, the Company has committed to invest RMB 20 million (equivalent to HKD 25.61 million) to subscribe approximately 6% interest of Qingsong Fund II.

THE PARTNERSHIP AGREEMENT

Date: 24th January, 2014

Parties:

- 1) Qianhai Qingsong (as GP);
- 2) Zhangyi Tianxia (as LP);
- 3) Mr. Liu (as LP); and
- 4) Other independent third parties (as LP).

INFORMATION OF QINGSONG FUND II

Qingsong Fund II is a limited partnership which is mainly investing in the field of mobile Internet and Internet and is focusing on creative enterprises at their initial stage of foundation and/or their early and medium stage of development within the industry.

Scale of the Fund:

The preliminary scale of Qingsong Fund II is approximately RMB 333 million (equivalent to approximately HKD427 million) based on the total Capital Commitment undertaken by all partners pursuant to the Partnership Agreement, and the final number will be subject to the total actually paid capital contributions.

Capital subscription and capital contributions:

Pursuant to the Partnership Agreement, the Capital Commitment of the Company is RMB 20 million (equivalent to approximately HKD 25.61 million), accounting for approximately 6% of the interests of the Fund. The Company intends to fund its Capital Commitment from its internal resources of the Group.

Pursuant to the Partnership Agreement, Qianhai Qingsong, Mr. Liu and other independent third parties have committed to invest RMB 3.33 million (equivalent to approximately HKD 4.26 million), RMB 40 million respectively (equivalent to approximately HKD 51.22 million) and RMB 270 million (equivalent to approximately HKD 346 million), accounting for approximately 1%, 12% and 81% of the interests of the Fund.

The first capital contribution of the Fund is 30% of total Capital Commitment made by the partners and should be immediately due and payable upon the establishment of the Fund. Each partner should fund the subsequent capital contribution when they get the written notification from Qianhai Qingsong until the total Capital Commitment is fully paid. The total Capital Commitment of the Fund must be paid in full by all partners within three years.

Duration of the Fund:

The duration of the Fund shall be seven years in total, commencing from the establishment

day of the Fund to the seventh anniversary of the Fund, including the first five years as investment period and the last two years as payback period.

Management of the Fund:

Qianhai Qingsong, as the sole GP of Qingsong Fund II, is liable for the unlimited joint liability for the debts of the Fund, and will implement specifically business of Qingsong Fund II, including but not limited to the management, control, operation and decision-making of the Fund and its investment business according to the Partnership Agreement.

Zhangyi Tianxia, Mr. Liu and other independent third parties are the LP of the Fund. The LP shall be liable for the liability of the Fund up to its contribution amounts. The LP shall not specifically implement the partnership business.

Management fee of the Fund:

During the continuous existence of the Fund, each partner is required to pay for the management fee. During the investment period, the LP shall bear 2% of their actual capital contributions per year as the management fee. During the payback period, the LP shall bear 2% of the investment cost of the remaining project pro rata as the annual management fee.

Return's allocation of the Fund

The Fund may gain earnings by means of disposing the projects, obtaining dividends and interests from the projects invested by the Fund as well as other tentative investment returns. And the Fund's distributable return equals to the earnings deduct the management fee, partnership costs and the initial actual capital contributions.

20% of the distributable return of the Fund shall be allocated to the GP, while the remaining 80% shall be allocated by and among all partners (including GP) pursuant to the ratio of their actual capital contributions.

REASONS FOR AND BENEFITS OF INVESTMENT IN QINGSONG FUND II

As stated in the 2013 Interim Report, the Group has shifted its strategic to focus on the rapid layout in the field of digital music and mobile Internet. In mobile Internet Industry, the Group has been developing the publishing of mobile games while the quality of the mobile games plays a quite important role for the publishing business. Qingsong Fund I and Qingsong Fund II are mainly investing in the industry of mobile Internet. A significant portion of investments of Qingsong Fund I related to mobile games companies which demonstrated outstanding performance in the market and some of them are mobile games suppliers for the Company's publication business and we have built a good cooperation relationship with Qingsong Fund I. The Board believes that the Group can access to the upstream (the development of mobile games) of the mobile game industry at early stage through making investment in Qingsong Fund II and make a more smooth connection between the upstream and downstream of mobile game industry to form the whole industry chain. Meanwhile, as one of the LP of Qingsong Fund II, the Company may also explore the potential M&A opportunities during the process of the Fund's project investment, thus speed up the layout of the Group in respect of mobile Internet and assist the development of mobile Internet business.

The Board (including the Independent and Non-executive Director) believes that the investment in Qingsong fund II can not only bring direct investment revenue for the Group but also benefit the development of the Group's mobile games business and the potential M&A opportunity. Meanwhile, the terms of the Partnership Agreement are formulated pursuant to normal commercial terms and are fair and reasonable and in the interest of the

Company and its shareholders as a whole.

Except for Mr. Liu, no other directors are holding material interests in the transaction of investment in Qingsong Fund II under the Partnership Agreement. Accordingly, no directors (except for Mr. Liu) are required to abstain from voting at the Board meeting to approve the transaction of investment in Qingsong Fund II under the Partnership Agreement.

FINANCIAL IMPACT ON THE INVESTMENT IN THE FUND

The investment will be designated as available-for-sale financial asset (the "AFS financial asset") in the Group's financial statement. Other than transaction costs and returns from the investment, the changes in fair value of the AFS financial asset will be recognized in other comprehensive income, which will not affect the Group's profit or loss. Upon the completion of the investment in the Fund, there is no significant effect to the Group's net asset value.

IMPLICATIONS UNDER THE LISTING RULES

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The highest applicable Percentage Ratio for the transaction of the investment in Qingsong Fund II under the Partnership Agreement is higher than 0.1% but less than 5%. The foregoing transaction is subject to the reporting and announcement requirements but exempted from independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Mr. Liu has abstained from voting at the Board meeting to approve the Partnership Agreement to invest Qingsong Fund II due to his interest in Qianhai Qingsong and Qingsong Fund II and the material interest in this transaction.

INFORMATION ON THE CONTRACTING PARTIES

The Company principally engages in the business of providing services related to digital music and mobile Internet.

Zhangyi Tianxia is a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company which is indirectly controlled by the Company through contractual arrangements, whose principle business include research and development, sale and relevant technological consultation regarding wireless terminal application products.

Qianhai Qingsong is a limited partnership incorporated and registered in Qianhai area of Shenzhen under the laws of the PRC, and also the GP of Qingsong Fund II.

Qingsong Fund II is a limited partnership incorporated and registered in Qianhai area of Shenzhen under the laws of the PRC. It is mainly investing in the field of Mobile Internet and Internet and is focusing on creative enterprises at its initial stage of foundation and/or early and medium stage of development within the industry.

DEFINITIONS

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

“Associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Capital Commitment”	the aggregate capital contribution in cash that each partner of Qingsong Fund II has committed to invest in the fund pursuant to the Partnership Agreement
“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 to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“GP”	General partner of the Qingsong Fund II
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LP”	Limited Partner of the Qingsong Fund II
“Percentage Ratio”	has the meaning ascribed to it under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China, and, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Qianhai Qingsong”	Shenzhen Qianhai Qingsong Venture Investment Fund Management Enterprises (Limited Partnership) (深圳市前海青松創業投資基金管理企業(有限合夥)), is a limited partnership incorporated and registered in Shenzhen city Qianhai area under the laws of the PRC, and also the GP of Qingsong Fund II.
“Qingsong Fund I”	Shenzhen Qingsong Equity Investment Fund (Limited Partnership) (深圳市青松股权投资企业(有限合伙)), is a limited partnership incorporated and registered in Shenzhen under the laws of the PRC. Qingsong Fund I was established in June 2012 with an

	investment scale of RMB 100 million.
“Qingsong Fund II, Fund”	Shenzhen Qianhai Qingsong Venture Investment Fund (Limited Partnership) (深圳市前海青松創業投資基金企業(有限合夥)), is a limited partnership incorporated and registered in Shenzhen city Qianhai area under the laws of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Zhangyi Tianxia”	Shenzhen Zhangyi Tianxia Technology Company Limited (深圳市掌翼天下科技有限公司), a limited liability company incorporated under the laws of the PRC and a subsidiary of the Company which is indirectly controlled by the Company through contractual arrangements
“%”	percent

In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB0.781 = 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, 24 January 2014

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. Song Ke.