

A8電媒音樂控股有限公司

A8 Digital Music Holdings Limited

Stock Code: 800.HK

2012 Interim Results Announcement

17 August 2012





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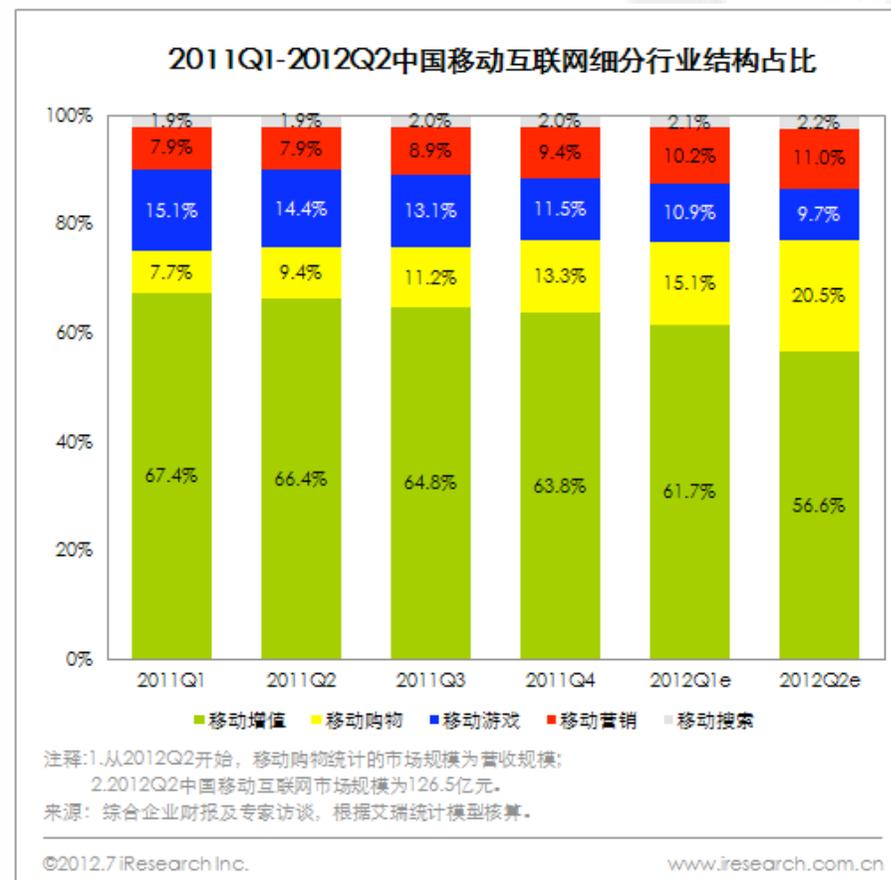
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Business Model

Mobile Internet Industry keeps growing



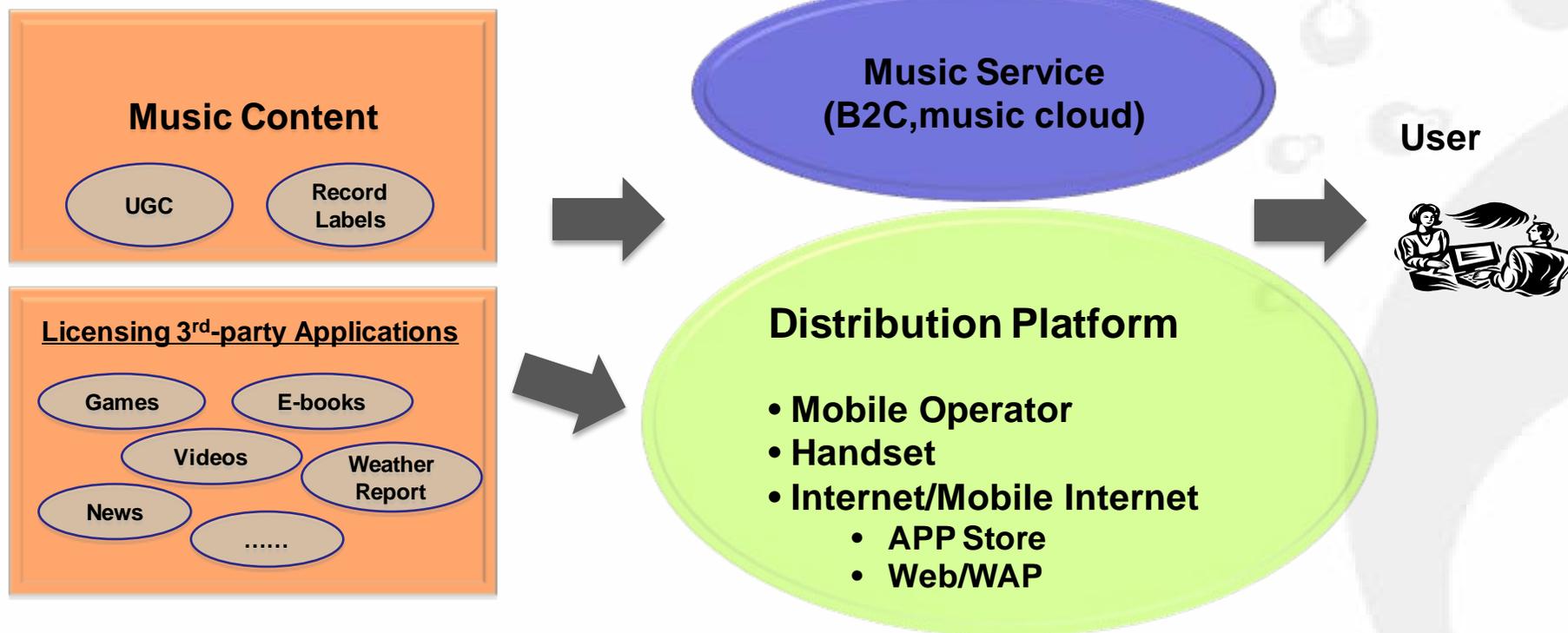
According to the Iresearch Report, the mobile internet market size reached 23.3 billions in first half of 2012, representing 40.6% growth compared with second half of 2011.

A8 Overview

- **A leading digital music company focused on UGC (User Generated Content) and extensive co-operation with content providers, offering digital music service to consumers directly through diversified channels, based on cloud technology , with various settlement solutions.**
- **Currently the settlement of revenues relies on mobile carriers. The regulation from carriers in 2011 continually impacted negatively in financials for all players in WVAS industry even in 2012.**
- **Coupled with high growth of mobile internet, MM (mobile Market branded in China Mobile) project, the collaboration with handset makers, and strategic investment pave the way to future turnaround.**

Business Model-Expand to Mobile Internet

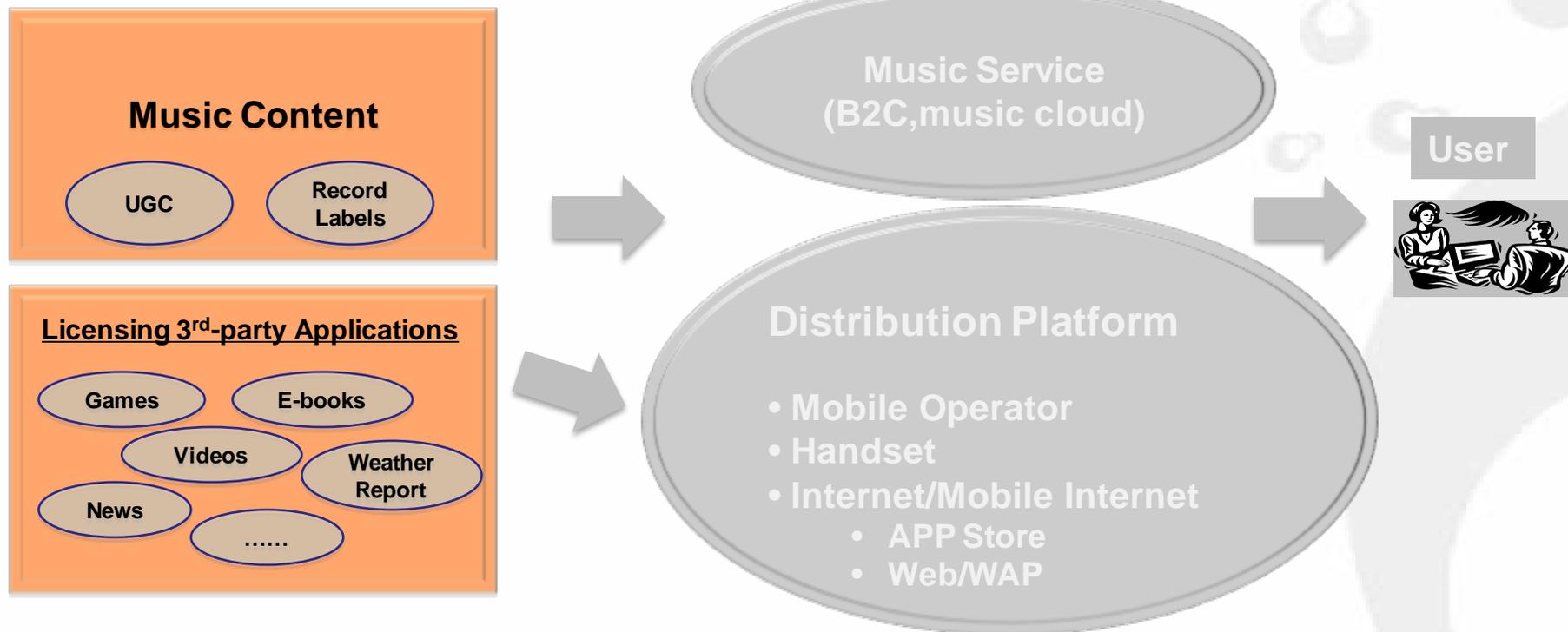
To be the No.1 digital music service provider in China



Business Review

Business Model-Expand to Mobile Internet

To be the No.1 digital music service provider in China



Continue to Enhance Music Content (UGC)



Release UGC model, individual artists publish their works through A8.com

2004

Release Extended UGC model to get exclusive license through cooperation with record labels

2009

Release Composer Plan, Utilize the resources accumulated from A8.com to produce music

2012

Continue to Enhance Music Content

- Produced more than 300 original songs in last 12 months. Some songs performed quite well on Baidu Billboard and Wireless Music Selling Billboard.
- The number of new songs we produced entered into the TOP 23 in record industry.



- Will kick off The Seventh Annual “Original Music Competition” in H2

Continue to Enhance Music Content

歌曲TOP500 试听全部

2012-07-13更新

数据来自百度MP3搜索中当日搜索量最高的500首歌曲，由系统自动计算统计。

1		最炫民族风	凤凰传奇
2		我的歌声里	曲婉婷
3		伤不起	王麟
4		我的好兄弟	高进
5		朋友的酒	李晓杰
6		一吻天荒	胡歌
7		滴答	侃侃
8		画心	张靓颖
9		那些年	胡夏
10		老婆最大	崔子格
11		爱是我	刀郎
12		红尘情歌	高安
13		你是我的眼	林宥嘉
14		荷塘月色	凤凰传奇
15		唐古拉	王麟
16		party rock anth...	Imfao
17		有你真好	小虫
18		老公让我为你捶捶	崔子格
19		我相信	杨培安
20		思密达	王麟

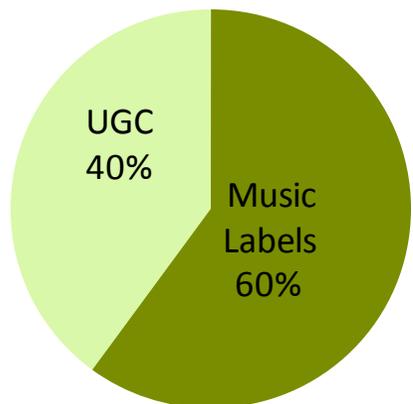
Baidu Top 500

China Mobile Music Billboard

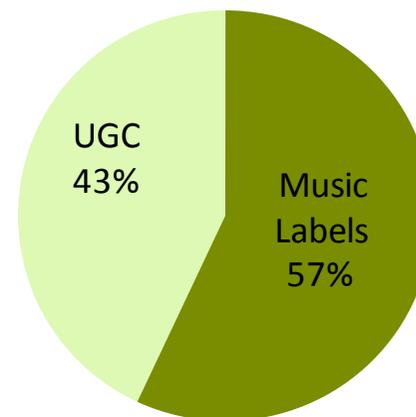
The screenshot shows the China Mobile Music Billboard website. At the top, there is a search bar with the text "歌曲" and "我的歌声里". Below the search bar, there are navigation tabs for "首页", "彩铃", "歌曲下载", and "咪咕社区". A sidebar on the right contains promotional banners for "开通彩铃业务", "开通高级会员", "开通特级会员", and "铃音库管理". The main content area features a "每日主打" section with a music player for "北京祝福你 群星" and a "本周热销" section with a list of songs including "我的歌声里", "滴答", "Because Of You", "那些年", "因为爱情", "老婆最大", and "依然爱你". There is also a "新歌速递" and "幽默搞笑" section.

UGC keeps nearly half of business

1H 2012

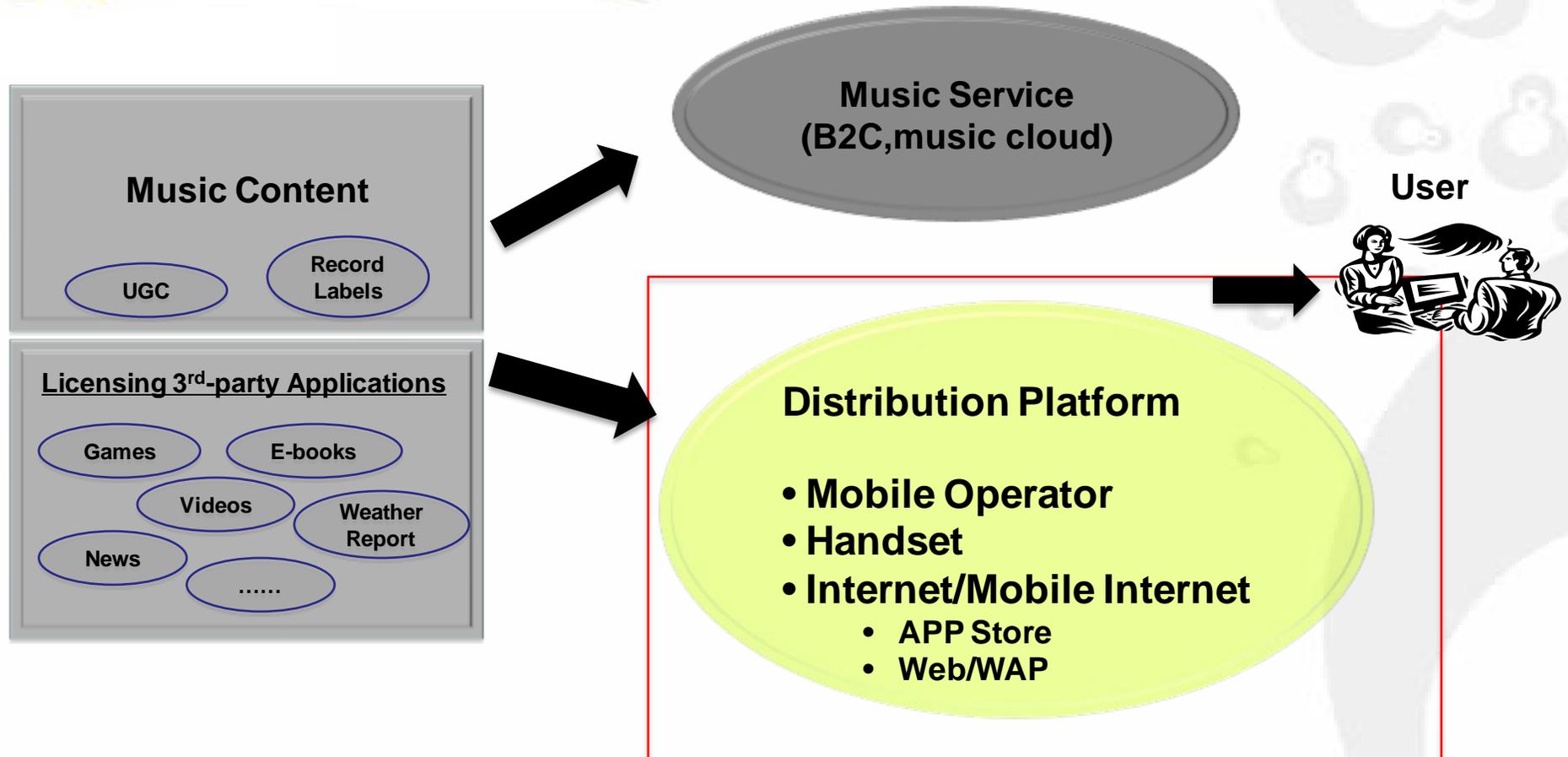


1H 2011



UGC songs recorded 50 million revenue.

Distribution Platform



Extend Cooperation with Operators

According to the data from MIIT, the total mobile phone users has reached over 1.04Billion as the end of May 2012, which provides good foundation for the growth of music business.



A8 Music keeps the **No.1** position in music sector

China Telecom



A8 music revenue grows by 38.6% and ranks **Top 3**.

China Unicom



Solid foundation for future growth

Extend Cooperation with Operators

A8 won the bid to provide all support service including R&D, operation etc to China Mobile's Mobile Market Platform (MM project)

The screenshot shows the China Mobile Mobile Market (MM) website interface. At the top right, there are links for '关注MM官方微博', '网站导航', '中国移动', and '手机版'. Below these are login prompts: '欢迎您, 请登录>>' and '选择机型>>'. The main navigation bar includes '首页', '游戏', '软件', '主题', '排行榜', '品牌店', '应用论坛', and '开发者社区'. A secondary navigation bar lists '手机必备', '玩家争霸', '新品推荐', '小编精选', '推荐免费', '活动', '专题', '手机资讯', and '移动生活'. The main content area features a large banner for 'MM为胜利呐喊' (MM for Victory) with a '立即参与' button. To the right are four promotional boxes: 'MM客户端', '玩家争霸', 'MM星探', and '手机必备'. Below the banner is a 'MM精品首发' section for 'Vista看天下' magazine, and a '限时免费推荐' section for '酒店大亨' (Hotel Tycoon) game. At the bottom, there are buttons for '新品推荐', '更多>>', '排行榜', '免费', and '付费'.

Enhance Mobile Internet Business

Cooperation with mobile manufactures

NOKIA

SAMSUNG
三星电子


MOTOROLA

 **HUAWEI**

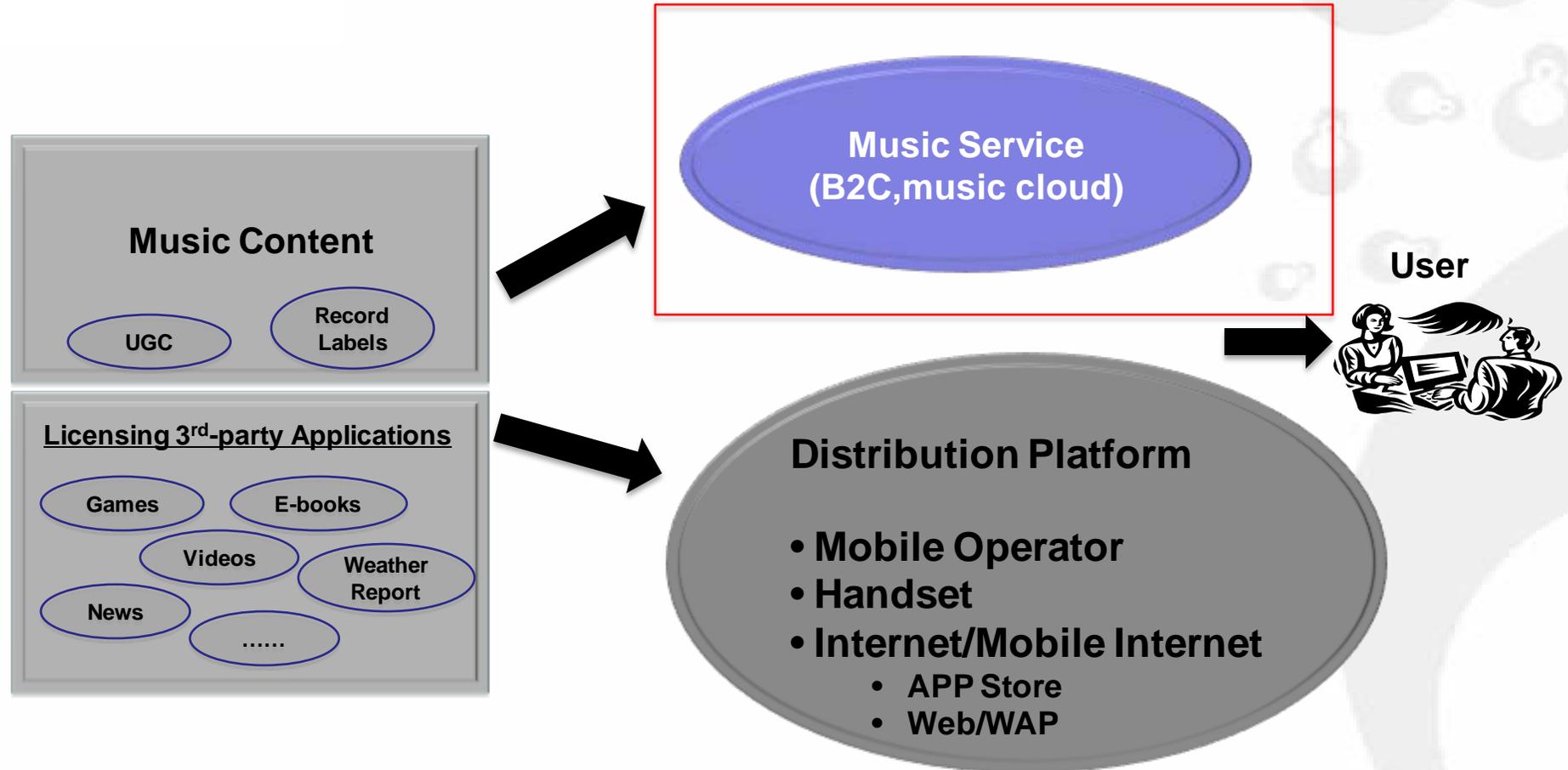
Coolpad 酷派

lenovo 联想

K-Touch / 天语

A8 provides music service for major domestic and international smart phone manufacturers, which cover around 70% market share.

Music Cloud



Integrating Music Cloud Sources

- We invested in Duomi Music for the consideration of RMB19M representing 42.69% interest.



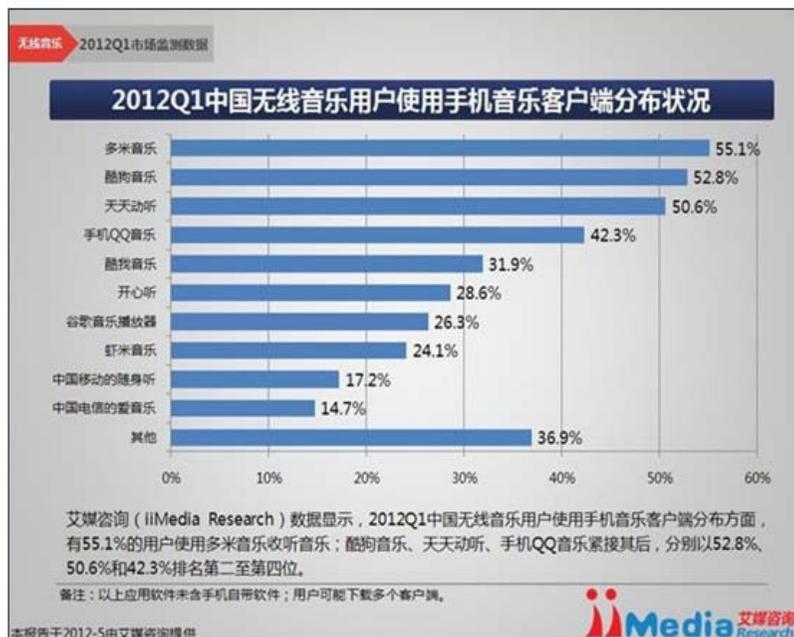
A leading digital music service provider especially on SNS

- Further broaden our device coverage support including more mobile handset kinds, PC, TVs, and Cars
- Expand our distribution channels by collaborating with the domestic renowned handset vendors, WAP web-sites, leading app stores, and manufacturers and distributors of various terminals.

Duomi Music

Duomi is the most popular music software in the market, 55.1% users enjoy music through Duomisoftware according to Imedia.

Rank 29 in TOP 50 downloaded softwares in andriod market in 2012 Q1, according to Iresearch.



2012Q1中国Andriod应用下载次数TOP50

序号	应用名称	序号	应用名称
1	UC浏览器	26	手机电视
2	腾讯微博	27	我查查
3	手机QQ	28	91UP公务员考试
4	新浪微博	29	多米音乐
5	91黄历天气	30	酷狗音乐播放器
6	360手机卫士	31	飞信
7	搜狗手机输入法	32	快播 Qvod Player
8	天天动听	33	酷我听听
9	墨迹天气	34	Camera360
10	美图秀秀	35	人人网
11	Adobe Flash Player	36	悠悠手机导航
12	手机QQ浏览器	37	PPTV网络电视
13	安卓优化大师	38	云中书城
14	开迅视频	39	91熊猫看书
15	淘宝	40	开迅音乐
16	有道词典	41	酷我音乐
17	MobileQQ2.0(QQ2011)	42	支付宝
18	金山电池医生	43	奇艺高清影视
19	ES文件浏览器	44	QQ for Pad
20	GO桌面	45	金山手机卫士
21	Youni短信	46	优酷
22	91熊猫桌面	47	Play Store
23	谷歌地图	48	海卓HiAPN
24	手机QQ空间	49	龙易算命
25	中华万年历	50	掌阅书城

A8 Building



A8 Building has TOPPED OFF

Total Building Cost: 300 million (estimated)

Building Size : 40,800 sq. meters

Expected Completion Date: March 2013

Financial Highlights

2012 Interim Financial Summary

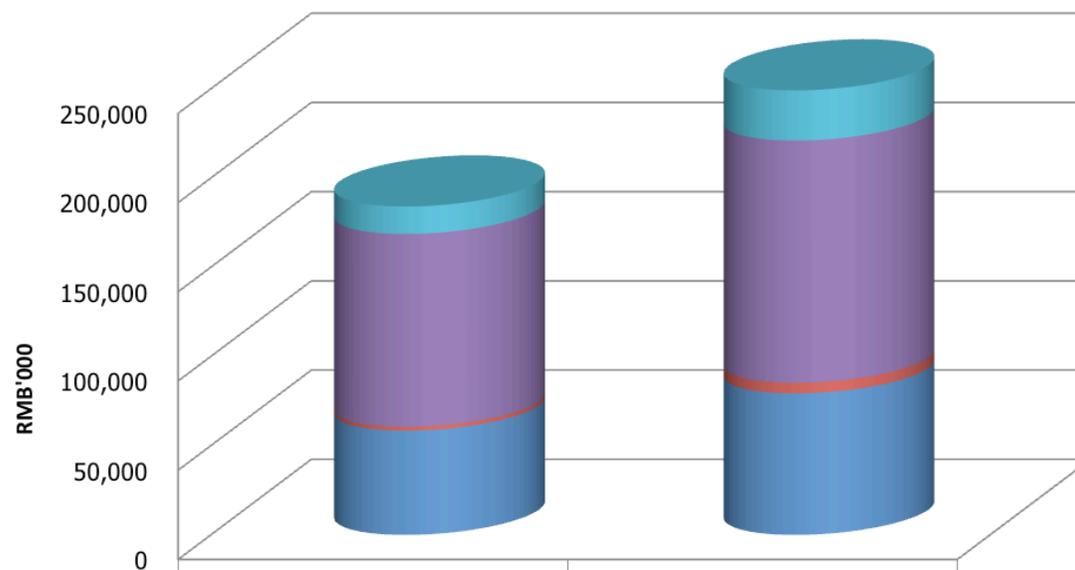
- 1H2012 revenue amounted to approximately RMB184 million, representing 26% *decrease* from RMB249 million in 1H2011.
- Loss attributable to the shareholders amounted to approximately RMB9.6 million, dropped from profit attributable to the shareholders of RMB9.3 million for the last corresponding period.
- Strong balance sheet, with cash balance of approximately RMB410.1 million and net assets of approximately RMB535.7 million as of 30 June 2012.
- EPS: RMB(0.02) vs. RMB0.02 of last year (Diluted).

Financial Data

RMB'000	2009 H1	2009 H2	2010 H1	2010 H2	2011 H1	2011 H2	2012 H1
Revenue	290,756	416,392	358,642	323,197	249,176	234,411	184,079
Cost of services provided	(173,826)	(251,897)	(222,600)	(195,973)	(145,079)	(140,837)	(118,688)
Gross Profit	112,416	157,717	129,874	121,899	98,469	87,656	61,650
Selling & Marketing expenses	(43,194)	(69,658)	(72,560)	(70,208)	(68,884)	(55,148)	(46,818)
Administrative expenses	(25,681)	(24,464)	(35,070)	(29,731)	(25,797)	(27,675)	(24,088)
Net Profit	45,030	57,139	20,000	22,318	9,551	3,364	(9,638)
Gross Margin	38.70%	37.90%	36.20%	37.70%	39.50%	37.4%	33.50%
Net Profit Margin	15.50%	13.70%	5.60%	6.90%	3.83%	1.44%	-5.24%
EPS (Basic)	0.1	0.13	0.04	0.05	0.02	0.01	(0.02)

Revenue Breakdown

- Revenue amounted to RMB 184M, 26% decrease compared with the first half of 2011
- Music and music-related revenue contributed 68% of total revenue, keep same level with last year.
- RBT represents 59% of total revenue

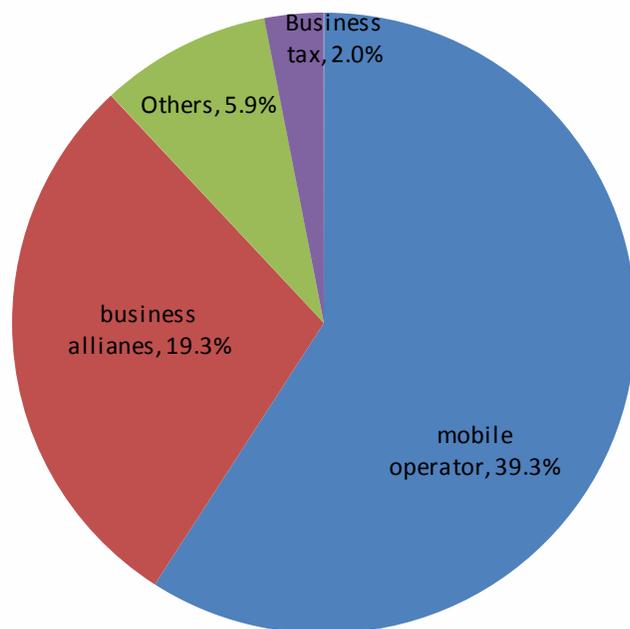


	2012 1H		2011 1H	
■ Ringtone	15,382	8%	28,136	11%
■ Ringback tone	108,070	59%	135,736	54%
■ Other music related	2,169	1%	5,947	2%
■ Non - music related	58,458	32%	79,357	32%

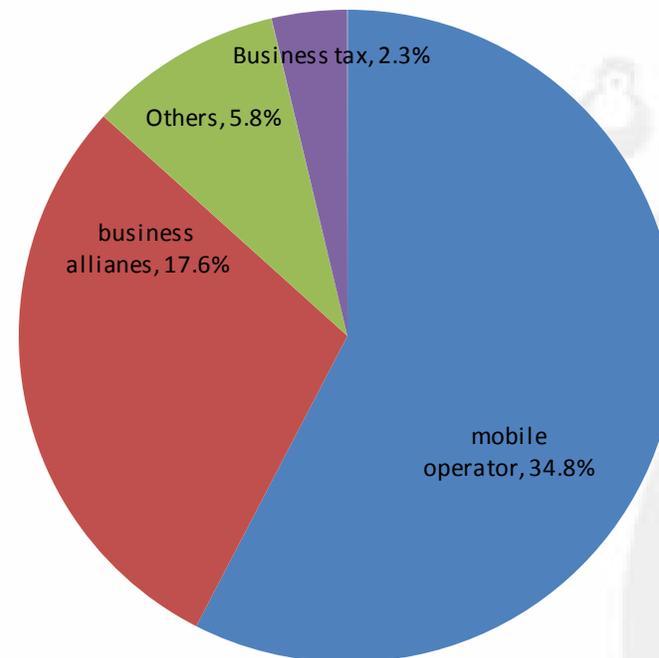
A8 Keeps the No.1 leading position in the wireless music market

Cost of Services Provided

1H 2012



1H 2011



Gross Margin: 33.5% of revenue

Selling and marketing expenses around 25.4%

Gross Margin: 39.5% of revenue

selling and marketing expenses around 27.6%

Balance Sheet

	RMB'000	As of 30 June 2012	As of 31 Dec 2011
Cash Balance		410,129	434,387
Total Assets		666,583	668,352
Net Assets		535,679	540,778
A/R Turnover days		60	52

We had borrowings amounted to approximately RMB39.7 million, which was used for the construction of A8 building.

Gearing ratio is 7.4%

Cash Flow

RMB'000	As of 30 June 2012	As of 30 June 2011
Net Cash Flow from Operating Activities	(25,811)	(6,572)
Net Cash Flow from Investing Activities	(118,243)	(1,772)
Net Cash Flow from Financing Activities	26,640	(1,061)
Total Net Cash Flow	(117,414)	(9,405)

Outstanding Shares

As of 30 June 2012

	Outstanding shares	%
Controlling Shareholders	190,927,954	40.09%
Top Result	22,601,756	4.75%
Public	262,752,666	55.16%
Total	476,282,376	100%

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