

# 2013 年度业绩

2013 Annual Results

28 March 2014

我的音乐无处不在!  
My Music Everywhere!



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**1 Industry Environment**

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**2 Operation Performance**

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**3 Financial Performance**

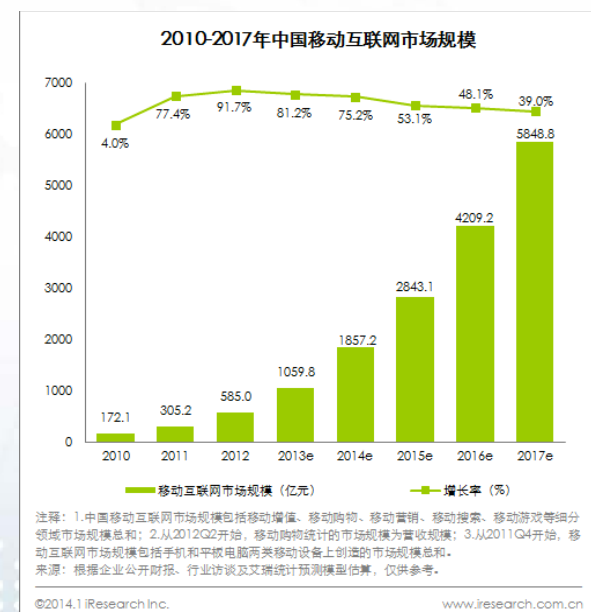
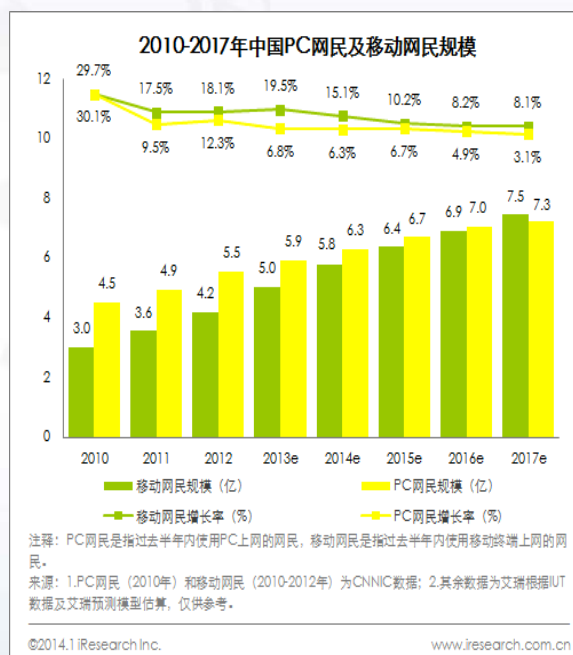
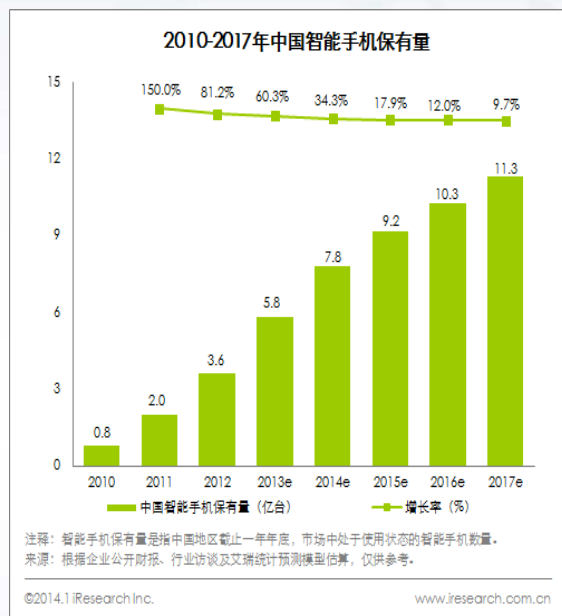
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# Mobile Internet is blooming in 2013

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# Market scale of Mobile internet reached **185.7** billion and the users reached **590** million



# Revenue from wireless music increased 11%, but mobile internet is the irreversible trend





# Music industry

M&A wave , more important copyright  
and active exploration on Business model

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海洋音乐



# Music industry

M&A wave , more important copyright  
and active exploration on Business model

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QQ音乐



海洋音乐



The applications which had billions of users in China.



# Traffic is just an entrance, Platform becomes more and more important !



流量排行  
(资料来源：苹果官网)



Monetization of music-based mobile internet traffic

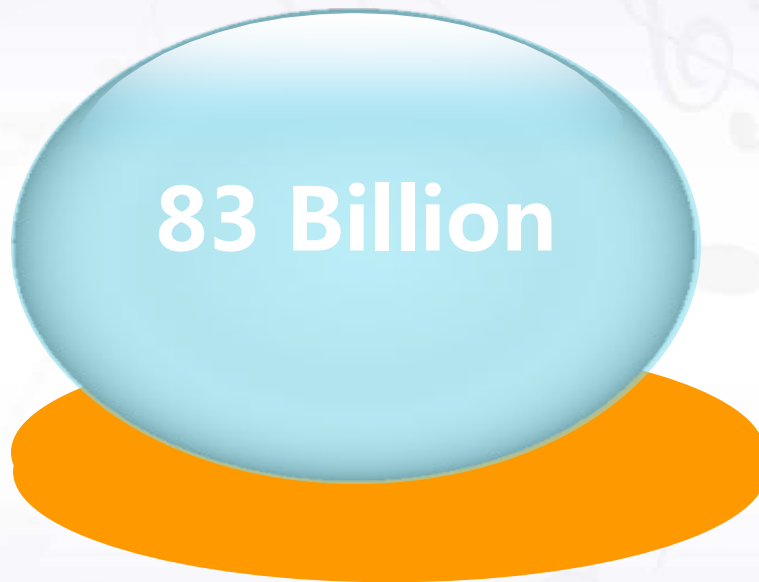


- user privileges
- Value-added Service
- Advertising
- Combined operation on mobile games
- .....

Service is more than music, and the users' needs include interactions, entertainment and games, etc.

# Mobile games is blooming, and revenue surged to **RMB11billion**

The market scale of mobile games increased 247% as compared with 2012, and will reach **100 billion** in the forthcoming five years.



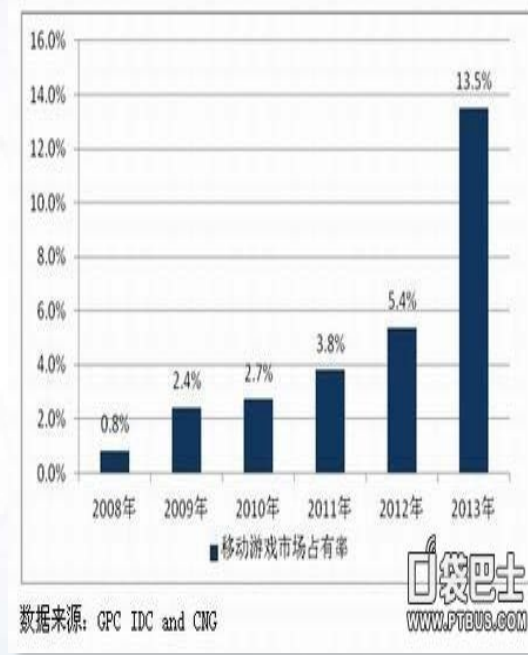
Game revenue scale  
in China 2013



Mobile games revenue scale  
in China 2013



# Grown rapidly and outbreak in sight!





# M & A on Mobile Games

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- **More than 20 A-listed Companies executed more than 22 M&A on mobile games in 2013, the capital scale involved reached 19.5 billion.**
- **Too much to sort for the investment in Mobile Games industries.**

# Marching on mobile Internet in 2013 !

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# Music

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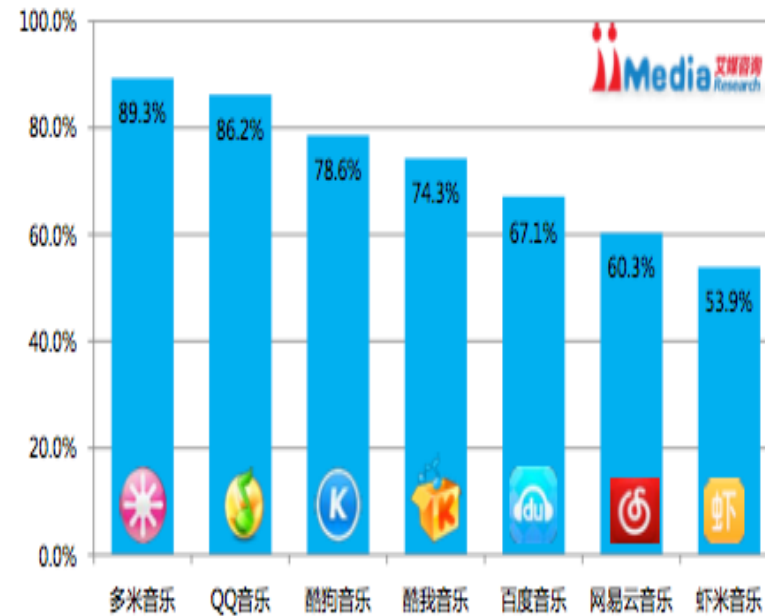
1. Continue to collect the music content-the “Eighth Original China Internet Music Contest”, and established the musical culture industry investment fund;
2. Wireless music grows healthily;
3. The exploration on business model for music application has achieved certain progress.



# Duomi Music

## 2013Q3中国无线音乐客户端用户关注度调查

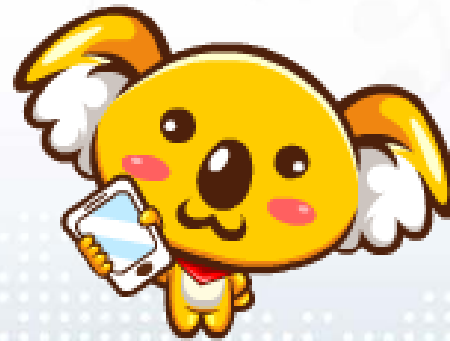
- User scale reached over 200 Million;
- Monthly active users exceeded 23 million;
- Monetize progress:
  - ✓ Cooperation with China Unicom;
  - ✓ Advertising;
  - ✓ Interactive entertainment.



# Marching on Mobile Games Publishing

Established “指游方寸” platform in early 2013, then marched on mobile games publishing business;

Build business model based on our own advantages to cultivate the DNA of games.



指游方寸  
WWW.3333.CN



# Mobile Games Performance in 2013

We Launched several games, including games for operator platform, single-download games and mobile internet games, etc.

一将成名、啪啪三国 are the main mobile internet games we launched.



26%

Revenue contribution  
from mobile games in  
Dec 2013.



# About “啪啪三国”

11月网游付费Top 10	12月网游付费Top 10
360手游指数报告	360手游指数报告
时空猎人	时空猎人
我叫MT Online	我叫MT Online
口袋海贼王	王者之剑
王者之剑	口袋忍者
武侠Q传	口袋海贼王
梦想海贼王	苍穹之剑
神雕侠侣	啪啪三国
苍穹之剑	武侠Q传
啪啪三国	梦想海贼王
天天爱西游	神雕侠侣

2月当乐游戏排行榜	
网游下载Top10	网游收入Top10
1 神魔大陆	1 啪啪三国
2 神鬼幻想	2 神雕侠侣
3 时空猎人	3 恋舞OL
4 恋舞OL	4 梦想海贼王
5 仙国志	5 忘仙
6 我叫MT	6 我叫MT OL
7 神雕侠侣	7 神鬼幻想
8 黑暗光年	8 神魔大陆
9 世界OL	9 刀剑天下
10 放开那三国	10 时空猎人
潜力游戏Top10	单机Top10
1 拯救女神	1 捕鱼达人2
2 三剑豪	2 熊出没之熊大快跑
3 放开那三国	3 植物大战僵尸2HD
4 霸气江湖	4 街机干炮捕鱼

- We're the sole publisher for Android version of “啪啪三国”
- The Game launched on 7 Nov 2013, and ranked 9 on the top10 mobile games billboard on 360 platform
- The Game rank 7 on the top 10 mobile games billboard on 360 platform.
- Monthly gross revenue for Android version reached near 100 million.



# Our Mission

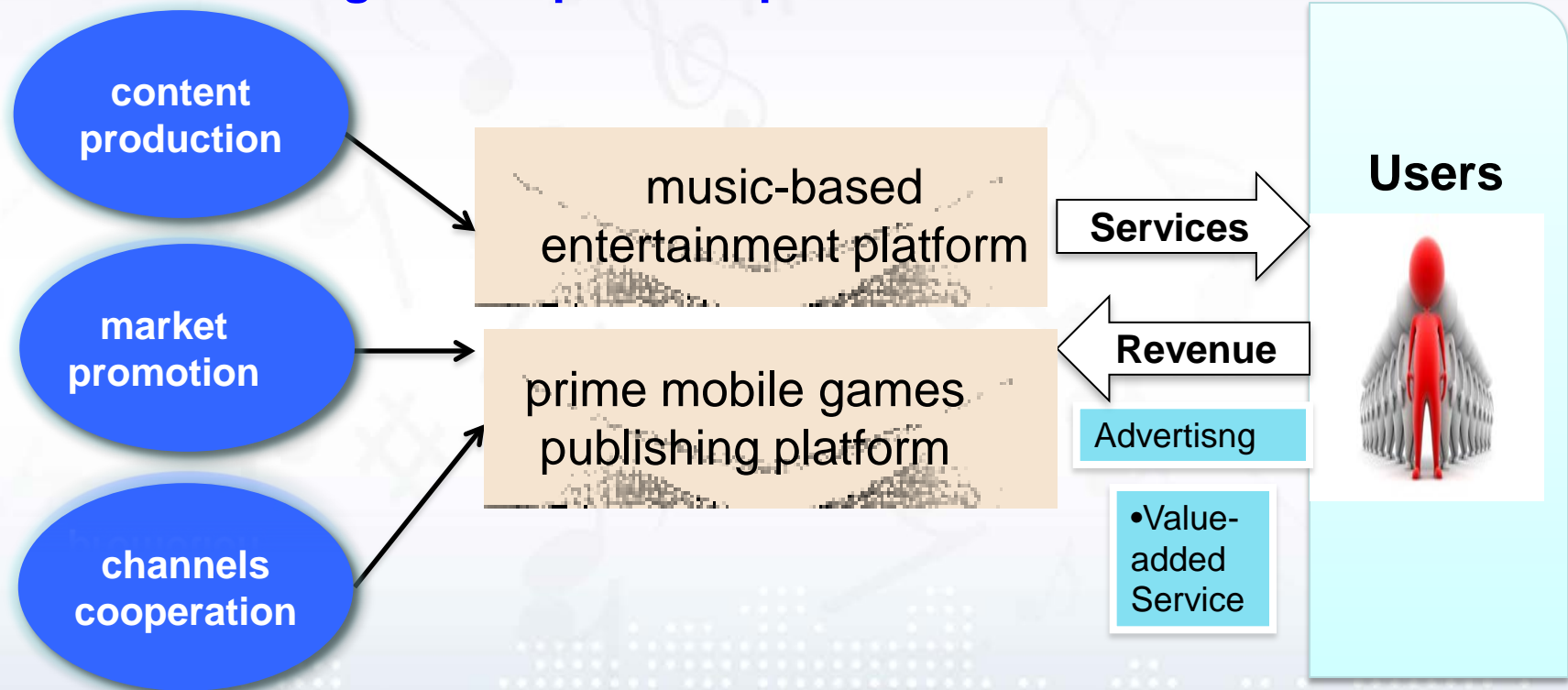
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- Coupled with quick growth on mobile internet and our deployment in last two years, A8 Group is becoming a new media group, a new digital entertainment company from a leading digital music company.
- Expanded our business to digital entertainment industry including music and mobile games. Based on product and operation, we will combine the businesses including content production, channels cooperation, market promotion and monetization to build the new music-based entertainment platform and prime mobile games publishing platform.



# Business Model

Build the leading music-based entertainment platform and mobile game's operation platform in china.



**Look forward 2014**

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# Build music-related industry chain based on mobile internet

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# Prime mobile games publishing platform

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The investment in Qingsong Fund provides more opportunity to find excellent project.

Will promote 4-5 mobile games with high quality; Two games have been confirmed.



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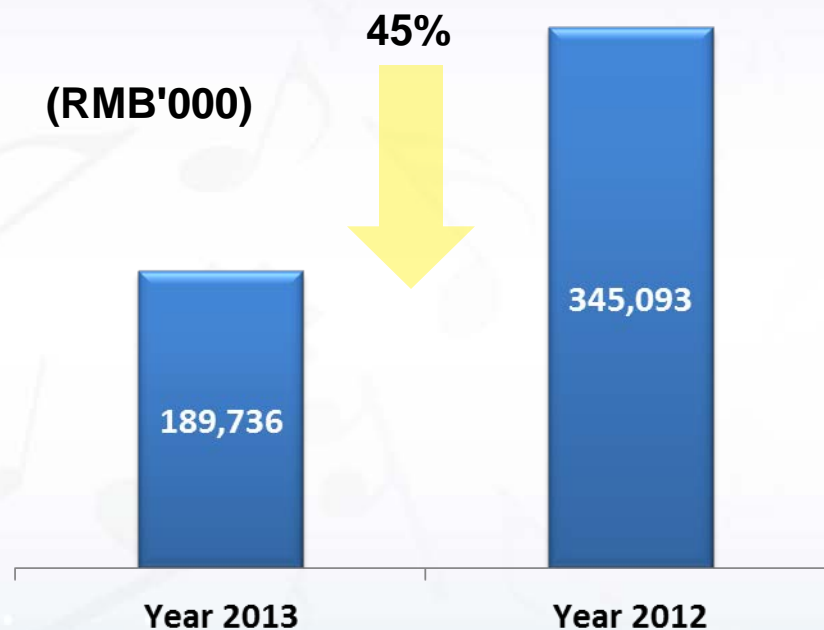
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# Revenue

Revenue amounted to approximately RMB190 million, representing 45% decrease compared with 2012..

## Main Reason:

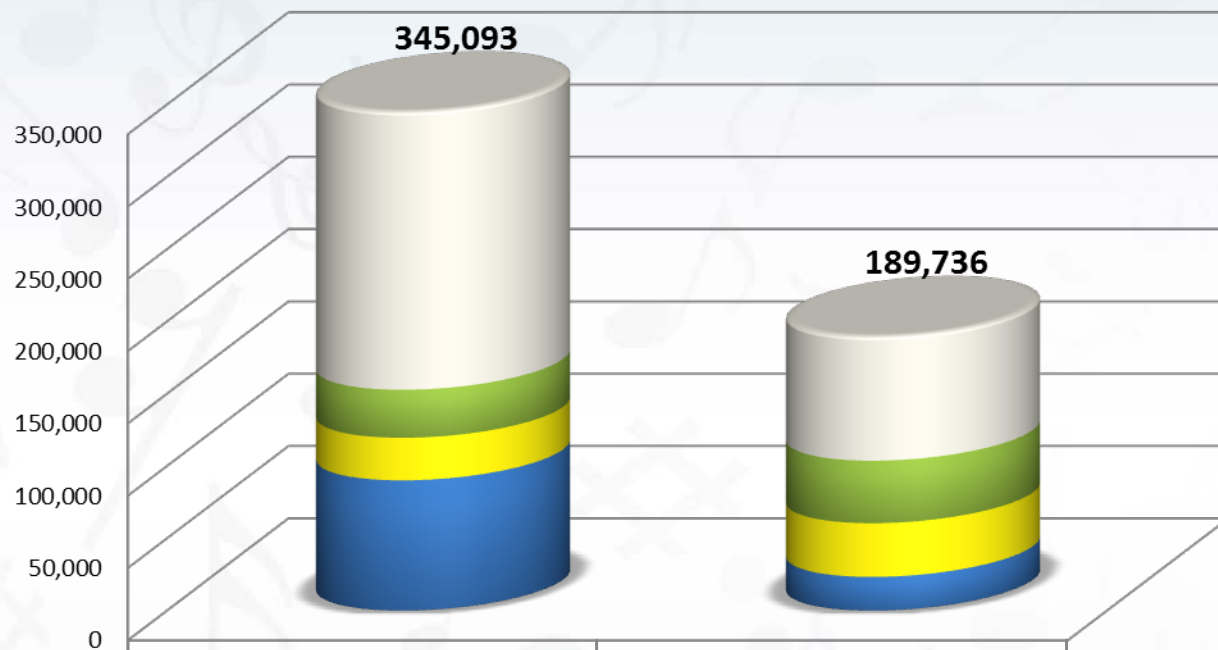
- We disposed some traditional wireless value-added business.
- the new business including music and mobile games, had achieved remarkable progresses in the fourth quarter of 2013, but had limited effect on 2013 annual financial performance”.





# Income Composition

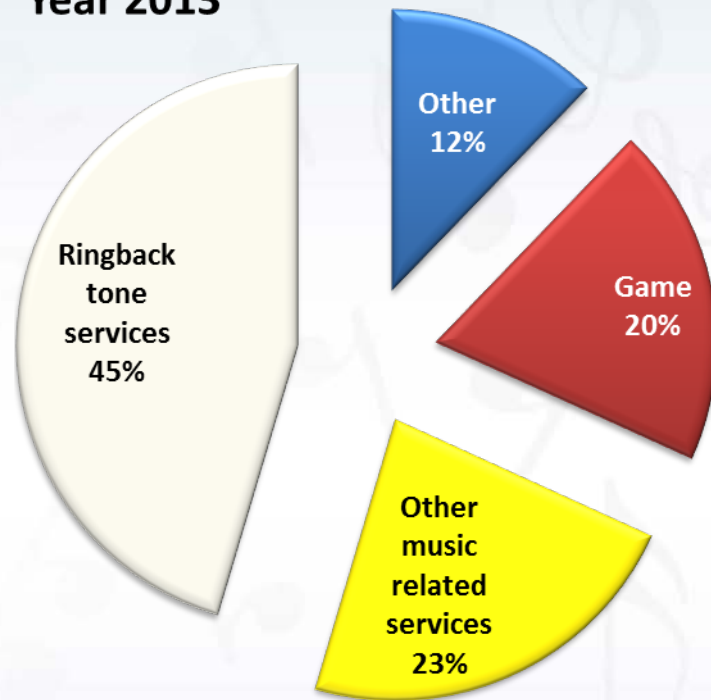
(RMB'000)



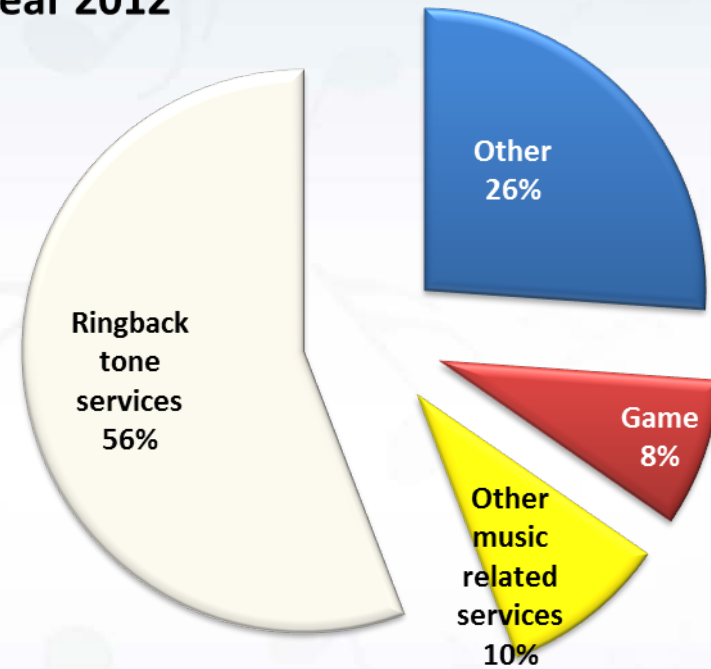
	Year 2012	Year 2013
■ Ringback tone services	192,412	86,094
■ Other music related services	33,193	43,223
■ Game	29,441	37,177
■ Other	90,047	23,242

# Income Composition

Year 2013

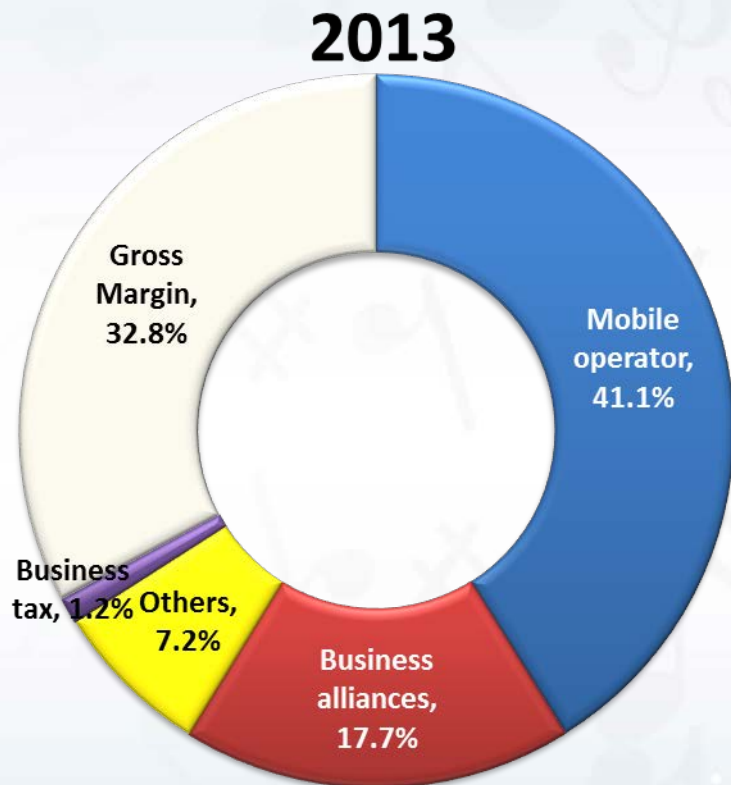


Year 2012



- RBT represents 45% of total revenue, while the percentage was 56% last year.
- The revenue from mobile games reached 37 million, representing 19.6% of total revenue.

# Cost of Services Provided



The cost of services provided in 2013 amounted to approximately RMB125 million, decreased 44% as compared with 2012.

- Revenue shared with operator is 78 million, representing 41.1% of total revenue.
- Revenue shared with business alliances is 33.6 million, representing 17.7% of total revenue.



# Net Profit



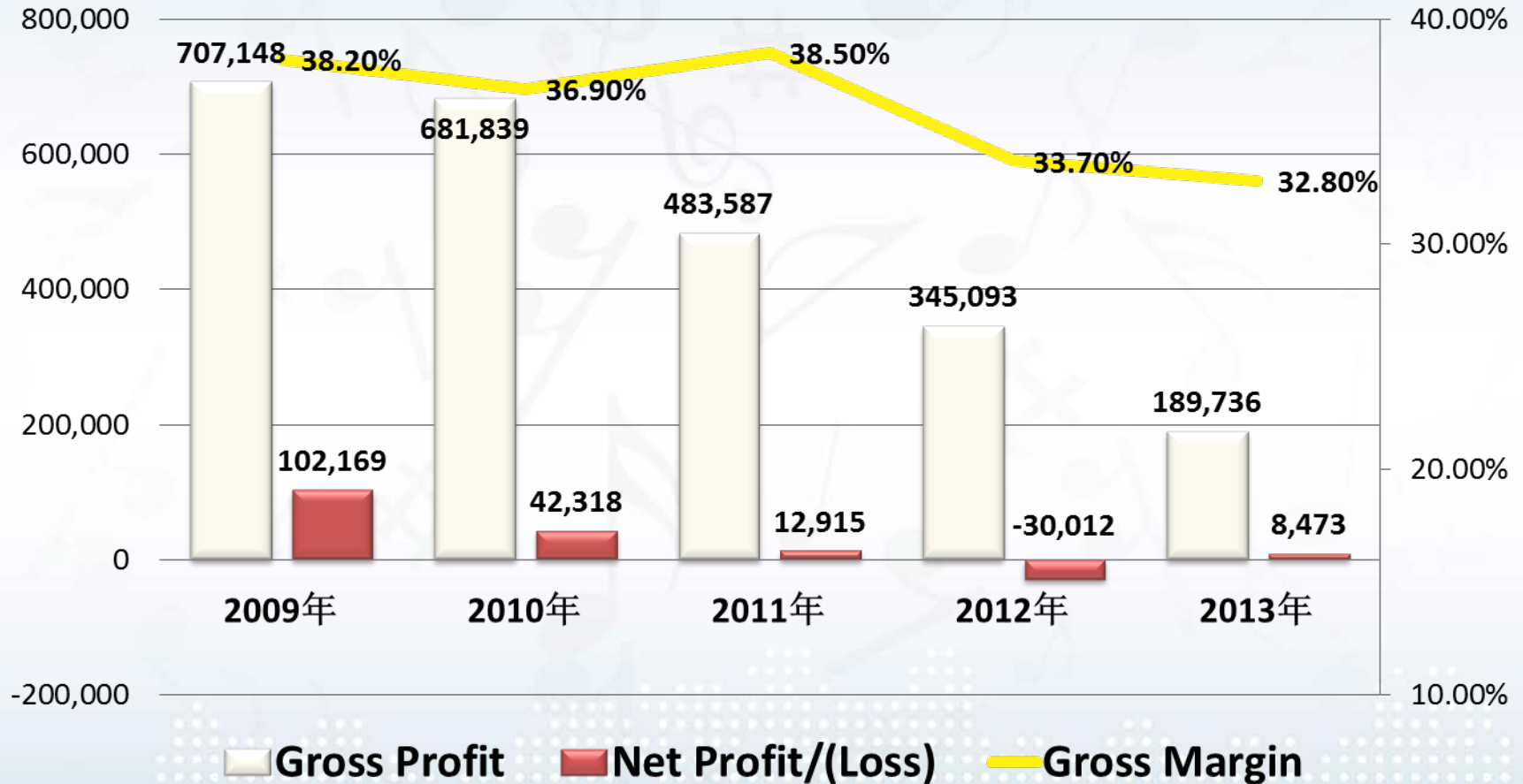
The net profit of the Group amounted to RMB8.47 million.

- Among which, the fair value gains of the investment properties under construction amounted to RMB90.2 million.
- Excluding the impact of non-operational items, the operating loss of the Group amounted to RMB55.0 million

Note: In addition to the above, the impact of non-operational items included: impairment of an intangible asset of RMB12.9 million, share of losses of associates of RMB32million and interest income of RMB15.5 million.

# Historical Financial Data

RMB'000



# Historical Financial Data

<b>RMB'000</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Revenue	707,148	681,839	483,587	345,093	<b>189,736</b>
Cost of services provided	(425,723)	(418,573)	(285,916)	(223,094)	<b>(125,339)</b>
Gross Profit	270,133	251,773	186,125	116,282	<b>62,160</b>
Selling expenses	(112,852)	(142,768)	(124,032)	(90,055)	<b>(55,573)</b>
Administrative expenses	(50,145)	(64,801)	(53,472)	(50,347)	<b>(49,152)</b>
Net Profit/(Loss)	102,169	42,318	12,915	(30,012)	<b>8,473</b>
Gross Margin	38.2%	36.9%	38.5%	33.7%	<b>32.8%</b>
Net Profit Margin	14.4%	6.2%	2.7%	-8.7%	<b>4.5%</b>
EPS (Basic)	0.23	0.09	0.02	(0.05)	<b>0.008</b>



# Strong Cash Flow

<b>(RMB' 000)</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
<b>Cash Balance</b>	<b>475,949</b>	<b>387,191</b>
<b>Net Assets</b>	<b>785,886</b>	<b>515,266</b>
<b>A/R Turnover Days</b>	<b>99</b>	<b>56</b>

We completed the rights issue in March 2013. The total net proceeds from the rights issue was approximately RMB273 million.

# A8 Building

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Commercial Time: end of 2013;

25 floors;

The National Music Industrial Base Launched when A8 building completed its construction.

Leasing Rate: around 93%;

Will save RMB 5 million rental expenses per year.



# Outstanding Shares

As of 30 June 2013		
	Outstanding Shares	Percentage
Controlling Shareholders	579,312,810	40.54%
Public	849,534,318	59.465
<b>Total</b>	<b>1,428,847,128</b>	<b>100%</b>

With the right issue completed at the end of March 2013, the total issued shares increased from 476,282,376 to 1,428,847,128.



# Q & A

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