



[For Immediate Release]

## A8 MUSIC ANNOUNCES 2011 ANNUAL RESULTS

Hong Kong, March 28, 2012 – The leading digital music company in China **A8 Music Holdings Limited** (“**A8 Music**” or the “**Group**”) (Stock Code: 00800.HK) today announced its audited annual results for the year ended 31 December 2011.

Highlights for 2011 Full year:

- Revenue amounted to RMB484 million; representing 29% decrease over year ended December 31, 2010 (“YoY”).
- Gross profit was RMB186 million, a decrease of 26% YoY.
- Profit attributable to equity holders of the Company for the year was RMB12.7 million, a decrease of 69.6%.
- Basic earnings per share were RMB0.03.
- The year 2011 ended with a strong balance sheet, with cash and bank balance and highly liquid short-term assets of RMB434 and net assets of RMB541 million as of 31 December 2011.
- The Board of Directors does not recommend the payment of final dividend for the year.

“The year 2011 was still a transitional year for A8 Music. The mobile value-added industry still faces operation difficulty due to the continuing negative impacts of policies and measures implemented by relevant departments from the beginning of 2010. The policies continue to impose pressure on the Group’s traditional business operation. The Group deployed the business strategy from short-term and long-term and pushed on according to plan. And some highlights of the business deserved to be further executed even we didn’t change the decline of business in short term.” said the Chairman of A8 Music, Mr. Liu Xiaosong.

### **Business Review in 2011**

The whole wireless music market continue to grow as the telecom operator especially China Telecom and China Unicom strengthened the development of their music business in 2011. The Group’s revenue from music and music related business reached RMB 309 Million. We further consolidate our leading position in the wireless music industry and keep the No.1 position in the China Mobile’s wireless market, and rank top 3 in the list of music service providers to China Telecom, from which the revenue generated represents a significant 95% increase as compared to 2010.

Regarding to mobile Internet business, the Group has made significant achievements in 2011.

Firstly, the Group extended cooperation with a number of leading handset manufacturers. With Nokia, the Group provides tailored “Come with Music” service to their customers. With Samsung, the Group has reached a strategic partnership to provide music service for all Samsung’s mobile users. Beyond that the Group is cooperating with leading smartphone manufactures such as Lenovo, Motorola, Huawei, K-touch, Coolpad where the Group provides embedded musical services in manufacturers handsets.

Secondly, the Group has expanded the cooperation with more application providers and various settlement channels to generate more revenues. Currently, the Group is cooperating with more than ten APP providers and about 5 independent third-party payment channels including Ali-Pay.

Simultaneously, the Group made significant progress on the building valuable UGC contents: the unique Composer Plan provides a breakthrough from the traditional operation pattern between artists and record labels and attracted more than 100 songwriters and 40 bands. New songs created from composer plan reached top 3 and this equaled to the scale of mid-scaled record labels. Ten songs performed well on **Baidu TOP500 Billboard** and with more songs listed on top-selling billboard in wireless music market. Meanwhile, the 'Sixth A8 Original China Music Contest' successfully acquired more than 3,000 high-quality original contents in 2011.

For the B2C (music cloud) business the Group deployed music cloud business through acquiring 42.69% shares of Duomi Music for the consideration of RMB 19 Million. According to the wireless music market research report in 2011 published by Iimedia Research Group, the software of Duomi music ranked No.1 from the scale of total users and newly registered users in 2011 in whole music industry. At the same time, the Group 's music cloud business also made a progress on the development of SNS and mobile side.

### **Business Outlook for 2012**

Looking forward to 2012, the MVAS market will face uncertainty and difficulty. The Group's management aims to strengthen the following business operations:

For traditional business, we will continue to strengthen our cooperation with China Telecom and China Unicom in order to grasp the development opportunity of wireless music for current businesses. Our forecast on the scale of music market for China Mobile remains steady while China Unicom and China Telecom present rapid growth. We will retain the leading No.1 position for China Mobile and move up to first tier for China Telecom and China Unicom backed by our resources on contents and promotion channel.

For mobile Internet business, it is estimated that the smart phone's market share will reach 50% in 2012 as 3G and smart phone sales grow rapidly. We will provide professional music solutions for mobile Internet channel and mobile manufactures to follow the trend. The Group will consolidate the current project's operation including Nokia and Samsung, and will speed up the cooperation with famous domestic and international brand handset manufacturers including ZTE, Sony Ericsson and target to gain more market share. At the same time, we will integrate the settlement channels including telecom operators, Alipay, Unionpay in order to generate more revenue from the operation of channels and contents.

For music contents, the Group will optimize the "Composer Plan" to improve the song's quality and attract top artists to be involved and will cooperate with artists deeply. We will continue to strength A8.com website as a platform for artists and users and will kick off the 'Seventh A8 Original China Music Contest' in May to build valuable high quality UGC contents.

Regarding to music cloud business in 2012, the Group will further integrate and optimize the resources of associated company to reduce the operating cost, improve efficiency, encourage innovation and speed up the development towards social network. Meanwhile, we will keep the leading position of Duomi Music's software on the scale of total users and newly registered users.

**A8 Digital Music Holdings Limited**  
**Consolidated Income Statement**

For the Year ended 31 December

	2010	2009
	RMB'000	RMB'000
Revenue	483,587	681,839
Business tax	(11,546)	(11,493)
Net revenue	472,041	670,346
Cost of services provided	285,916	(418,573)
Gross profit	186,125	251,773
Other income and gains, net	11,637	13,758
Selling and marketing expenses	(124,032)	(142,768)
Administrative expenses	(53,472)	(64,801)
Other expenses	(979)	(10,529)
Share of loss of an associate	(1,123)	-
Profit before tax	18,156	47,433
Income tax expenses	(5,241)	(5,115)
Profit for the year	12,915	42,318
Attributable to:		
Owners of the Company	12,687	41,765
Minority interests	228	553
	12,915	42,318
Dividends	N/A	N/A
Earnings per share		
Basic (RMB per share)	0.03	0.09
Diluted (RMB per share)	0.03	0.09

**About A8 Digital Music Holdings Limited**

A8 Music is a leading digital music company that sources music content from its highly successful interactive UGC platform [www.a8.com](http://www.a8.com), as well as from international and domestic record labels; promotes music content through traditional and new media such as mobile operators, internet and wireless network, and sells music content in the form of ringtone, ring-back tone, full track song and interactive voice response. Led by a team of experienced top executives with foresight and vision, the Group is able to capitalise on its integrated marketing and sales multi-channel network to acquire insights into consumer preferences in different regions and thus customize its marketing strategies. The Group was listed on the Main Board of the Hong Kong Stock Exchange in June 2008.

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