



A8新媒体集团有限公司

A8 New Media Group Limited (Stock Code: 800.HK)

2016 Interim Results Announcement

2016年中期业绩发布



A8
LIVE

GRASS
entertainment
青草娱乐


国家音乐产业基地
NATIONAL MUSIC INDUSTRY PARK

A8音乐
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多米音乐
duomi.com


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QINGSONG
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MECHANIST
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偶扑

This presentation includes forward-looking statements and predictions, including statements about potential revenue-bearing transactions, A8 New Media Group Limited (“The Group”)’s strategies and business plans. These forward-looking statements represent the Group’s judgment and assumptions as of the date of this presentation, including but not limited to, prevailing economic and market conditions, and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in such forward-looking statements.

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A8 NEW MEDIA GROUP

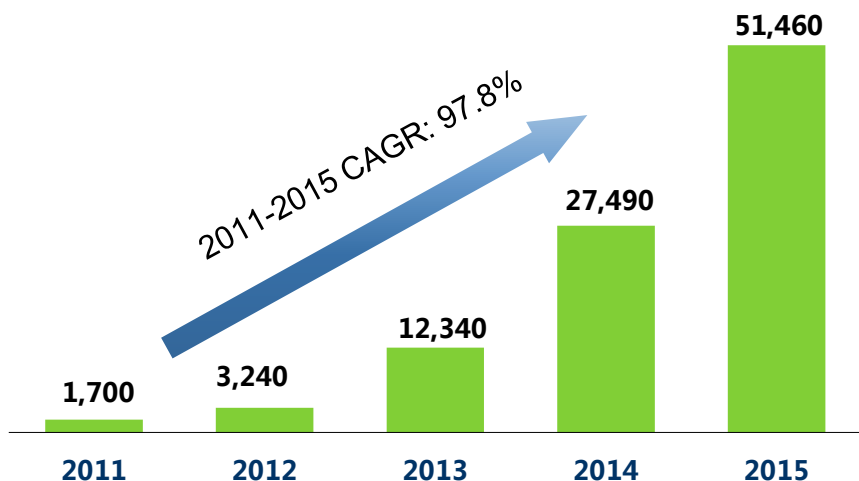
- Industry Overview
- Group Overview
- Financial Summary

Industry Overview

Explosive Growth in Mobile Game Market

2011-2015 China Mobile Game Market Actual Sales Revenue

(RMB Million)



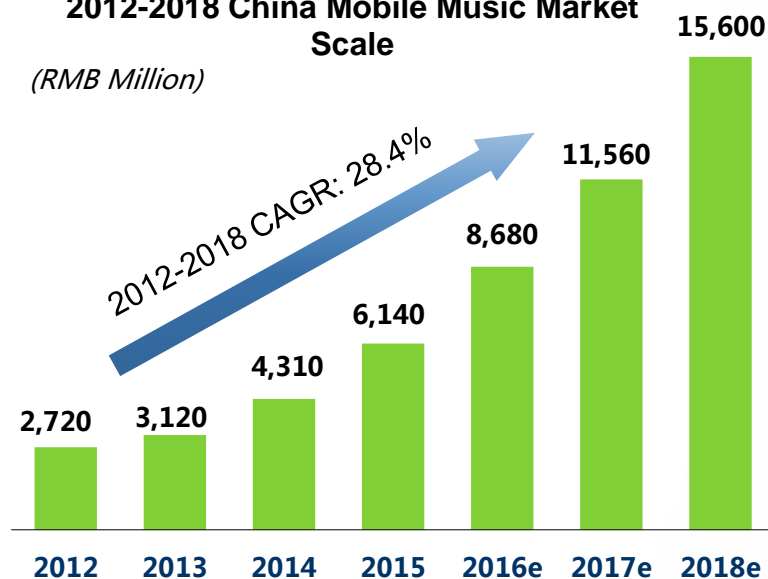
Source: Games Publishing Working Committee

- ☞ The mobile game user population reached 384 million in 2015, representing a slowing increase of 10.7% as compared with the same period in 2014; the mobile game market reached RMB 51.46 billion, representing a year-on-year increase of 87.2%.
- ☞ According to iResearch, it was expected that China mobile game market size will exceed RMB91 billion in 2016, and reach over RMB150 billion in 2018.

Steady Growth in Mobile Music Market

2012-2018 China Mobile Music Market Scale

(RMB Million)



Source: Enfoquest

- ☞ China Mobile music market maintained a steady growth, reached RMB6.14 billion in 2015, representing a year-on-year increase of 42.5%, and is expected to reach RMB8.68 billion in 2016.
- ☞ The business model of mobile music had formed gradually, including online performances, data streaming revenue, advertising revenue, value-added services, etc.



Development target

At the end of the “13th Five-Year Plan”, the output value of the whole music industry will reach RMB300 billion. Among them, the output value of the National Music Industry Base will achieve RMB100 billion, and become the industry with high influences and competitiveness towards the worldwide market.



Promoting the development of the National Music Industry Base

Maximize the combined effect of the National Music Industry Base and turn the Base into an incubator nurturing musical talents through policy guidance and financial support. Set up coordinating bodies of the National Music Industry Base in relevant provinces and seek departmental support. Attract local and overseas famous music companies and musicians to join.



Nurture large music company

Nurture 2-3 integrated music companies through acquisition, merger, reorganization, joint-stock reform, etc. and in accordance with the market mechanism, combined with preferential policies. The integrated music companies mainly concentrate on music content development and production, possessing a number of well-known brands and niche products, both asset size and revenues reach RMB5 billion. Encourage and support the music companies listing and financing, to further enhance the competitiveness and influences, and become the main force in the industry.



Increase industry funding support

Support the key music projects into the national press and publication of reform and development project library, encourage and assist enterprises to apply for the industry development funds that are music-related. Support the featured music projects planning and cultural project funds.



Group Overview

About A8 New Media

- A8 New Media is an emerging company engaged in new media and digital entertainment.
- The Company is devoted to building the music-based entertainment industry chain based on mobile internet and the prime game publishing platform

Businesses



A prime mobile game publishing platform. Published a number of leading prime mobile games such as Papa Three Kingdom. Finger Fun is focused on high-quality heavy mobile games.



A8 Music Building

Located near the Central Business District of Nanshan District, Shenzhen, a part of the Software Industry Park commercial official area. The building comprises offices, commercial retail and parking lot areas.



A mobile internet music service provider, which provides personalized music service to over 300 millions users based with "music cloud".



A8LIVE provides professional music services covering the whole music industry chain, committed to build an integrated online and offline music content incubator.



A mobile video live broadcast platform ranked in the first tier of network live broadcast Apps. It was ranked first in terms of activation on iOS and Android platforms.



A platform providing fans social media, interactive information of superstars, photos & videos of superstars, online and offline activities for fans support groups.



Principally engaged in incubation and operation of prime copyrights, including the authorization of use and adaption to cartoons, comics, audio works, mobile games, network drama, TV drama and movies. A8 New Media holds 35% of its equity interests.



Mobile game developer in China, listed on the National Equities Exchange and Quotations. "盗梦英雄" developed by Mechanist Games is published globally and achieved outstanding results. A8 New Media holds 10% of its equity interests.



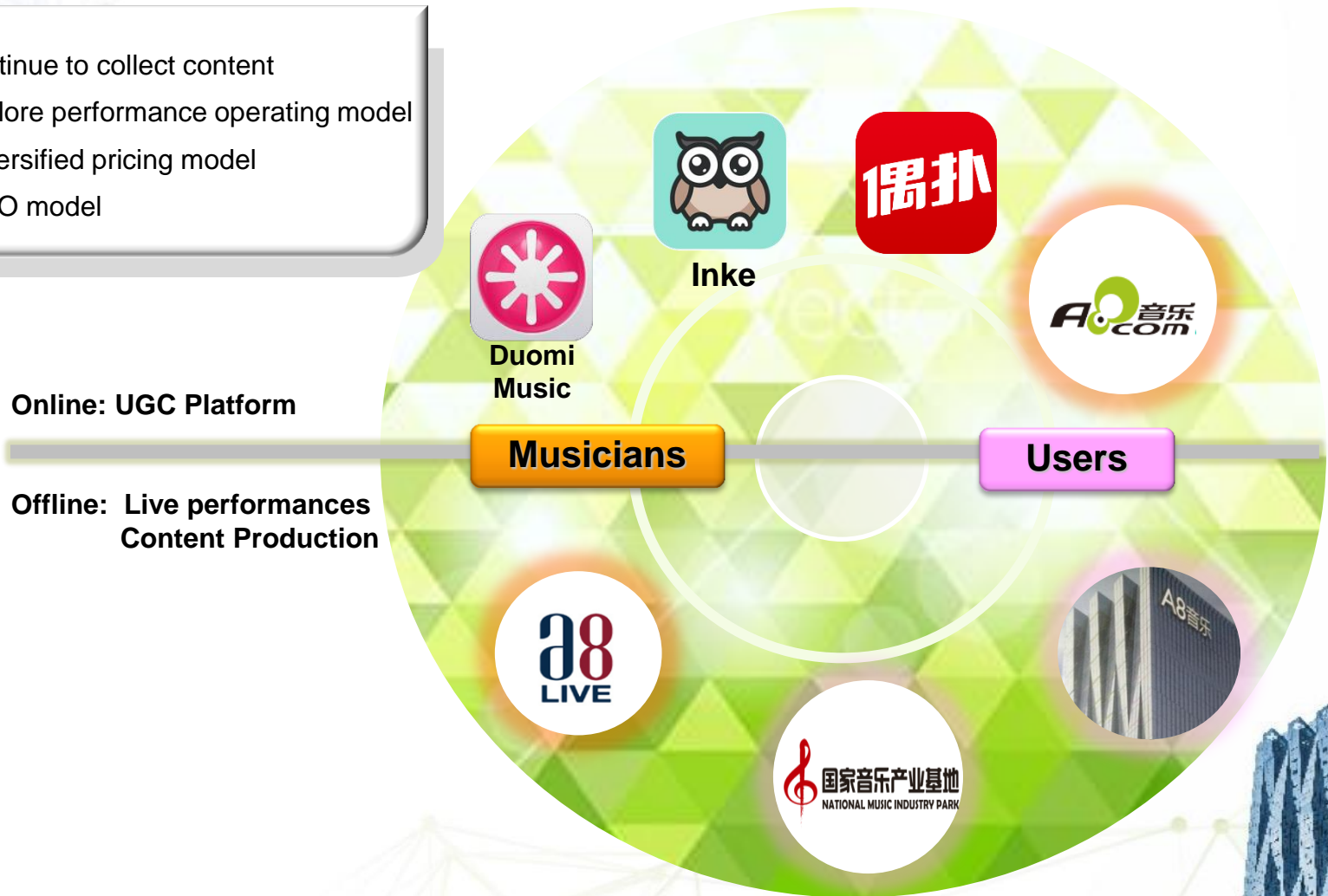
An angel fund principally invests in mobile internet and internet, with an focus on innovative enterprises in the start-up stage and early-to-mid stage within the industry.



Jointly established by A8 New Media and a famous anime company, Beijing Vasoon Animation. The company targets in incubating prime copyrights and create a prime copyrights brand.

Diversified Music Business

- Online: continue to collect content
- Offline: explore performance operating model
- Explore diversified pricing model
- Explore O2O model



Content Collection

- Online
 - A8.com
 - Duomi Music
 - Fans platform
- Offline
 - A8Live
 - Original music competition

Content Production

- Online live broadcasts/ recording
- Artist interviews

Video Live Broadcast

- Inke



Content Distribution

- A8.com
- Duomi Music
- Fans platform
- Other TV media, internet media

Live Performances

- A8Live

Business Transformation

- Adopts a new internet+ entertainment business model. Devoted to building the largest fans platform through its own app “Oops” (“偶扑”)
- Up to present, “Oops” platform has comprised nearly 3,000 fans groups encompassing nearly 80% of fans groups in China



Strategic Cooperation

- Entered into a strategic agreement with Migu Co., Ltd (“咪咕文化”) under China Mobile to cooperate on music, game, video, reading and comic based on products, technology, users and marketing to unleash both parties’ advantages
- Duomi Music, Oops and Migu Music (“咪咕音乐”) jointly launched the membership system to realize the transition from China Mobile’s massive wireless music users to Internet, develop the payment method and connect all the products



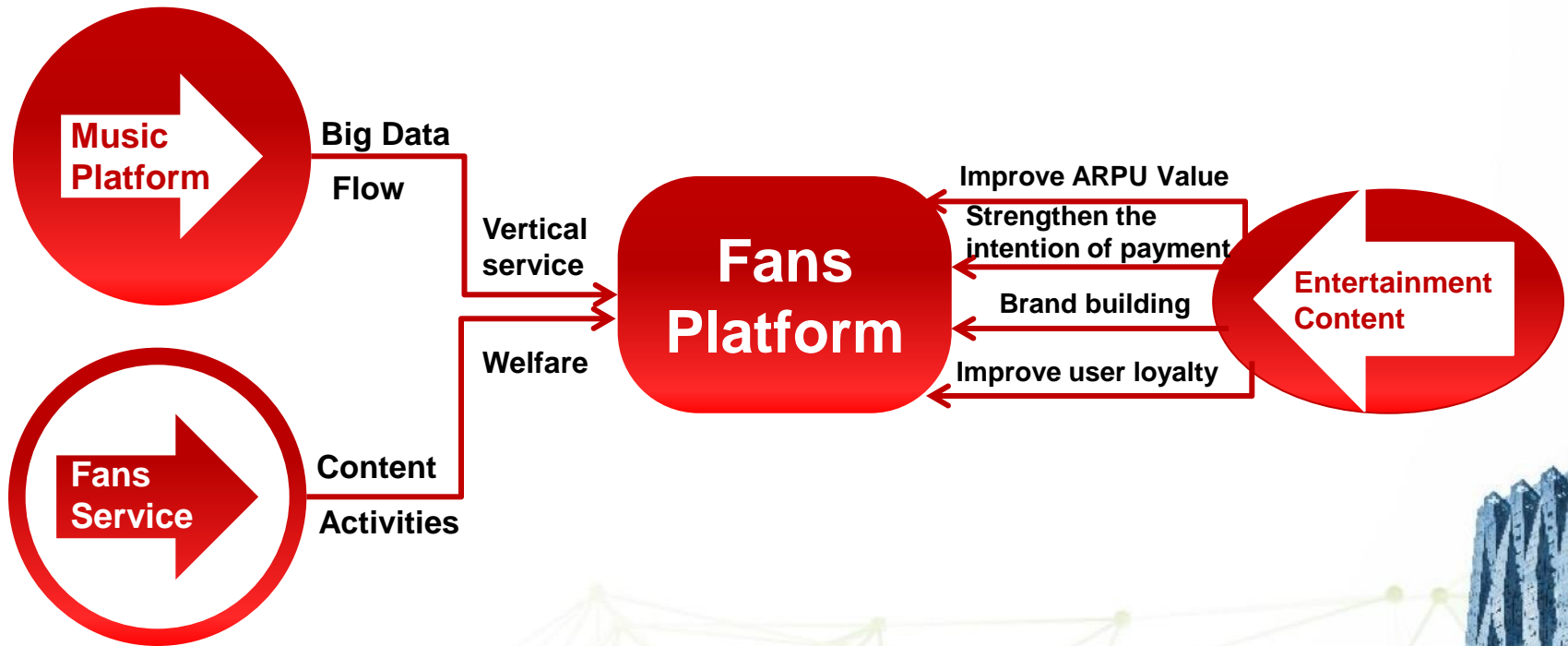
Financing & Listing Project on NEEQ

- New investors introduction including Enlight Media Group (“光线传媒”), the biggest media & entertainment private enterprise in China, Stone Capital (“磐石资本”), Seven Foxes (“七匹狼”)
- Continued to work on the listing matters on the National Equities Exchange and Quotations System. Expected to be listed in 2016



Overall Layout

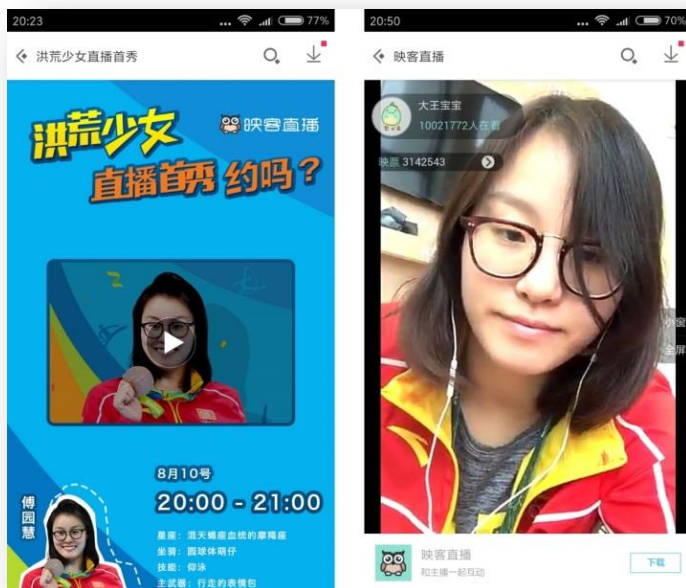
Oops, an online music platform that provides users conversion and music services. With production of entertainment content, it offers promotion resources, support for content and brand to establish the largest fans platform in China





Inke – Mobile Video Live Broadcast Platform

- Successfully incubated “Inke”, a mobile video live broadcast platform, in 2015
- According to “QuestMobile”, a domestic mobile big data service provider, the MAU of network live broadcast apps has recorded an explosive growth during the first half of 2016, representing a year-on-year increase of 156.2%
- MAU of Inke reached 35.24 million in June 2016
- Inke is ranked first in terms of online video broadcast’s activation on iOS and Android platforms



Fu Yuanhui, Rio 2016 Olympics bronze medalist of women's 100 metre backstroke, was invited to live broadcast on Inke



- “A8Live”, an offline live music performance brand, is operated together with the LiveHouse Theater located in the podium of the A8 Music Building. Its business functions include live music performance, maker café, professional studio, band rehearsal rooms and music education center.
- Held a number of performance activities during the first half of 2016, including artists or band performances, concerts, fans meetings, press conferences, charitable activities, live broadcasts, etc.



“Running Man” Wong Cho Lam’s Fun Music concert



MIKA, a British sensation



Will Jay, an American Chinese singer



Miriam Yeung, one of the most popular female singers in Hong Kong and Taiwan, was doing recording

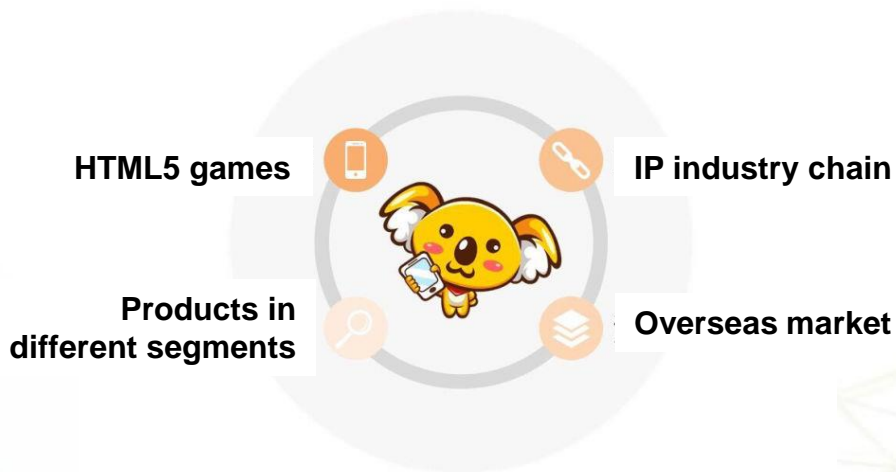
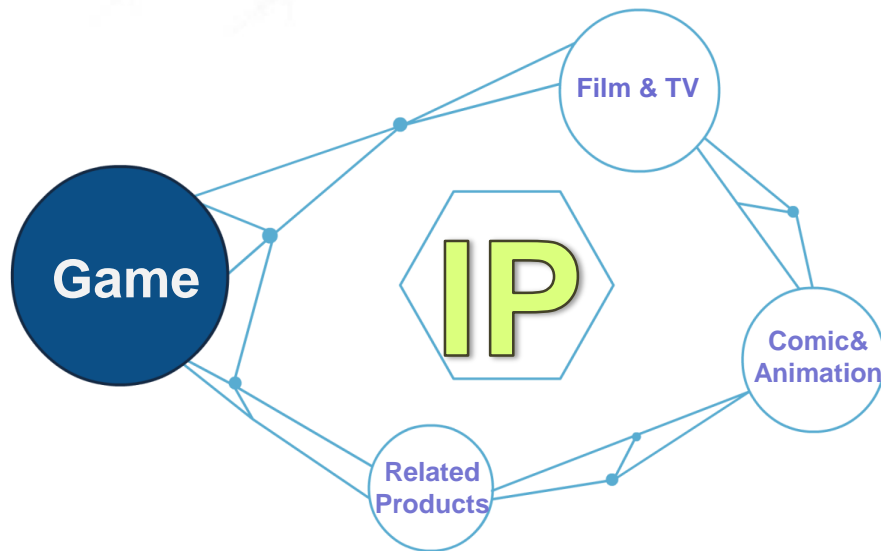


Chopstick Brothers, the famous Mainland China singers, were doing recording



G.E.M., the first runner-up of final of “I’m a singer 2”, was doing recording





Focus on publishing prime games

IP/Game Reserve

- Acquire game edition rights of prime IP
- Acquire prime games / invest in outstanding developers

Game Publishing

- Publish prime games with innovative game play methods to uncover players' needs
- Precise management in subdivided fields
- Explore innovative mobile games

Overseas Publishing

- Formed a professional overseas publishing team in the first half of 2016
- Kicked off the publishing business in Hong Kong, Macau and Taiwan

Game Reserve



IP Reserve & Develop Games on IP

Strengthen the reserve of Intellectual Property (IP) and cooperate with excellent developers
Develop games based on prime IP

Acquired Beijing Jiangwen Information Technology Co., Ltd

- Operates three online literature platforms: Heiyan (黑岩), Ruoxia (若夏) and Ruochu (若初)
- Over 60,000 novels on the platforms
- Obtained more than 5,000 prime copyrights at present



大神云集的男性文学门户



女性原创文学新势力



专注古风第一站

Acquired game edition right of "Crazy Journey to the West" (狼西游) from Beijing Grass Entertainment

- The animation of "Crazy Journey to the West" released on Tencent Video achieved a hit rate of over 17.2 million
- The comic earned a high score of 9.2 on Tencent Comic, with a hit rate of over 22 million
- Its action-PRG game is expected to be launched in the second half of 2016



狼西游

Animation

VASOON 青青树

Vasoon Animation, founded for nearly 30 years, is a famous original animation-and-comic production company, with signature works including "Wolf King", "Great Bug", "Crazy Journey to the West", etc.

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A joint venture set up by Finger Fun and Vasoon Animation, with a focus on incubating IP and developing the value of IP.



Creation

Beijing Jiangwen is principally engaged in the incubation and operation of prime copyrights, including the authorization of use and adaption to cartoons, comics, audio works, mobile games, network drama, TV drama and movies.

Incubation



大神云集的男性文学门户



女性原创文学新势力

Operation



专注古风第一站



Multi-player
strategy card
game



Sports game



Card RPG



- The Android version has attracted the return of veteran users through version updates and promotion activities while gaining new users by enhancing its market exposure
- Maintained an **average monthly turnover of approximately RMB3 million since its launch 3 years ago**
- Achieved better-than-expected performance in the first half of 2016



- **The maximum monthly turnover reached approximately RMB100,000**
- Obtained the **“Most Popular HTML5 Game of the Year”** under the Golden Pocket Award, the **“Best Novel IP Mobile Game of the Year”** under the Golden Key Award, etc.



- The publication of “热血足球HTML5” filled the market gap in **HTML5** sport games

A8 Music Building



- A 25-storey building
 - Gross area of approximately 50,000 square meters, of which 40,000 square meters is lettable
 - Contributed approximately RMB27.63 million in 1H2016, an year-on-year increase of approximately 20%
 - Hires **Savills**, a renowned property management company in Mainland China, to manage the property and provide fine services for tenants



Financial Highlights

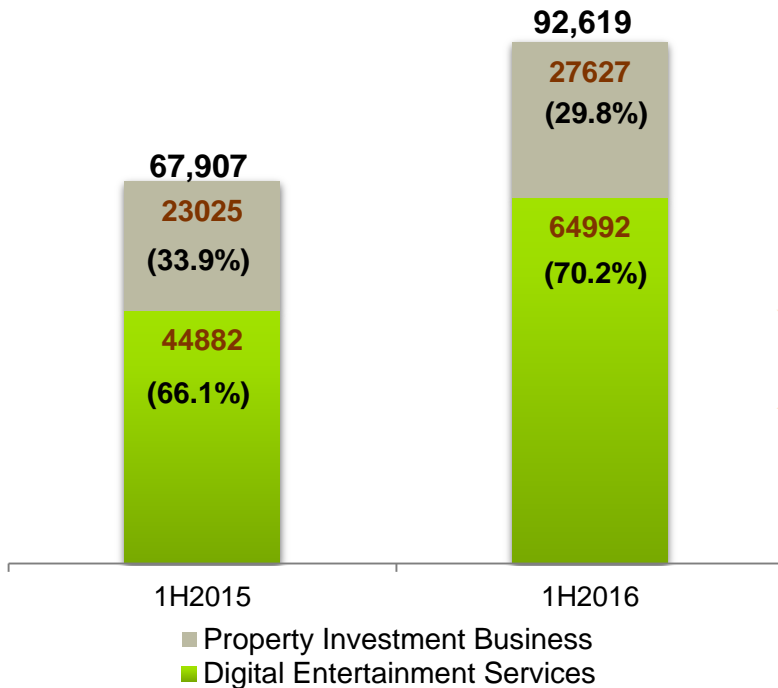
Financial Highlights

	For the six month ended 30 Jun		
<i>(RMB '000)</i>	2016	2015	<i>Change</i>
Revenue	92,619	67,907	+36.4%
- Digital Entertainment	64,992	44,882	+44.8%
- Property Investment	27,627	23,025	+20.0%
Gross Profit	39,388	24,361	+61.7%
Gross Profit Margin	42.5%	35.9%	+6.6 ppt.
Profit attributable to owners of the Company	16,350	5,834	+180.3%
Net Profit Margin	17.7%	8.1%	+9.6 ppt.

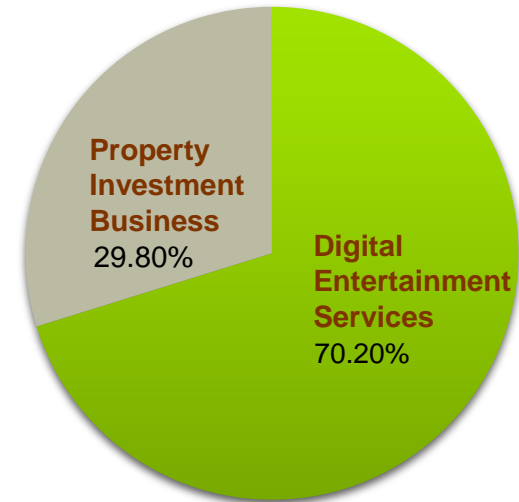
Revenue Breakdown

(RMB'000)

Revenue Breakdown



2016 Revenue Breakdown



➤ **The revenue of the Group amounted to RMB92.62 million, representing a year-on-year increase of 36.4%. It includes:**

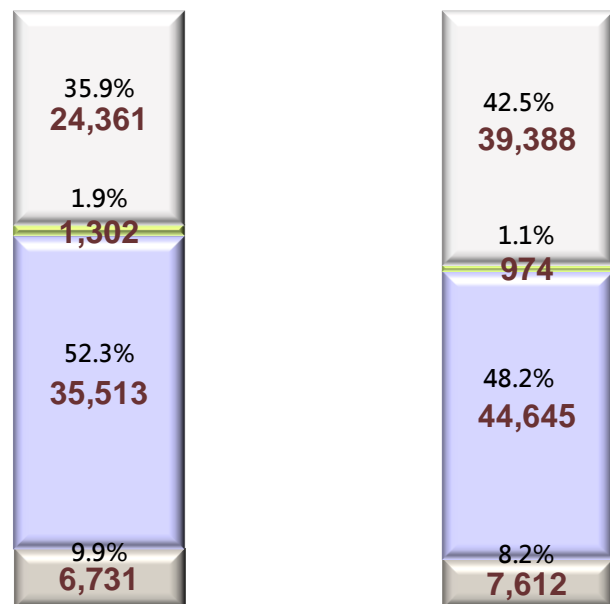
- The revenue of digital entertainment services amounted to approximately 64.99 million, representing a year-on-year increase of 44.8%, accounted for 70.2%, mainly resulted from the revenue increase of game related services amounted to approximately RMB21.02 million.
- The revenue of property investment business amounted to approximately RMB27.63 million, representing a year-on-year increase of 20.0%, accounted for 29.8%, mainly due to the increased occupancy rate and unit rental resulted from high quality property management services.



Cost and Profit Analysis

Cost

(RMB'000)



1H2015

1H2016

■ Property Investment Business

■ Digital Entertainment Services

■ Income Tax Expenses

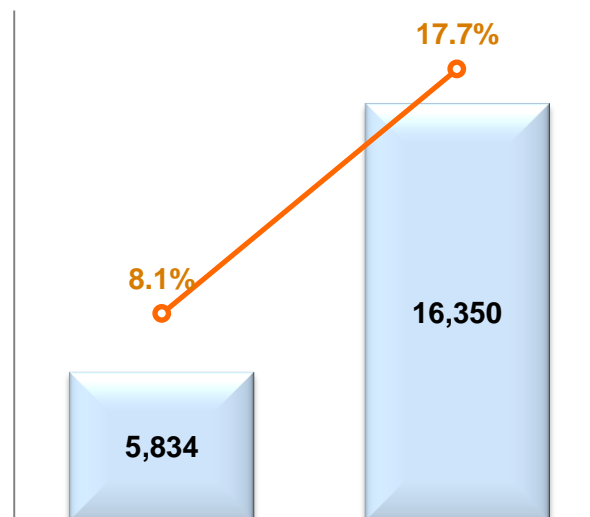
■ Gross Profit

Note: the percentage represents the ratio between cost/gross profit and revenue

- The overall gross profit margin of the Group was 42.5%, increased from 35.9% in the same period of 2015, mainly attributable to the contribution from digital entertainment services

Profit Attributable to Owners of the Company and Net Profit Margin

(RMB'000)



1H2015

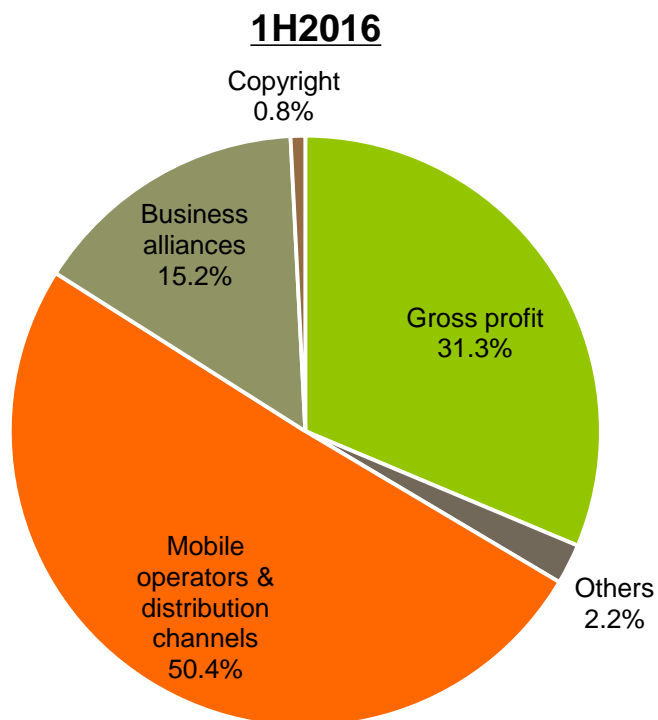
1H2016

■ Profit Attributable to Owners of the Company

○ Net Profit Margin

- Profit attributable to owners of the Company was RMB 16.35 million, increased from RMB5.83 million in the first half of 2015, representing an increase of 180.3%
- Net profit margin rose to 17.7% for 1H2016 from 8.1% for 1H2015

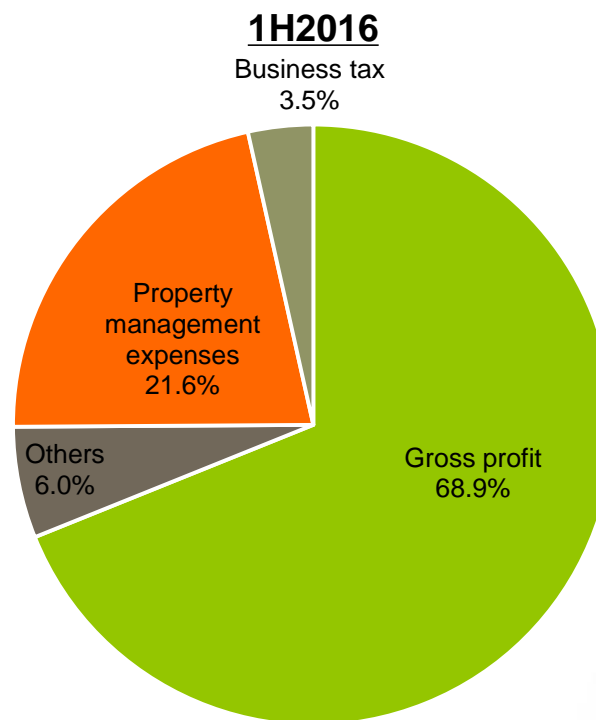
Digital Entertainment Services



Digital Entertainment Services:

- Includes music and game publishing services
- The gross margin increased to 31.3% from 20.5% for the last corresponding period

Property Investment Business



Property Investment Business:

- Benefited from the increased occupancy rate and unit rental resulted from high quality property management services, the gross margin increased to 68.9% from 65.9% for the last corresponding period

Balance Sheet

<i>(RMB'000)</i>	On 30 Jun 2016	On 31 Dec 2015
Current Assets	566,031	635,053
- Cash and Cash Equivalents	492,980	429,745
Current Liabilities	81,967	163,906
Non-current Assets	653,499	642,781
Total Assets	1,219,530	1,277,834
Net Asset	1,069,988	1,049,343
Payoff Period of Receivables	36 days	67 days

Official Wechat ID



Finger Fun



A8Live

Signature Products



Oops



Duomi Music



Inke

Signature Games



Papa Three Kingdoms



Hunger for World Conquest



Release the General

Online Literature Platform



Heiyan



Ruochu



Ruoxia

Open Forum