



**A8 電媒音樂控股有限公司**  
**A8 Digital Music Holdings Limited**



**A8 電媒音樂控股有限公司**

**A8 Digital Music Holdings Limited**

**Stock Code: 800.HK**

**2013 Interim Results Announcement**

**22 August 2013**

**我的音乐无处不在!**  
*My Music Everywhere!*



## **Disclaimer**

This presentation includes forward-looking statements and predictions, including statements about potential revenue-bearing transactions, A8 Digital Music Holdings 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.

In particular, the Group faces risks and uncertainties that it may not be able to sustain its business model, that revenues may be lower or expenses higher than projected, or that business strategies or transactions may not go forward as planned.

Such statement are not, and should not be construed as a representation as to future performance of the Group. In particular, such target, if any, should not be regarded as a forecast or projection of future performance of the Group. It should be noted that the actual performance of the Group may vary significantly from such targets (if any).

## **Confidentiality**

The information provided to you in this presentation (including any of the contents thereof) is given on a confidential basis and must not be passed or disclosed to any other person and no photocopy shall be allowed.

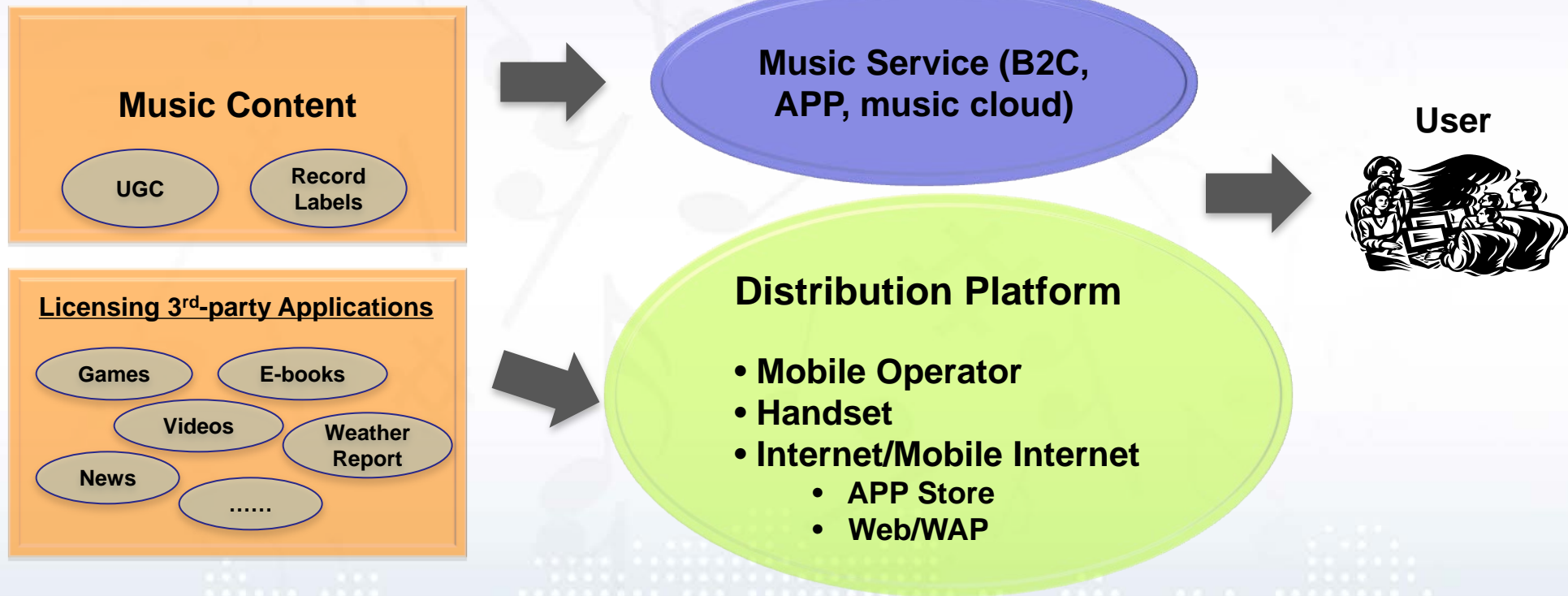
# A8 Overview

---

- **A leading digital music company focused on sourcing, publishing and distributing music content (including UGC), offering digital music service to consumers directly as the uptrend of mobile internet.**
- **Coupled with high growth of mobile internet, the company is transforming to a mobile-internet based model including digital music and peripheral business. The deployment in mobile internet achieved notable progress.**

# Business Model

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



# Financial Highlight

# 2013 Interim Financial Highlight

---

- 1H2013 revenue amounted to approximately RMB95.7 million, representing 48% decrease from RMB184.1 million in 1H2012.
- Loss attributable to the shareholders in 1H2013 amounted to approximately RMB 45.3 million, compared to the loss attributable to the shareholders of 9.6 million in 1H2012.
- Strong balance sheet, with cash balance of approximately RMB 572.5 million and net assets of approximately RMB 734.5 million as of 30 June 2013.
- EPS: GAAP basis RMB (0.04) vs. RMB (0.02) (restated) of last year.

# Historical Financial Data

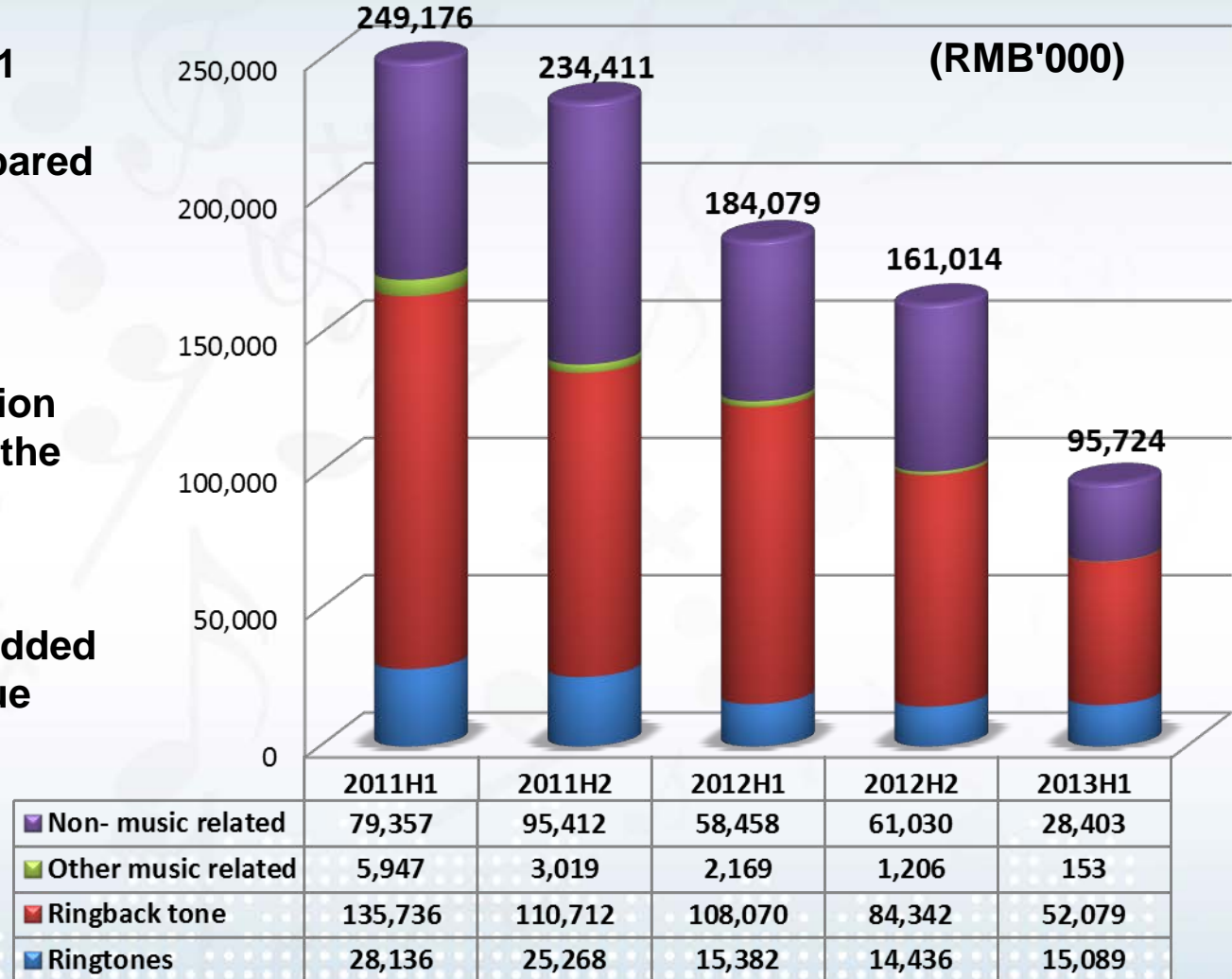
RMB'000	2010H1	2010H2	2011H1	2011H2	2012H1	2012H2	2013H1
Revenue	358,642	323,197	249,176	234,411	184,079	161,014	95,724
Cost of Services Provided	(222,600)	(195,973)	(145,079)	(140,837)	(118,688)	(104,406)	(62,415)
Gross Profit	129,874	121,899	98,469	87,656	61,650	54,632	31,960
Selling Expenses	(72,560)	(70,208)	(68,884)	(55,148)	(46,818)	(43,237)	(27,792)
Administrative Expenses	(35,070)	(29,731)	(25,797)	(27,675)	(24,088)	(26,259)	(26,665)
Net Profit / Loss	20,000	22,318	9,551	3,364	(9,638)	(20,374)	(45,903)
Gross Margin	36.2%	37.7%	39.5%	37.4%	33.5%	33.9%	33.4%
Net Profit / Loss Margin	5.6%	6.9%	3.8%	1.4%	-5.2%	-12.7%	-48.0%
EPS (Basic)	0.04	0.05	0.02	0.01	(0.02)	(0.02)	(0.04)

# Revenue Breakdown

The total revenue in 2013H1 amounted to RMB 95.7M, decreased by 48% as compared with 2012H1.

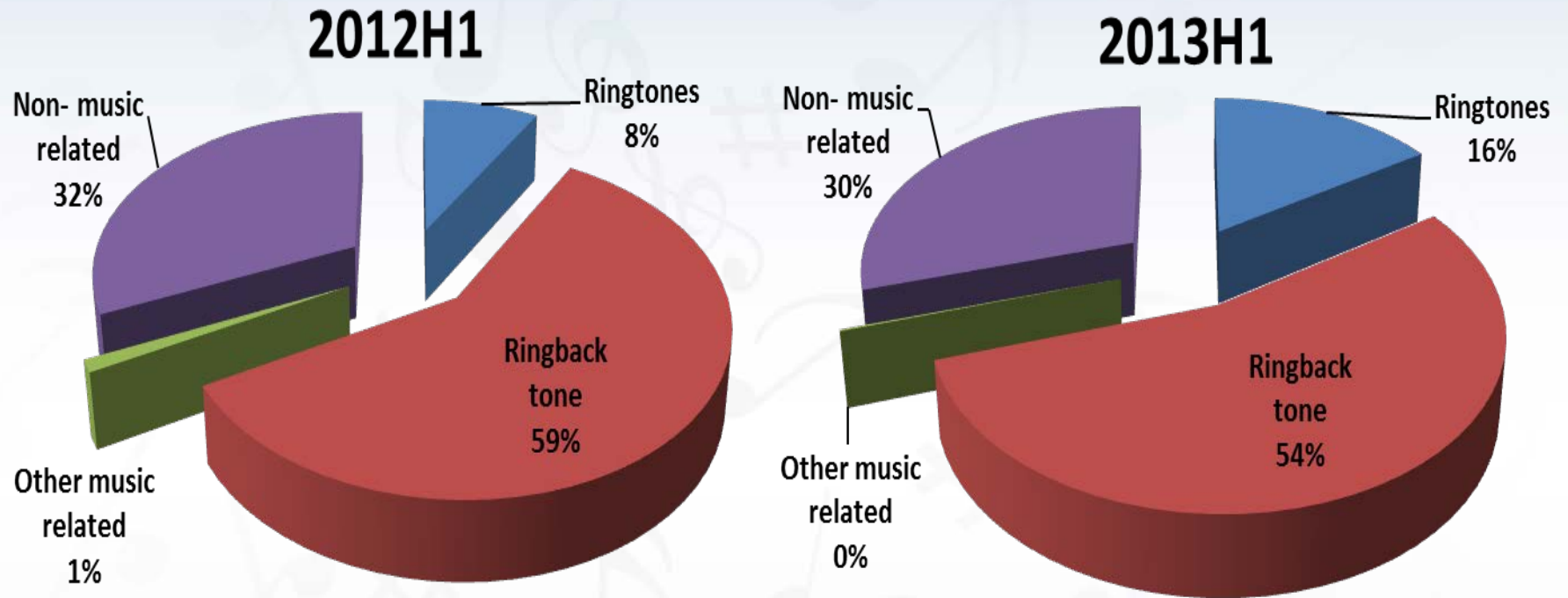
Reason:

- the business transformation takes time to recover from the downturn of revenue;
- the disposition of some traditional wireless value-added business for customer value improvement.





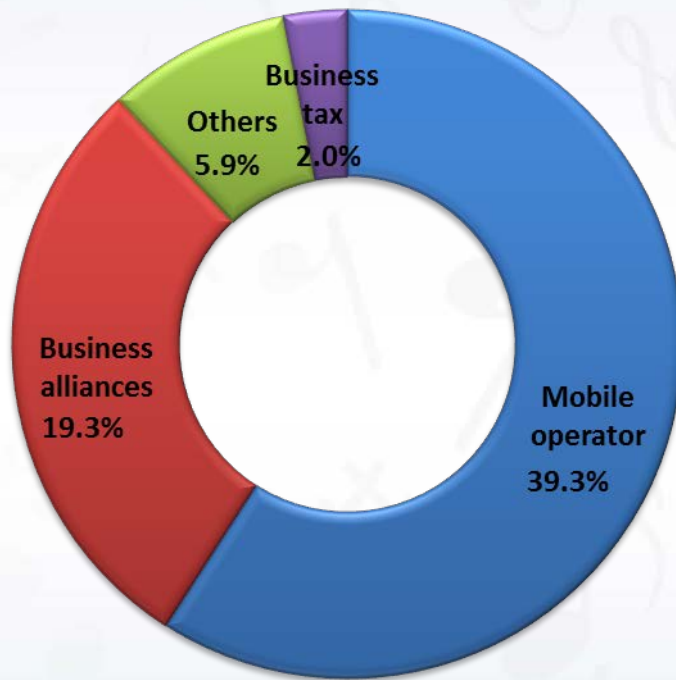
# Revenue Structure



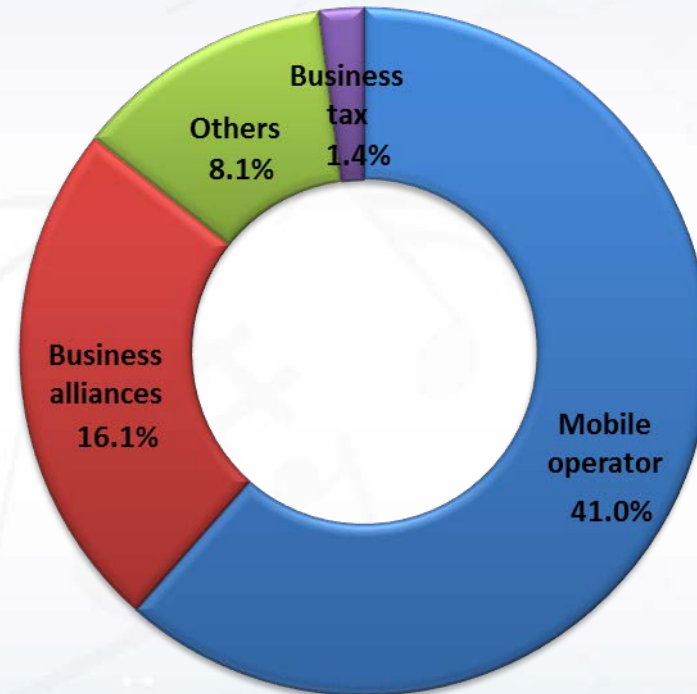
- RBT represents 54% of total revenue (2012:59%);
- Music and music-related revenue contributed 70% of total revenue (2012:68%).

# Cost of Services Provided

1H2012

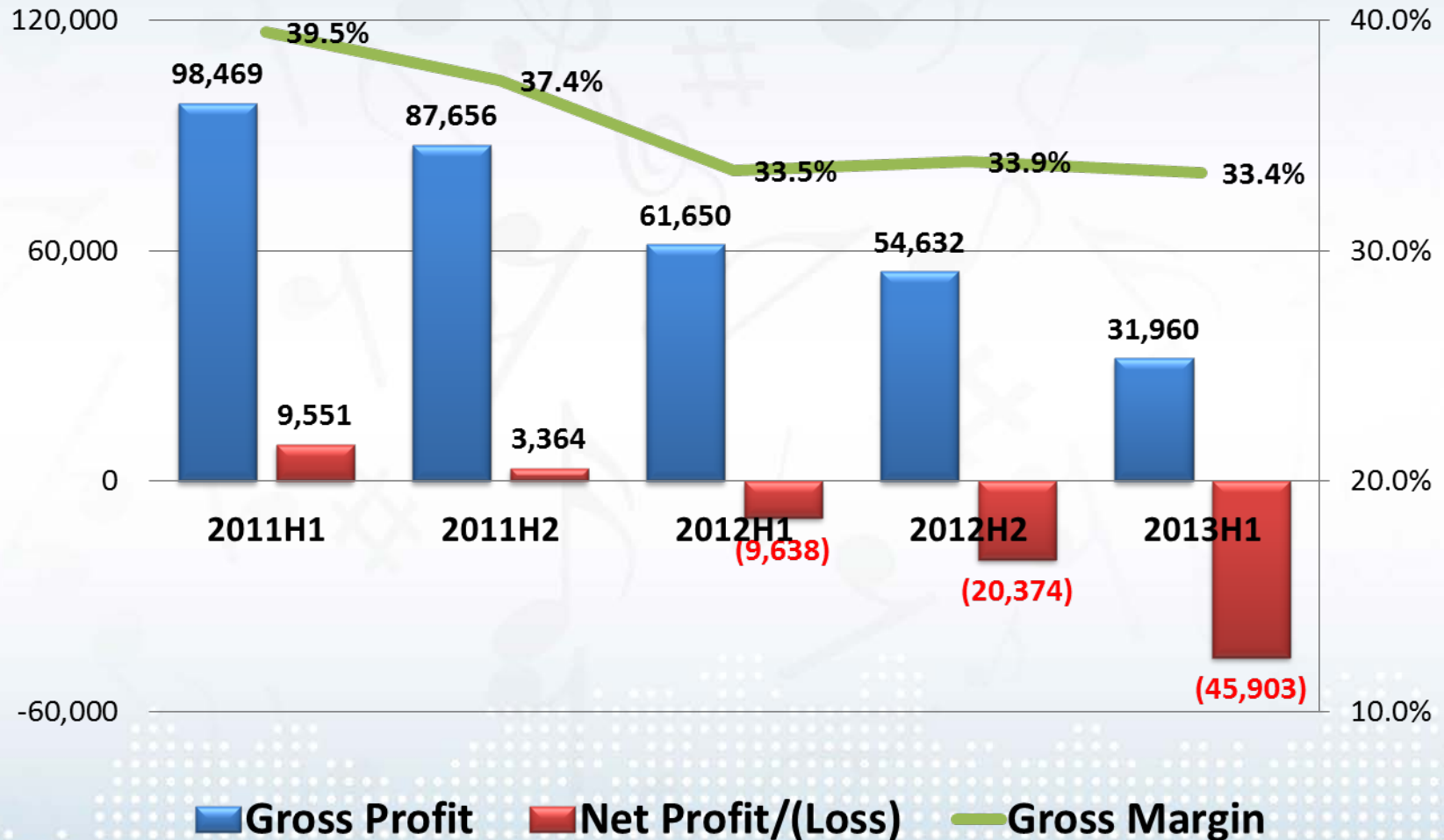


1H2013



The cost of services provided in 2013H1 amounted to approximately RMB62.4 million, decreased 47% as compared with 2012H1 (2012H1: approximately RMB118.7 million).

# Gross Profit, Net Profit/Loss



# Gross Profit, Net Profit/Loss

---

- **Net loss attributable to equity holders in 2013H1 amounted to approximately RMB 45.3 million (2012H1: RMB9.6 million).**
- **Gross margin is 33.4% in 2013H1, keeps same level as last corresponding period.**

# Strong Balance Sheet

---

	As of 30 June 2013 (RMB' 000)	As of 31 Dec 2012 (RMB' 000)
Cash Balance	572,513	387,191
Total Assets	884,809	709,839
Net Assets	734,466	515,266
A/R Turnover days	89	56

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

# Cash Flow

---

As of 30 June 2013  
(RMB' 000)

Net Cash Flow from Operating Activities	(19,973)
Net Cash Flow from Investing Activities	(356,257)
Net Cash Flow from Financing Activities	252,975
<b>Total Net Cash Flow</b>	<b>(123,255)</b>

# Outstanding Shares

As of 30 June 2013		
	Outstanding Shares	Percentage
Controlling Shareholders	579,312,810	40.54%
Public	849,534,318	59.46%
Total	1,428,847,128	100.00%

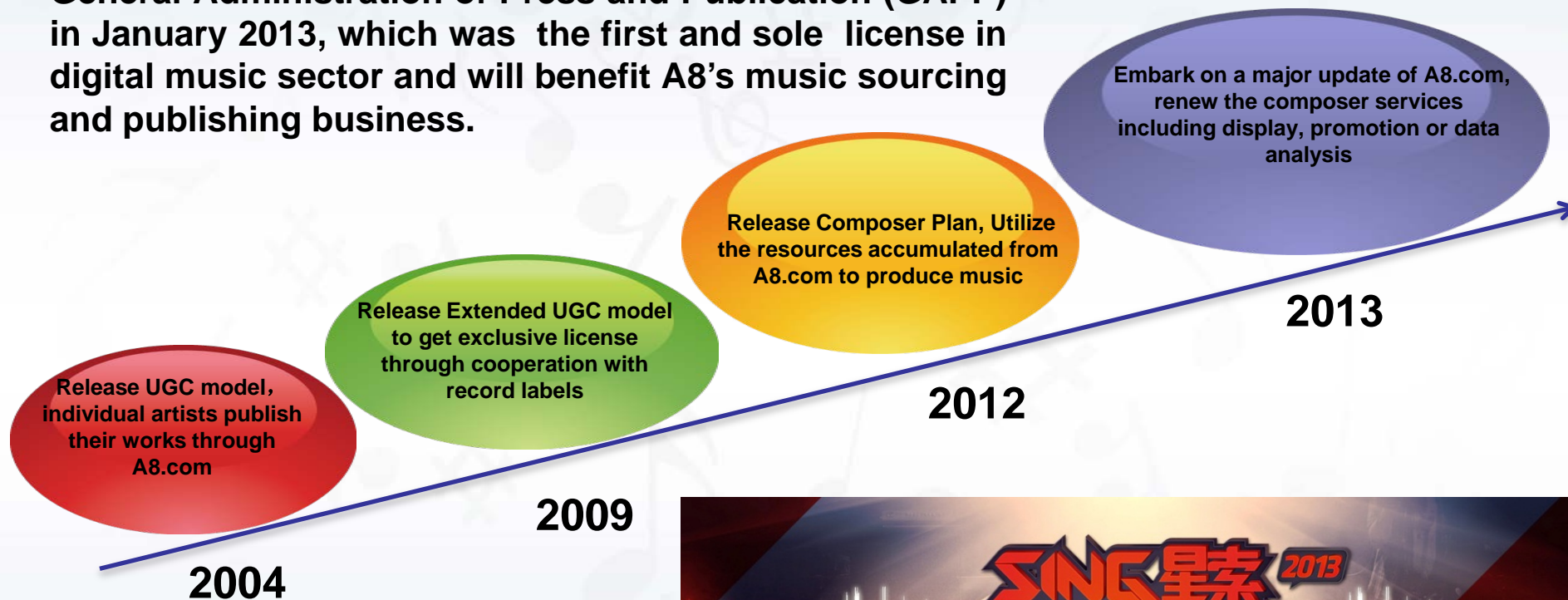
With the right issue completed at the end of March, the total issued shares increased from 476,282,376 to 1,428,847,128.

# Business Review



# Continue to Enhance Music Content

A8 got the Internet Publication License from China's General Administration of Press and Publication (GAPP) in January 2013, which was the first and sole license in digital music sector and will benefit A8's music sourcing and publishing business.

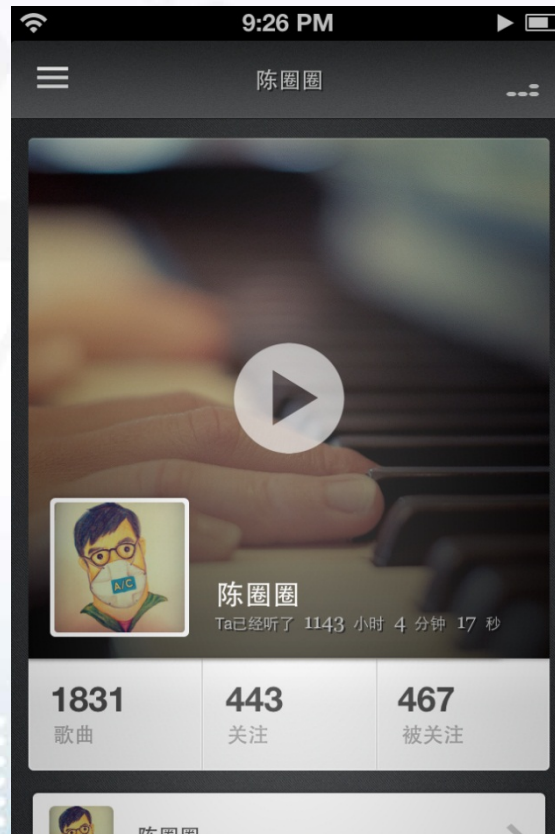
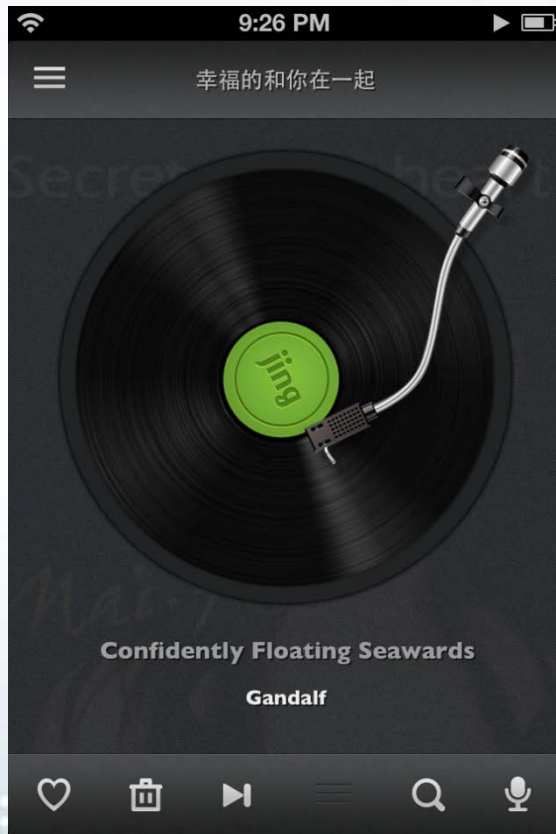


Co-organized the “Eighth Original China Internet Music Contest” with the local government



# Diversifying Music Products

Jing.fm Launched the Android and IOS version of Jing.fm music application, through which users can find the personalized music by saying the characters of the music they preferred. The user scale reached over one million.



# Diversifying Music Products

 play+  
无线流媒体音乐系统



无线连接，  
海量音乐，  
轻动指尖，瞬间，音乐满屋。  
好声音，就要大声听。



## Home entertainment streaming devices

In 2013H1, the wireless streaming music box officially passed the China Compulsory Certification (the “CCC”).

In 2013H2, the Company plans to continue the R&D and try to launch the product ASAP.

# Diversifying Music Products

## 4. 2013Q1中国手机音乐客户端使用分布



艾媒咨询 (iiMedia Research) 数据显示, 2013Q1中国手机音乐客户端使用方面, 多米音乐的用户占比最多, 达57.2%; 酷狗音乐用户占比56.8%, QQ音乐用户占比52.2%。艾媒咨询 (iiMedia Research) 分析认为, 随着市场竞争的加速, 主流的手机音乐客户端市场占比差距已经不大, 其中多米、酷狗、QQ和天天动听旗鼓相当, 而被阿里巴巴收购的虾米后劲比较猛。

## Duomi Music

According to the data of Iresearch, Duomi Music Application (a product of Duomi Music, A8's associated company) is the most popular mobile music application in the music market, 57.2% mobile music users enjoyed music through Duomi Music. Meanwhile, the user scale increased steadily under the base of 100 million at the end of 2012.

# Extend Mobile Internet

---

## Mobile Games

In 2013 H1, Backed by its past operational experiences and billing resources, A8 started a trial in operations on mobile games through its brand “指遊方寸”.



# Extend Mobile Internet

中国移动通信 CHINA MOBILE 移动应用商场 Mobile Market

关注MM官方微博 网站导航 | 中国移动 | 手机版

欢迎您, 请登录>> 登录并下载应用可获福分赢大奖!

选择机型>> 网站商品将与您的机型自动适配

首页 游戏 软件 主题 排行榜 品牌店 应用论坛 开发者社区 全部 UC 搜索

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 移动生活

**MM为胜利呐喊**  
三星Galaxy SIII、话费、万元优旅卡等您拿  
立即参与

MM客户端 新版上线 玩家争霸

MM星探 MM星探 手机必备

MM精品首发 读具慧眼看天下 往期精品首发>>

**Vista看天下**  
免费  
《Vista看天下》是中国期刊市场上, 唯一面向高消费人群的新闻类杂志, 也是全球华文媒体BPAI认证市场发行量最大的新闻期刊。[详]  
马上下载 ★★★★★ 系统: android

限时免费推荐 下期限免: 祖玛的复仇(安卓版)

**酒店大亨**  
限时免费 免费下载  
免费 ¥11.99 天 时 分 秒  
一款以建筑为题材的模拟策略经营游戏, 在盖房子赚钱的同时考验你的统筹能力。

新品推荐 更多>> 排行榜 免费 付费

A8 renewed contracts with MM Base and achieved an in-depth cooperation with China Mobile in 2013H1. Through MM project, A8 strengthened its channel advantages and accumulated operational experiences.

# A8 Building

---



**Total Construction Cost : RMB 300M**

**Building Size : 40,800 sq. meter**

**No. of floors : 25 floors**

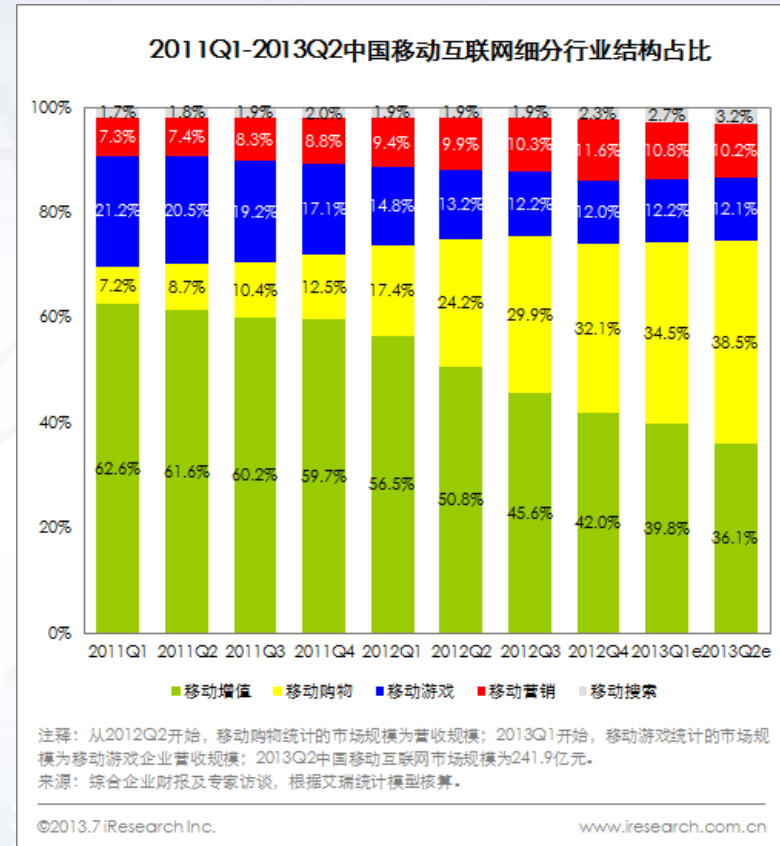
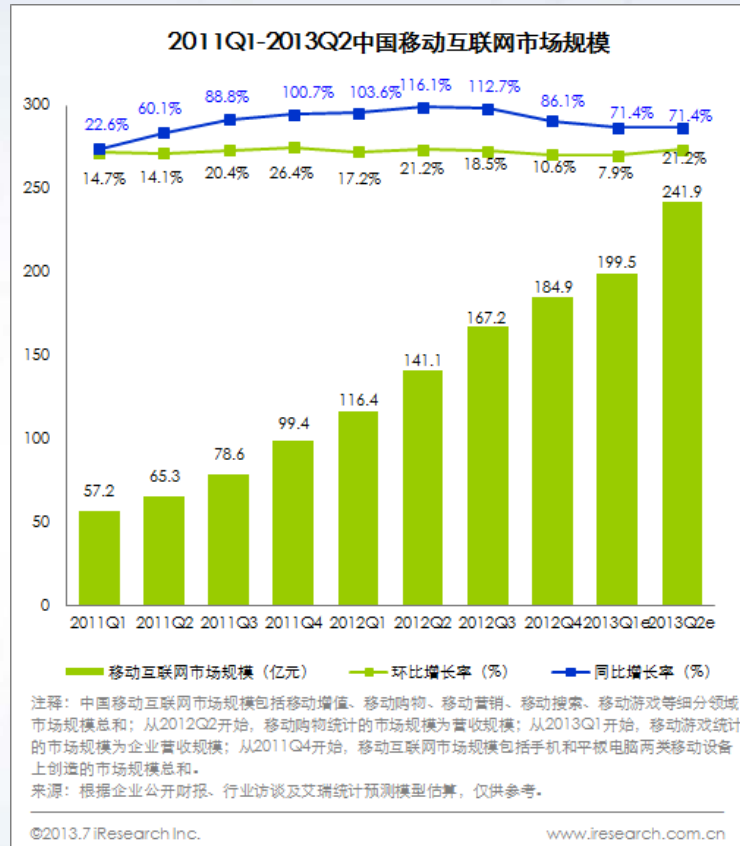
**Expected Commercial Date: Oct 2013**

**To build “National Music Industrial Base”, and promote the development of music industry.**

# 2013 H2 and Beyond

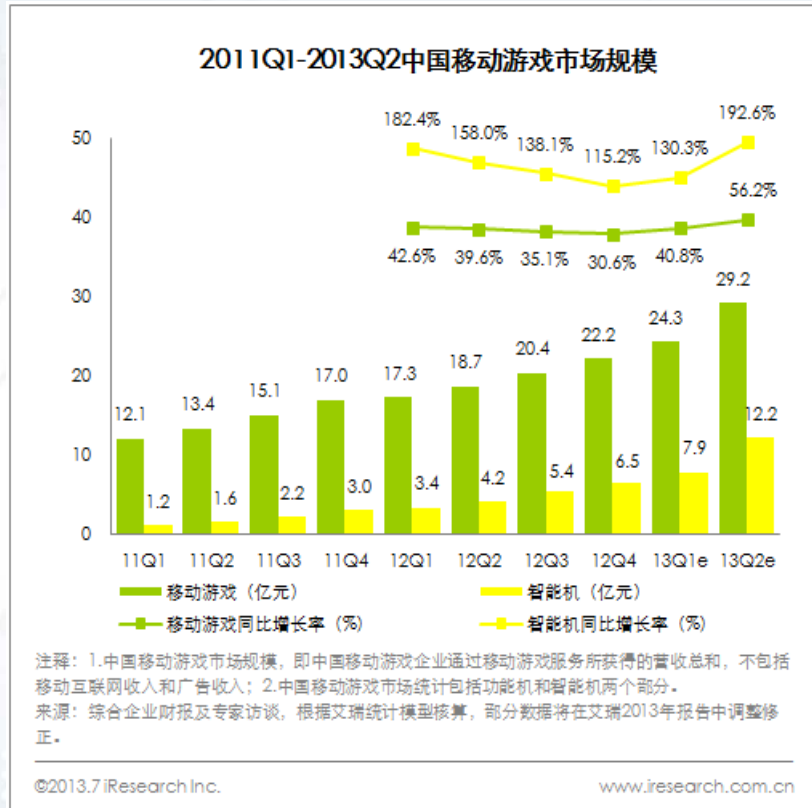
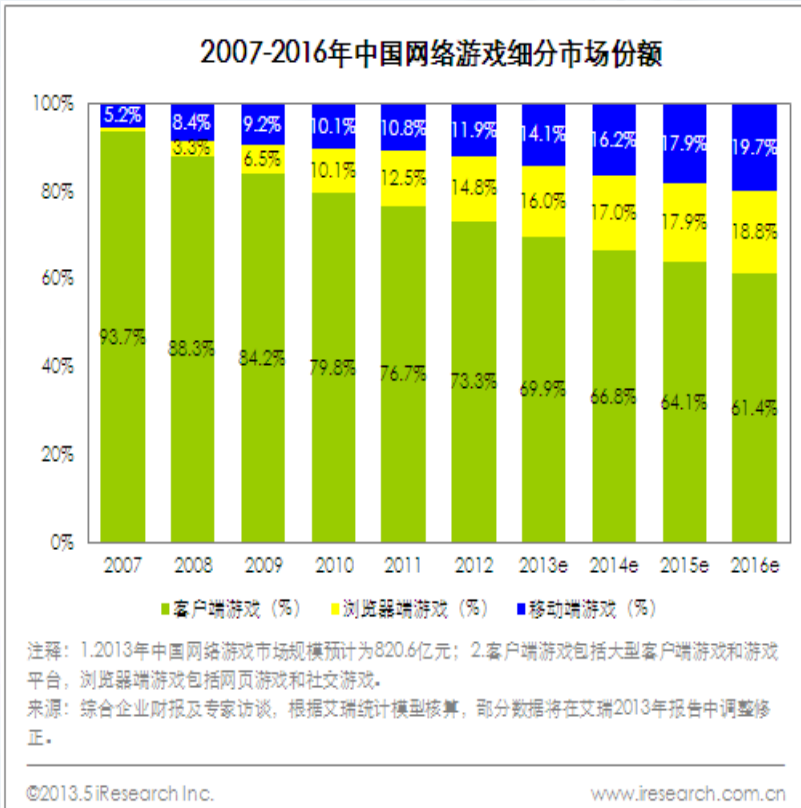


# Mobile Internet Industry is Booming



According to the report from Iresearch, the market size of mobile internet reached 44.1 billion in 2013H1 in china.

# Mobile Games are Booming



According to the report from Iresearch, the market size of mobile games reached 5.35 billion in 2013 H1 in china.

# Huge User Base for Digital Music in China

Around **200M** mobile internet users listen or download music from mobile phone.

Over **300M** users listen music online every day;

Cited from: June 2011 CNNIC report on internet and mobile internet



The market size of home audio is over **RMB11 billion**

Over **17M** cars will be sold in China. “online in-car music” will be the next uptrend demand

# The Bright Future of Digital Music



## It's just a timing to charge users

The circumstance of anti-privacy for music is a trend:

- The legislation is changing more strict for music's piracy behavior.
- China mobile and Apple were pioneers of "direct charge to users" in music industry.

The Users used to pay for mobile services including ringtone, ring back tones and services convenient and timely.

It's quite convenient for micro payment through mobile phone.

According to the report from CNNIC in June 2013, 52.6% of total mobile internet users, enjoyed online music services.

# Business Outlook

---

- 1. For traditional business, we have disposed the obsolete business without future. In turn, we take the trend of internet mobilization on the music service by providing kinds of applications.**
- 2. We will continue to enhance the music content business and try to explore online and offline music service based on specified user base and online experience.**
- 3. We will explore the revenue model of mobile internet music, meanwhile focus on attracting users and improving their activation rate.**
- 4. For mobile internet business, we will continue the distribution and payment service to app suppliers, especially we will pay more attention on the operation of mobile games .**

# Q & A

## Contact us

Email: [ir@a8.com](mailto:ir@a8.com)

Direct: +86 755 3332 6316

General: +86 755 3332 6333