



## A8 Music Announces 2009 Interim Results Net Profit Up 21% to RMB44.9 Million

### Boosts Profitability by Enriching Content and Diversifying Distribution Channels

#### Business Highlights:

- A8 Music is a leading and a pioneer integrated digital music company in China. It is recognized as a national high technology enterprise as well as the leading culture enterprise in Shenzhen
- Net profits has grown continuously with profit attributable to equity holders for the first half of 2009 up by 21% to RMB44.9 million
- Apart from collecting original music via its UGC platform, A8 Music has forged exclusive partnerships with record labels such as HIM and Gold Typhoon, enabling it to enrich its music content
- Established exclusive partnership with Xinhua News Agency to build a Mobile Media Service Platform that provides a full range of multimedia services such as news, music, games and videos to mobile phone users
- Penetrated to renowned MTK chipset and launched a download version of A8 Box for Symbian Platform users

(Hong Kong, 13 August 2009) - Leading integrated digital music company in China **A8 Digital Music Holdings Limited** ("A8 Music" or the "Group") (Stock Code: 00800.HK) today announced its unaudited interim results for the six months ended 30 June 2009.

During the period under review, the Group generated revenue of approximately RMB291.0 million, representing a slight decrease of approximately 12% as compared with the same period last year. Profit attributable to equity holders amounted to RMB44.9 million, up by 21%. Basic earnings per share were RMB0.10 (2008 interim: RMB0.11). The Board of Directors did not recommend payment of interim dividend for the six months ended 30 June 2009.

There was an exclusive one-off event cooperated with one of the mobile operators last year. Excluding the impact of this one-off event, the revenue of the Group represented a slight increase of approximately 4% and net profits would have been increased by 30% as compared with the same period in 2008.

**Mr. Liu Xiaosong, Chairman of A8 Music**, said, "Expansion on content and continued R&D on A8 Box are the focuses of the Group this year. We have forged exclusive partnerships with major record labels HIM and Gold Typhoon, and the only Chinese government news media platform *Xinhua News Agency*. Furthermore, we managed a breakthrough for A8 Box by cooperating with Taiwan's leading chipset producer MTK and developing a download version of the software for the Symbian Platform, which will substantially increase the penetration rate of A8 Box in China's handsets market. All these achievements will enable us to gradually expand our income base and brace for the long-term development of A8 Music."

A8 Music has been successful in collecting and monetizing original music using its interactive UGC platform. In the first half of 2009, the revenue generated from UGC songs made up approximately 44% of the total music and music related revenue of the Group, an increase of 9 percentage points when compared with the same period last year. The top five UGC songs were downloaded over 22.8 million times in the first half of 2009. Among them, “Zhan Chi Tian Kong” (展翅天空) was downloaded over 4.5 million times since its debut in February this year. This song together with “RenCuo” (認錯) were on the China Mobile Wireless Top 10 and Baidu’s Top 10 Billboards.

The Group strives to continue its leadership in digital music by synergistically applying its UGC model onto traditional music content. With its selling and promotion strengths to generate digital music income, the Group has strong appeal as a partner to renowned traditional record labels, such as HIM and Gold Typhoon. The Group collaborated with HIM, who manages popular bands and artists like S.H.E., Fahrenheit and Power Station, to promote and monetize their songs exclusively on the digital platform in China. A similar arrangement has been made with Gold Typhoon for the songs of Zhou Bichang in the mobile sector as well as A8 Box. The Group expects additional digital income from these songs in the coming years.

. The Group has been actively involved in various nationwide music competitions including the Fourth *Original Music Contest*, Pepsi’s national *Battle of Bands*. Furthermore, A8 Music, as the exclusive digital music platform, co-organized the most authoritative music contest *Golden Bell Contest*. These endeavors will give the Group exclusive access to unique music content for enriching its UGC platform.

In order to boost the penetration rate of the Group’s proprietary software A8 Box, the Group has finalized cooperation with MTK to embed A8 Box, as a major recommended music player, in the future MTK’s chipsets which is expected to be delivered from fourth quarter of 2009 onward. In addition, the Group has completed a download version of A8 Box with richer music functions for Symbian Platform users. It is expected that more than 10 million handsets will be equipped with A8 Box in 2009, including handsets from Nokia and K-Touch. Ultimately, the Group’s vision is to develop A8 Box into a ‘total music solution’ on a multi-terminal and multi-device basis.

The Group has also established an exclusive partnership with Xinhua News Agency to build the Mobile Media Service Platform. Leveraging on Xinhua’s news services and the Group’s music services, it will become a major media platform for China’s three mobile telecom operators with the provision of a full range of services including news, music and music related services, videos, games, etc. to mobile users. At the same time, the Group has started to work closely with the three mobile operators in China in developing products that are compatible with all three 3G platforms so as to capture opportunities brought by the rollout of 3G services.

Mr. Liu concluded, “The digital music market in China is only in its development stage, meaning it has enormous room for growth. As an industry leader and pioneer, and in a sector supported by the government, A8 Music will continue to seize every opportunity to pave the way for our growth in the future and hence to enhance value to our shareholders.”

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## A8 Digital Music Holdings Limited Consolidated Income Statement

(Unaudited)	For the six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
Revenue	290,756	329,404
Business tax	(4,514)	(5,659)
Net revenue	286,242	323,745
Cost of services provided	(173,826)	(187,960)
Gross profit	112,416	135,785
Other income and gains, net	8,072	1,697
Selling and marketing expenses	(43,194)	(61,832)
Administrative expenses	(25,681)	(16,320)
Other expenses	(81)	(11,773)
Finance costs	(-)	(1,883)
Profit before tax	51,532	45,674
Tax	(6,502)	(7,713)
Profit for the period	45,030	37,961
Attributable to:		
Equity holders of the Company	44,895	37,026
Minority interests	135	935
	45,030	37,961
Earnings per share attributable to equity holders of the Company		
Basic (RMB per share)	0.10	0.11
Diluted (RMB per share)	0.10	0.11

### **About A8 Digital Music Holdings Limited**

A8 Music is a leading integrated digital music company that sells music content through mobile phones, sourced from its highly successful interactive UGC platform [www.a8.com](http://www.a8.com), as well as from international and domestic record labels, and promoted through traditional and new media such as internet and wireless network. 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.

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