



## A8 Music Announces 2012 Interim Results

Hong Kong, 17 August 2012 – The leading integrated digital music company in China - A8 Digital Music Holdings Limited ("A8 Music" or the "Company") (Stock Code: 00800.HK) today announced its unaudited interim results for the six months ended 30 June 2012.

### Financial Highlights:

- Revenue amounted to approximately RMB184 million, representing 26% decrease from RMB249 million in first half 2011.
- Loss attributable to the shareholders amounted to approximately RMB9.6 million, dropped from profit attributable to the shareholders of RMB9.3 million for the last corresponding period.
- Strong balance sheet, with cash balance of approximately RMB410.1 million and net assets of approximately RMB535.7 million as of 30 June 2012.
- EPS: RMB (0.02) vs. RMB0.02 of last year (Diluted).
- The Board of Directors did not recommend the payment of interim dividend.

In first half of 2012, the mobile internet industry in China grows quickly, the user scale reached over 450 million and the market size reached RMB23.3 billion according to the statistics published by iResearch. Out of which, the percentage contributed by Mobile Value-Added Service (the major portion of mobile internet industry) decreased due to the previous change in policy. The revenue generated by the Company is approximately RMB184 million, representing a decrease of approximately 26% as compared to the same period last year due to the change of policy. Loss attributable to the shareholders of the Company amounted to RMB9.3 million (2011 Interim: 9.32 Million in profit) representing a decrease of 203%. Basic loss per share was RMB0.02 (2011 interim: earnings per share RMB0.02). The Board of Directors does not recommend payment of interim dividend for the six months ended 30 June 2012.

As of 30 June 2012, the Company kept a strong financial position with a cash balances (including cash and cash equivalents, time deposits with maturity of more than three months and investments at fair value through profit or loss) amounted to approximately RMB410 million (2011: approximately RMB407 million) and Interest-bearing bank borrowing of RMB39.72 million, which is for the construction of A8 building.

**Mr. Liu Xiaosong ("Mr. Liu"), Chairman of A8 Music** said, "We saw the mobile internet industry in China grew tremendously in first half of 2012, while the contribution of Mobile Value-Added Service, the major portion of mobile internet revenue, decreased due to the previous

---

change in policy. Facing the difficulties, the Company further deployed short-term and long-term strategic transformation, which has made some progress that would pave the way for future development. ”

Regarding the self-construction of UGC music and accumulation of worthy copyrights, great strides have been made and significant results have been achieved. The Company continued to develop the “Composer Plan” in 2012. Since its debut one year ago, the Company has accumulated more than 300 music copyrights through the plan and has become a music company with the largest annual production of new songs in the Greater China Region. The music includes various categories such as network songs with great potential and customized theme and songs by website composers. These songs rank top rating in Baidu billboard and the top-selling billboard in wireless music market. Among which, the song “Lao Po Zui Da” (老婆最大) has been among the top 10 on Baidu TOP500 Billboard and the top-selling billboard of China Mobile12530 for a long time while the songs “Tang Gu La” (唐古拉), “Ai Qing Zhuan Shu Quan” (愛情專屬權) and “Si Mi Da” (思密達) resided on Baidu TOP20 Billboard. These UGC songs are highly compatible with the needs of users, and have generated total revenue of approximately RMB 50 million to the Company for the first half of 2012, representing 40% of contribution to the revenue generated from music.

The overall wireless music market continues to grow as the telecom operators, especially China Telecom and China Unicom, progressively focused on the development of their music business. The Company’s revenue from music and music related business reached RMB 126 million during the first half of 2012. We further consolidate our leading position in the wireless music industry and kept the No.1 position in the China Mobile’s wireless market. We also rank top 3 in the list of music service providers to China Telecom, from which the revenue generated represents a significant 38.6% increase as compared to 2011.

Regarding the mobile internet business, we have built the distribution platform for digital contents and mobile applications through cooperation with telecom carriers and handset manufacturers.

Firstly, we commenced close cooperation with telecom operators and established cooperation in the Project of “Operational Support to Digital Content Channels” with China Mobile MM (Mobile Market) base, providing products and functions design, operating promotion and integrated service support for the operation of Mobile Market’s digital contents like music, games, e-reading, video etc. The project not only strengthens strategic cooperation between the Company and operators on mobile internet products and channels, but also helps the Company to accumulate experiences and resources in various digital products business of mobile internet.

Secondly, regarding the cooperation with leading handset manufacturers, the Company consolidated the operation and continued to deepen the cooperation with internationally renowned

---

enterprises like Nokia, Samsung, Lenovo and Huawei. Meanwhile, we reached a series of strategic cooperation with domestic corporations such as ZTE and TCL. The music products covered terminal devices and application stores under the rapid rise of domestic leading mobile enterprises in the field of smart phone which accounted for almost half of the market share. Facing different needs of multi-users and multi-platforms in the era of mobile internet, the Company and its associated companies also launched a music service system with “Music APP” as the core to support the need of users from different terminal platforms.

Regarding the business of music cloud, the investment in Duomi Music of RMB 19 Million represented 42.69% of the shares of Duomi Music was completed during the first half of the year. The development of Duomi Music showed a good momentum with excellent performance in the growth and vitality of users and reached a leading standard in the market. According to the monitoring data of iiMedia for the first quarter of 2012, 55.1% of the users downloaded the Duomi Music software to enjoy music.

“The bright future of the mobile internet industry is undoubted. The decline of revenue and net profit experienced by the Company is only temporary. With the development of the mobile internet business that we have invested into or is involved in, the completion and commercial use of A8’s building next year, we are confident on the future progressive business and financial performance of the Company. We also believe our strategy, which is based on music content and other Apps’s supply, promoting and distributing through our different channels and providing personalized music service to users, will help the development of the Company in the long run.” says Mr. Liu.

~ end ~

## A8 Digital Music Holdings Limited Consolidated Income Statement

(Unaudited)	For the six months Ended 30 June	
	2012	2011
	RMB'000	RMB'000
Revenue	184,079	249,176
Business tax	(3,741)	(5,628)
Net revenue	180,338	243,548
Cost of services provided	(118,688)	(145,079)
Gross profit	61,650	98,469
Other income and gains, net	4,480	8,677
Selling and marketing expenses	(46,818)	(68,884)
Administrative expenses	(24,088)	(25,797)
Other expenses	(843)	(530)
Profit before tax	(8,818)	11,935
Tax	(820)	(2,384)
Profit for the period	(9,638)	9,551
Attributable to:		
Owners of the Company	(9,638)	9,323
Minority interests	-	228
	(9,638)	9,551
Earnings per share		
Basic (RMB per share)	(0.02)	0.02
Diluted (RMB per share)	(0.02)	0.02

### **About A8 Music**

A8 Music is a leading integrated digital music company that sources music content from its highly successful interactive UGC platform and from record labels, promotes extensive music content through its strong distribution channels and sells music content to mobile users in different forms currently. Based on the deep understanding of music consuming behavior, A8 Music initiated to develop and launch personalized music service based on music cloud technology, which enables users conveniently and seamlessly enjoy and share their personalized music service at any time, anywhere through any devices connected with internet, including mobile phone, PC, car audio, home audio, MID etc. Thus, A8 music emerged to be the largest and most popular music service provider in China through highly integrated creation, publishing and consuming of music content. The Company was listed on the Main Board of The Hong Kong Stock Exchange on 12 June 2008. In June 2008, A8 Music has been incorporated in the Guangdong National Music Industrial Base.

### **For press enquiries:**

Ms. Coco Gao      Tel: (86) 755 3332 6316      Email: [coco@a8.com](mailto:coco@a8.com)  
For more information, please visit <http://ir.a8.com>