

FOR IMMEDIATE RELEASE



A8 Digital Music Holdings Limited

A8 電媒音樂控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 800)

A8 Digital Music Holdings Limited Announces 2013 Interim Results

(22 August 2013, Hong Kong) A8 Digital Music Holdings Limited (“A8 Music” or “the Group”, stock code: 0800) announces the interim results of the Company for the six months ended 30 June 2013 (“the reporting period”).

Results Highlights

Six months ended 30 June

(RMB'000)	1H 2013	1H 2012	Change
Revenue	95,724	184,079	- 48%
Gross profit	31,960	61,650	- 48%
Loss before tax	(45,316)	(8,818)	N/A
Loss attributable to owners of the Company	(45,263)	(9,638)	N/A
	RMB Yuan	RMB Yuan	
Basic earnings per share	(0.04)	(0.02) ^(Restated)	N/A

Financial Summary

During the reporting period, the revenue of the Group amounted to approximately RMB95.7 million, representing a decrease of 48% as compared with 1H2012 (1H2012: approximately RMB184.1 million). The decline in revenue was mainly due to the disposal of some traditional wireless value-added business which is to be replaced in the future as we anticipated. The Group has shifted its strategic focus to the

rapid layout in the field of digital music and mobile Internet.

During the reporting period, the loss attributable to equity holders of the Company amounted to approximately RMB45.3 million, among which, share of losses of associates, fair value loss on conversion option embedded in the preferred shares amounted to approximately RMB17.6 million and RMB12.1 million respectively, compared to the loss attributable to equity holders of the Company of approximately RMB9.6 million for the last corresponding period.

During the reporting period, the gross profit of the Group amounted to approximately RMB32.0 million, representing a decrease of approximately 48% as compared with the same period in 2012 (2012: approximately RMB61.7 million). The gross margin ratio of the Group was 33%, remaining the same level as the last corresponding period.

As at the end of the reporting period, cash and bank balances and highly liquid short term assets of the Group including cash and cash equivalents, time deposits with original maturity of more than three months and investments at fair value through profit or loss amounted to approximately RMB572.5 million (2012: approximately RMB387.2 million). Approximately RMB395.8 million or approximately 69% of them were denominated in RMB.

Business Review

Speed up the layout in music industry

In the first half of 2013, the Group continued to strengthen the music business from contents, channels and products, and speeded up its layout in the music industry.

Regarding music contents: The Group continued to make efforts in UGC music and accumulation of copyrights. And in order to provide more sophisticated services for composers, the Group embarked on a major update of A8.com to forge and refurbish the website as a digital music sourcing and marketing platform.

Regarding music channels: In the first half of 2013, the Group's revenues from China Telecom and China Mobile declined in various degrees. In line with changes in the wireless music industry under the mobile internet trend, the Group initiated the application products specifically for the wireless music market, and had made some progress.

Regarding music products, the Group provided music services to users through the research and development in the application-Jing.fm, the home entertainment streaming devices and the investment in Duomi Music. Based upon these deployments, the Group has been exploring the renewed business model. Among these, the application-Jing.fm has launched IOS version and Android version. The Group's wireless internet-based music box officially passed the China Compulsory Certification (the "CCC"). Duomi Music demonstrated a strong growth in user base and 57.2% mobile music users

downloaded and enjoyed music through Duomi Music according to the report from Iresearch. Duomi Music explored its business model through the cooperation with China Unicom on traffic monthly subscription.

Actively commence the business in mobile internet

Regarding the mobile Internet business, The Group strengthened its strategic cooperation with mobile carriers in aspects of mobile Internet products and channels, and accumulated operational experiences in various digital products of mobile Internet, through providing operational support services to digital content channels with China Mobile MM (Mobile Market) base. In the first half of 2013, the Group successfully renewed contracts with China Mobile.

Meanwhile, the Group combined with its channel advantages accumulated for years, integrated its billing resources of traditional operators and commenced cooperation with mobile Internet applications by providing promotion and operation services to them. In the first half of 2013, in light of the rapid growth of the mobile game market, the Group applied its past operational experiences and billing resources to commence associated operation on mobile games. The Group provided operational services to mobile games through its brand “指遊方寸” and subsequently operated a number of well-known mobile games. This business model could maximize the Group’s advantages in channel resources.

Business Outlook

Looking forward, we are optimistic towards the commercialization of mobile Internet music and also believe that the operation of mobile Internet application (APP) will have great potential. The Group will focus on its strategic layout in digital music and mobile Internet, and will strengthen business operation from the following aspects:

The music industry chain

Regarding music contents, the Group will strengthen the resourcing, publishing and distributing businesses of digital music contents, continue to update A8.com website, through which we will take full advantage of internet to help composers to understand market feedback more directly.

Regarding music channels, in the traditional wireless music field such as ringtone and ringback tone businesses, the Group will extend cooperation with mobile carriers. Leveraging on its accumulation of contents, channel promotion and products differentiation in carriers market, the Group will continue its efforts in the wireless music market. And in the mobile internet music field, the Group will continue to accumulate users and keep exploring the effective profit model through various mobile internet applications such as Duomi Music.

Regarding music products, the Group will continue to offer music-related services to users and to explore the healthy business model. Among these, Jing.fm will continue to update its end-user

application version by enhancing user experience, which we hope to expand user base in the second half of the year. For home entertainment streaming devices, the Group will continue its research and development and be committed to developing market in the second half of the year. Duomi Music will focus on core user groups and enhance their loyalty and activeness through improvements through product, operation and promotion. Additionally, it will continue to explore new business models.

Mobile Internet

Regarding the mobile Internet business, the Group will continue the promotion and operation of digital contents and mobile applications through mobile carriers, extending the operational cooperation in MM project with China Mobile to overall operational supporting services, with a goal of a new collaboration model. At the same time, the Group will actively cooperate with more mobile Internet applications, offering them with billing solutions, operation services and promotion services. The Group plans to develop an operation platform for mobile games in the second half of this year, in which is expected that more games would be released and promoted.

A8 Music has gradually built up its competitive advantage in the transforming process. The Group will focus on providing value to the user, and foster its rapid and sustainable development in the future. The Board will continually work with all staffs for the sustainable development of the Group.

For further information, please contact:

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