



a8
LIVE



黑岩
heiyan.com



蓝蓝蓝蓝影视传媒(天津)有限公司
BLUE FILM MEDIA CO., LTD.



映客直播



国家音乐产业基地
NATIONAL MUSIC INDUSTRY PARK

A8影视
A8 Film & Television

 **青松基金**
QINGSONG FUND



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1. Industry Overview

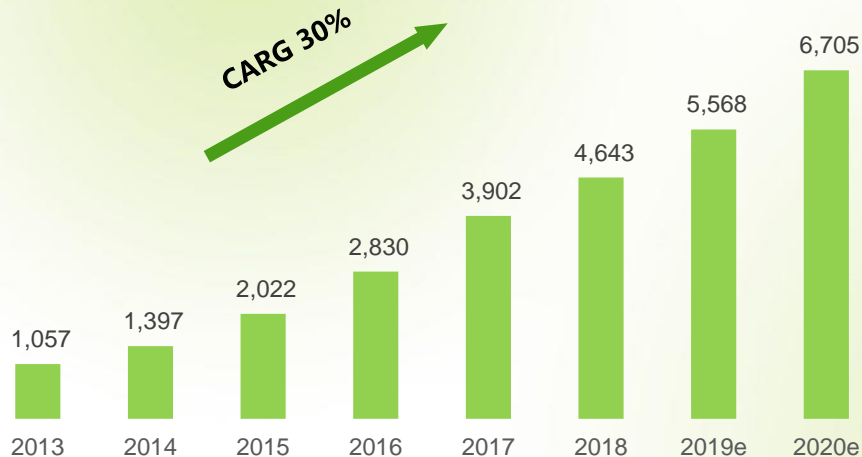
2. Business Overview

3. Financial Highlights

Sustained Development in Scale of China's Online Pan-entertainment Industry

Scale of China's Online Pan-entertainment Industry

(RMB'000 million)



Source: "Pan-entertainment Development Report of Chinese Literature IP" released by iResearch

Various Sub-areas in Pan-entertainment Industry Empower Each Other

In the pan-entertainment market consisting of literature, games, animation, video, music and the like, various sub-areas can realize the independent development and realization of IP as well as the transformation of IP among different sub-areas.

Benefiting From The Huge User Base, China's Pan-entertainment Industry Has A Broad Growth Space

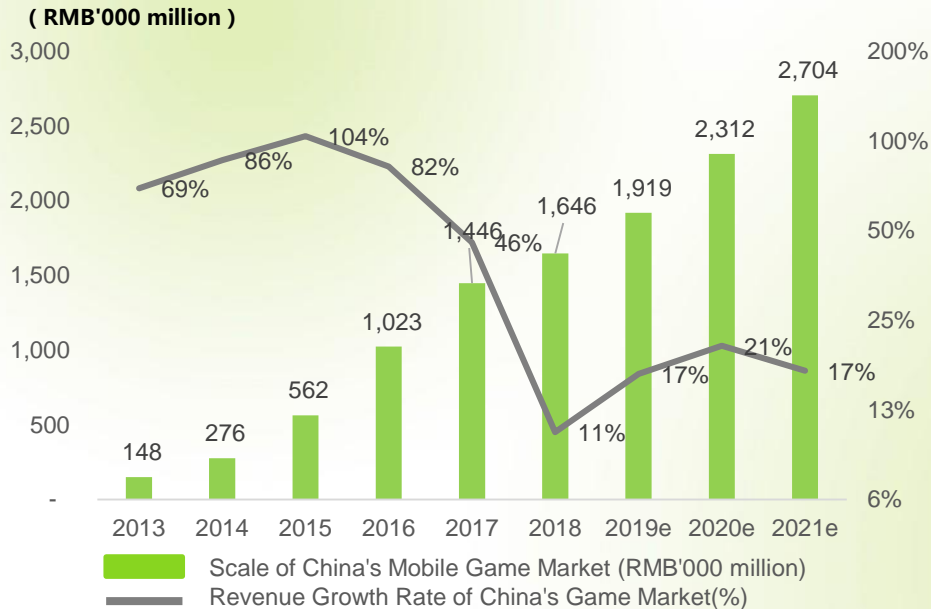
Each sub-area of the pan-entertainment industry has a large user base, which provides a huge market space for the continuous development of IP content.

Scale of Users in Main Sub-areas of China's Pan-entertainment Industry in 2018



Industry Development Affected By The Suspension Of New-game License Approval

Scale and Growth Rate of China's Mobile Game Market



Source: "Research on China Mobile Game Industry in 2019" reported by iResearch

Slowdown In Game Growth Due To The Suspension Of New-game License Approval

The State General Administration of Press, Publication, Radio, Film and Television suspended the approving of new-game license from March to December 2018, which resulted a slowdown of the development of game industry in 2018 and 2019

Game Industry Turns From Incremental Market To Stock Market

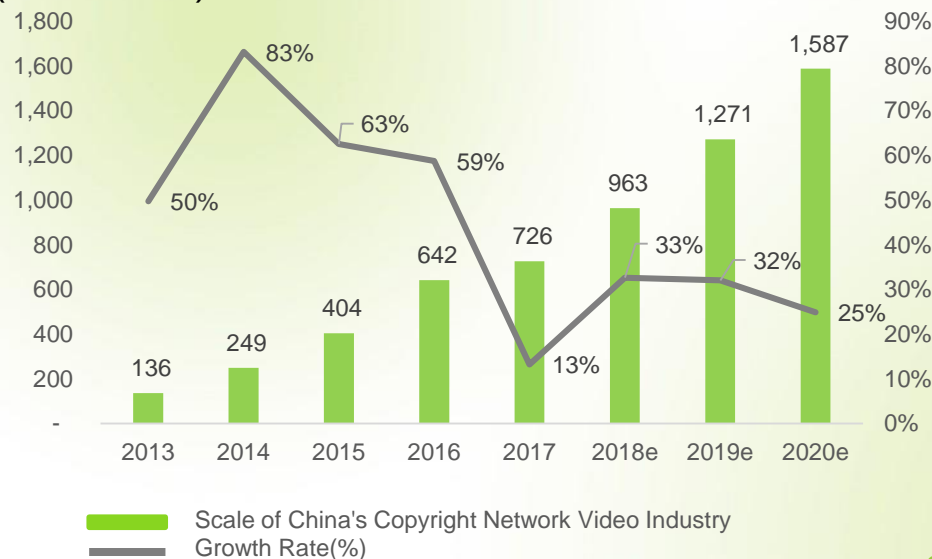
Benefiting From The Reform Brought By Cloud Games, Game Industry Is Expected To Continuously Grow At A High Speed In The Next Few Years

Cloud games can overcome the functional barriers among different hardware devices and can effectively meet the various user needs. It not only enhances the game experience of existing users, but also further expands the user base.

Stricter Supervision on Film and Television Industry

Scale and Growth Rate of China's Copyright Network Video Industry*

(RMB'000 million)



* Source: "Research on Copyright Protection of China Network Videos" reported by iResearch



Stricter Regulation On Online Video

In February 2019, a new auditing regulation on web dramas was implemented, the "self-auditing and self-broadcasting" process was abolished.

Auditing rules implemented on approval of online video contents will be consistent with auditing rules for video contents broadcasted on TV channels. The scripts and the final works of web drama, online films and online animation will be reviewed by provincial Administration of Radio Film and Television, and the review mechanism will no longer be different from TV dramas.

In March 2019, a new regulations on costume dramas issued

On 21 March 2019, the State Administration of Radio and Television of China issued new regulations on costume dramas. From that day to June, all costume web dramas, TV dramas and online films involving the themes of swordsman, fantasy, history, myth, time traveling, biography, palace struggle, etc. are not allowed to air. Costume contents that have been aired must be retrieved from home pages on the platforms, and those have not been aired yet should be rescheduling accordingly.



Increasing Rarity Of Video Contents

With the development of online video market and the increase of video platforms and channels, high-quality contents becomes increasingly rare.

The Popularity Of Literature IP Adaptation Has Risen To Enhance The Value Of IPs

Scale of China's Digital Reading Industry¹

(RMB'000 million)



🎧 Audio reading has become a new growth point in reading market. It currently accounts for approximately 26% of the overall scale of reading market³.

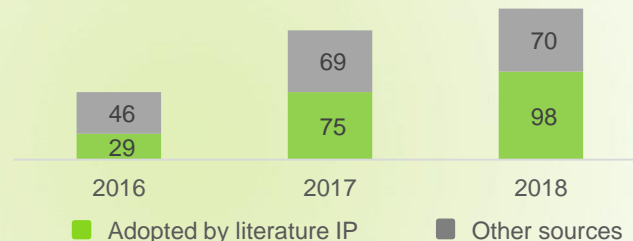
🎧 The popularity of literature IP adaptation has risen to enhance the value of IPs.

- In 2018, 58.3% of self-produced dramas on video websites were adopted from literature IPs⁴. 5 of the top 10 Chinese TV dramas on broadcasting list were adapted from literature IPs.

🎧 In 2018, the scale of online literature market reached RMB15.35 billion, up 20.3% year-on-year.

🎧 Market scale of online literature going abroad is more than RMB30 billion, which indicates a huge market potential.²

Creation Source of Self-produced Drama on Chinese Video Websites



Source :

- 1、"Research on China's Digital Reading Industry" reported by iResearch
- 2、"Research on China's Online Literature Going Abroad in 2019" reported by iResearch
- 3、"2019 Annual Comprehensive Analysis of Chinese Reading Market" by Analysys
- 4、"Pan-entertainment Development Report of Chinese Literature IP" released by iResearch

1. Industry Overview

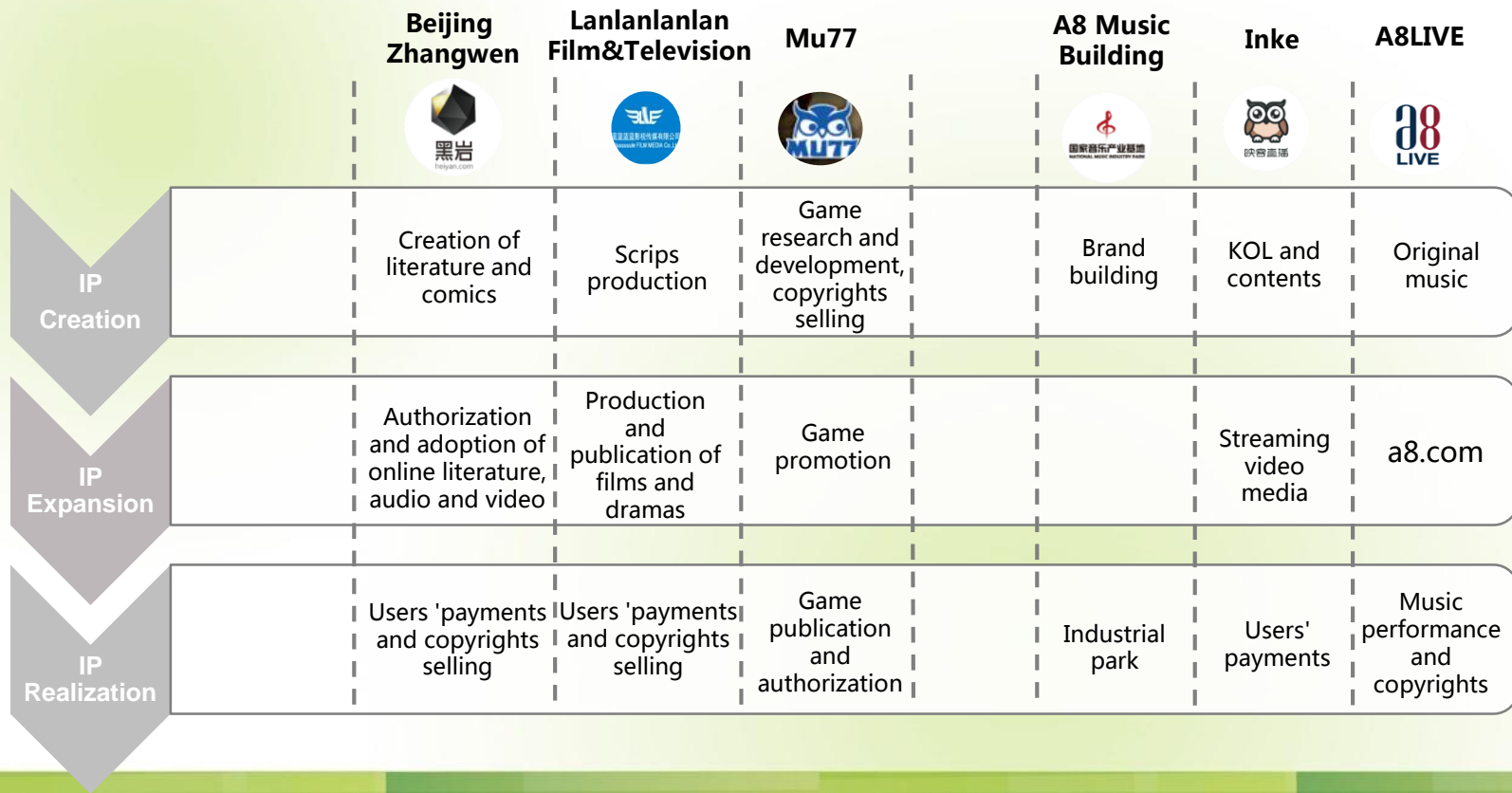
2. *Business Overview*

3. Financial Highlights

Industry Chain Layout of A8

Pan-entertainment – Literature, Film & Television and Games

Cultural & Creative Park and Projects Incubation



Beijing Zhangwen-Significant Increase of Revenue Driven by IP Operation and Third-party Authorization Business

➤ Sharply Raised Revenue

- Revenue increased by 93% year-on-year;
- The increase of revenue mainly resulted from the development of the third-party authorization business.
- Gross profit increased by 23% year-on-year.

➤ Breakthrough Progress In Literature IP Operation

- The revenue from IP operation of Beijing Zhangwen increased by 279% year-on-year. This growth is mainly due to the growth of the audio reading business.
- Online movie and audio book adopted from the online novel “MEGA Crocodile” (「巨鳄」) achieved great success.

Broke Youku (优酷)'s historical record of movie reservation

175 thousand

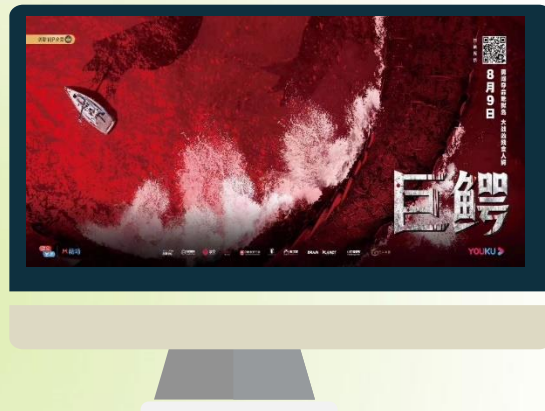
Ranked No. 1 on Youku's Online Film Popular Playing List, New Movie List and Guduo (骨朵)'s Film Hot List

Subscription of the audio novel of the same name

2 million

Broadcast of the audio novel of the same name

200 million+



Beijing Zhangwen- Diversified And Synchronous Mode Of High-quality IP Has Become A Trend

Elaborate IP- ecosystem Of High-quality Works



200+ works are provided to third-party platforms. 90% of the Top 20 major online literature platforms contain Beijing Zhangwen's works



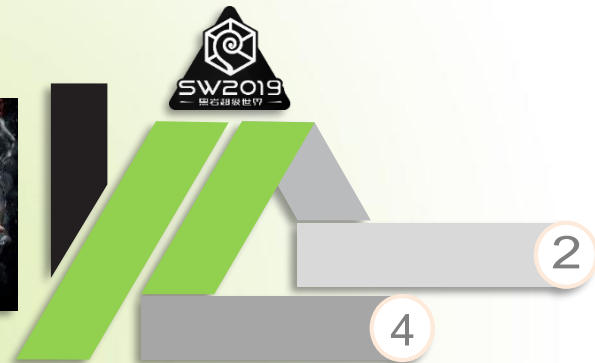
30+ works are adopted into audio novels. 90% of the Top 10 major audio books publication platforms contain Beijing Zhangwen's works



20+ works are adopted into comics, over 60% of the Top 10 major comic publication platforms contain Beijing Zhangwen's works

Synchronous Interaction Between Various Forms Of Copyrights

- Synchronous research and development of film & television, comics and audio books based on the IP of the same online novel.
- Following “MEGA Crocodile” (「巨鳄」), “Great Illusionist” (「大幻术师」) will become the second IP works synchronously researched and developed by Beijing Zhangwen.
- Beijing Zhangwen plans to launch the synchronous research and development of four IP works this year.
- These novels are based on the content system of the same world values. There are certain connections among the contents of these novels.



Web Drama “Matchmaker of Great Zhou Dynasty” produced by A8 新媒集团 Film & Television Encountered the Regulations on Costume Dramas



- From March to June 2019, the State Administration of Radio and Television of China issued new regulations on costume dramas. All costume web dramas, TV dramas and online films involving the themes of swordsman, fantasy, history, myth, time traveling, biography, palace struggle, etc, are not allowed to air.
 - The regulation affected the publicity of “Matchmaker of Great Zhou Dynasty” . On 21 March 2019, the publicity of the web drama was retrieved from the home page of iQIYI.
 - As of 30 June 2019, loss generated from this web drama was approximately RMB 8.3 million.
-
- “Matchmaker of Great Zhou Dynasty” is a lightly funny idol costume drama.
 - Broadcasted online on 15 March 2019.

Games Developed by Mu77

Major Strategy and Productions

- Maintain the proportion of self-developed games and customized games, control business risks within a reasonable range.
- Mu77 mainly operated “Card Monster” (「卡片怪兽」), a fast-paced, light-strategy casual type of card game. Tencent Aurora Program is the exclusive agent of “Card Monster” in mainland China. In the first half of 2019, the game recorded revenue up 17.8% year-on-year.
- Projects under research and development: “Immortal Chat Group” (「修真聊天群」) and “Contract Wartime” (「契约战纪」), the famous IPs that Mu77 jointly custom – developed with China Mobile Games and Entertainment Group Limited (“CMGE”) and Unicorn Games. “Colossus Knights” (「巨像骑士团」), the miniatures game independently developed, are expected to get online in 2020.



Music Performance of A8 Live

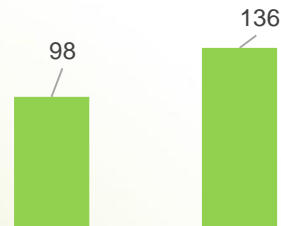


- The Live House Theater located in the podium of the A8 Music Building
 - Includes live music performance, professional studio and band rehearsal rooms
 - Developing directions of A8 Live in the future
- **Branding**
- Q To copy the operating patters of A8 Live by independent operation or cooperation with the third-parties.
 - Q Continuously introduce high-quality performance and enrich the contents of the performance by cooperating with famous domestic performance brands such as Sony, Damai.cn, Migu.cn, Taihe Music and Tencent Music, etc.

➤ Contents

- Q Original music platform: Funny Playing Camp
- Q Cooperating with famous platform such as LETV, iQIYI and YY to participate in the production of video contents.
- Q Exploring cooperation with local drama brands in Shenzhen to enrich contents in daily operation.

Number of Activities of A8 Live



H1 of 2018 H1 of 2019



Cultural Industry Park

National Music Industry Park – A8 Music Building



- The total gross floor area of A8 Music Building is more than 52,500 sq.m. It is located in the core area of Shenzhen Bay area in Nanshan District, Shenzhen, next to Shenzhen Software Industrial Park.
- A8 Music Building won the first prize in “2018 Shenzhen Excellent Property Management Project” (「二零一八年度深圳市优秀物业管理优秀项目」) in 2018
- In the first half of 2019, A8 Music Building has generated an overall income of approximately RMB37.21 million, broadly stable year-on-year.
- A8 Live, professional studio, maker café, cultural industry incubator
- Managed by “Savills”, the well-known property management expert within the industry

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Strong Financial Position

<i>(RMB'000)</i>	As of 30 June 2019	As of 30 June 2018
Current Assets	620,273	656,367
- cash and cash equivalents, restricted cash and pledged deposits	586,635	586,008
Current Liabilities	251,131	299,350
Non-current Assets	1,197,268	1,199,385
Total Assets	1,817,541	1,855,752
Net Assets	1,441,255	1,435,708
Gearing Ratio	9.9%	10.5%

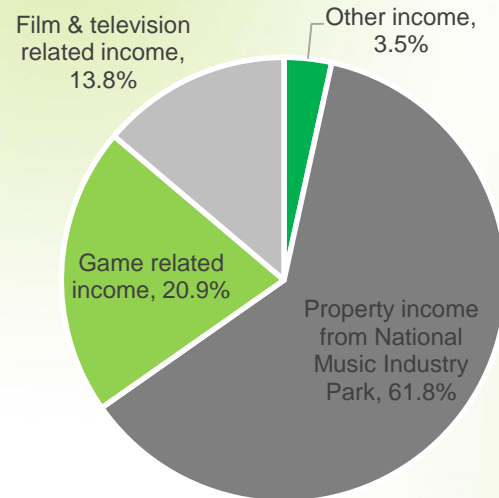
☞ Sufficient Cash Reserves: As of 30 June 2019, cash and cash equivalents, restricted cash and pledged deposits of the Group amounted to RMB 587.0 million.

☞ Low Financial Leverage: As of 30 June 2019, gearing ratio of the Company was 9.9%.

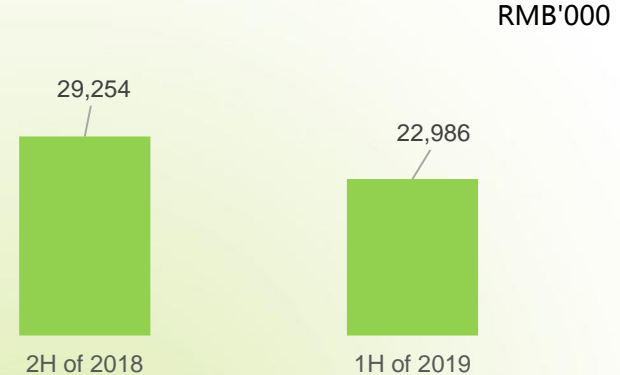
Note: As of 30 June 2019, restricted cash and pledged deposits of the Group amounted to RMB 250.0 million.

Decline of Gross Profit Due To the Unsatisfactory Performance of Film & Television Production

Revenue Composition



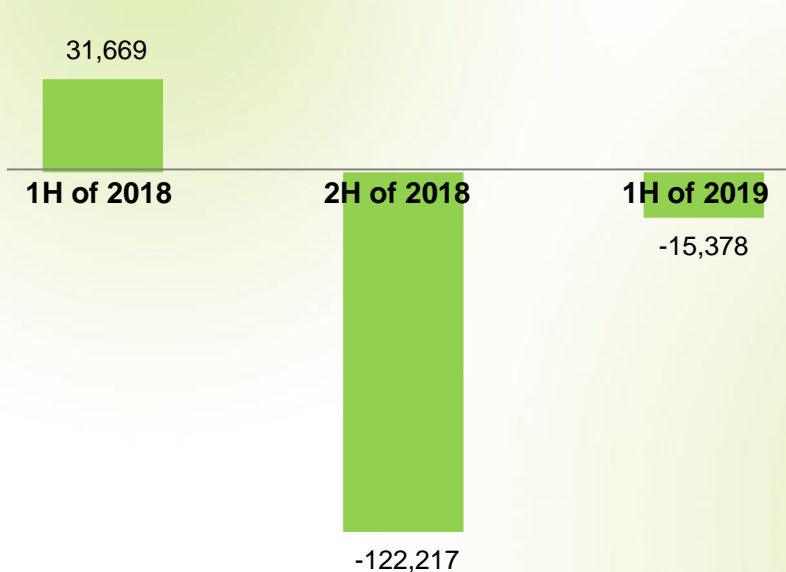
Gross Profit






- Gross profit decreased by 21% in the first half of 2019 compared to the second half of 2018;
- The decline in gross profit is mainly due to the negative gross profit margin of the business of film & television production resulted from the unsatisfactory performance of web drama "Matchmaker of Great Zhou Dynasty".

Net Profit

RMB'000



-  The loss of approximately RMB17.0 million in fair value of the financial assets at fair value through profit or loss related to Lanlanlanlan Film & Television invested by the Group ;
-  Loss on fair value change of investment property amounted to approximately RMB5.0 million ;
-  Unsatisfactory performance of the network drama "Matchmaker of Great Zhou Dynasty" produced by the Group resulted to the loss of approximately RMB8.3 million.

Thank you.

A8 New Media Group Limited Wechat Official Account



Star Brands



Inke



A8 LIVE



Mu77

Star Games



Making Soldiers in
Three Kingdoms



Card Monster



Adventure and Mining

Online Literature Reading Platforms



Heiyan.com



Ruochu.com



Ruoxia.com