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Hurray! Holding Q1 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Katherine Lange with Citigroup. Please proceed.

Katherine Lange - Citigroup

Hi, good morning.

QD Wang

Good morning.

Katherine Lange - Citigroup

Hello, hi. I have three questions; firstly, you've reiterated your commitment to transforming Hurray! into a content production and distribution company, can you please discuss your ongoing initiatives and longer-term plans in achieving this transformation?

QD Wang

Sure. Would you like we address the first question or you'll ask all of the three and we'll address one after another, Katherine?

Katherine Lange - Citigroup

Yeah, maybe you can address this question, and I'll follow-up on my two other questions.

QD Wang

Sure. Currently, we actually invested and acquired four music companies and we actually have the right to acquire to have 15% of the local music market share. And looking forward, we will continue our organic and non-organic growth, and our target is to reach at 25% above market share in local music market.

And simultaneously, we actually acquired the Magma, the mobile game company. Currently, they have around like a 10 to 12% local market share and we are still looking for the opportunity for organic and non-organic growth in mobile game.

Simultaneously, in the future we also would like to look into the lot area is the TV program production and film making or production companies, and we would like to actually continue our strategy to move Hurray! to be the leading entertainment content production and distribution company in the near future. We would like to cease our target within two or three years where we want to be the market leader at the entertainment, production and distribution company.

Katherine Lange - Citigroup

Okay. Thanks. My second question, you've probably answered that. You had \$70 million in cash at the end of the quarter, so I was wondering about your intended use for this cash and for any M&A opportunities, especially in the TV area that you mentioned, because we've seen a lot of interest in that area recently?

QD Wang

Actually, we spend money in very, very carefully and cautious way. Even we actually form our strategy to be the largest and number one entertainment production and distribution house. We actually review each case, doesn't matter its a music company, game company or TV production company, we review it carefully to make sure and we can achieve synergies and can allow reach such kind of field in the near futures, and also make sure we can consolidate such synergy or M&A opportunity in the future.

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