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## **A8 New Media Group Limited**

### **A8新媒體集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 800)**

## **DISCLOSEABLE TRANSACTION – FURTHER INVESTMENT IN THE TARGET**

### **FURTHER INVESTMENT IN THE TARGET**

Reference is made to the Announcement of the Company dated 18 December 2017 in relation to, among other matters, the Capital Contribution made by the Group to the Target in October 2017 and the 2017 Acquisitions of an aggregate of 5% equity interest in the Target by the Group in December 2017. As at the date of this announcement, the completion of each of the Capital Contribution and the 2017 Acquisitions has taken place and the Group owned 10% equity interest in the Target.

The Board is pleased to announce that after trading hours on 13 March 2018, Yunhai Qingtian, a wholly-owned subsidiary of the Company, entered into (i) the Equity Transfer Agreement I with the Vendor A for the acquisition of 10.17% equity interest in the Target at a consideration of RMB54,918,000 (equivalent to approximately HK\$67,800,000) in cash; (ii) the Equity Transfer Agreement II with the Vendor B for the acquisition of 1.71% equity interest in the Target at a consideration of RMB9,234,000 (equivalent to approximately HK\$11,400,000) in cash; (iii) the Equity Transfer Agreement III with the Vendor C for the acquisition of 0.95% equity interest in the Target at a consideration of RMB5,130,000 (equivalent to approximately HK\$6,333,000) in cash; and (iv) the Equity Transfer Agreement IV with the Vendor D for the acquisition of 0.73% equity interest in the Target at a consideration of RMB3,942,000 (equivalent to approximately HK\$4,867,000) in cash.

As at the date of this announcement and immediately prior to completion of the Equity Transfers, the Group owns 10% equity interest in the Target. Immediately after completion of the Equity Transfers, the Target will be owned as to 23.56% by the Group, as to 48.45% by the Founder A, as to 12.54% by the Founder B and as to 15.45% by the other shareholders of the Target which are Independent Third Parties in aggregate.

The Target Group is principally engaged in script writing, sale of script, development and production of script into web series, TV series, cinema movies and web movies and its sale and related businesses.

### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Equity Transfers under the Equity Transfer Agreements, the Capital Contribution and the 2017 Acquisitions on an aggregate basis is more than 5% but less than 25%, the Equity Transfers, the Capital Contribution and the 2017 Acquisitions on an aggregate basis constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

Reference is made to the announcement of the Company dated 18 December 2017 (“**Announcement**”) in relation to, among other matters, the Capital Contribution (as defined in the Announcement) made by the Group to the Target in October 2017 and the acquisitions of an aggregate of 5% equity interest in the Target by the Group from three Independent Third Parties in December 2017 (collectively, the “**2017 Acquisitions**”). As at the date of this announcement, the completion of each of the Capital Contribution and the 2017 Acquisitions has taken place and the Group owned 10% equity interest in the Target.

The Board is pleased to announce that after trading hours on 13 March 2018, Yunhai Qingtian, a wholly-owned subsidiary of the Company, entered into (i) the Equity Transfer Agreement I with the Vendor A for the acquisition of 10.17% equity interest in the Target at a consideration of RMB54,918,000 (equivalent to approximately HK\$67,800,000) in cash; (ii) the Equity Transfer Agreement II with the Vendor B for the acquisition of 1.71% equity interest in the Target at a consideration of RMB9,234,000 (equivalent to approximately HK\$11,400,000) in cash; (iii) the Equity Transfer Agreement III with the Vendor C for the acquisition of 0.95% equity interest in the Target at a consideration of RMB5,130,000 (equivalent to approximately HK\$6,333,000) in cash; and (iv) the Equity Transfer Agreement IV with the Vendor D for the acquisition of 0.73% equity interest in the Target at a consideration of RMB3,942,000 (equivalent to approximately HK\$4,867,000) in cash.

After trading hours on 13 March 2018, Yunhai Qingtian also entered into the Equity Transfer Supplemental Agreement with the Target and the Founders which contains certain obligations and responsibilities of the Founders and the Group in respect of the operation and management of the Target.

## THE EQUITY TRANSFER AGREEMENTS

The major terms of each of the Equity Transfer Agreements are set out below:

### Equity Transfer Agreement I

***Date:***

13 March 2018

***Parties:***

- Vendor: : Vendor A – 上海清科嶺協投資管理合夥企業 (有限合夥) (Shanghai Qingke Lingxie Investment Management Partnership Enterprise (Limited Partnership))(the English name is for identification purposes only), a limited partnership established in the PRC. It is principally engaged in the business of investment consulting, investment management and venture capital in the PRC and held 10.17% of the equity interest in the Target as at the date of this announcement
- Purchaser : Yunhai Qingtian, a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the business of provision of game publishing services
- Guarantors : Founder A and Founder B, the founding members of the Target who are PRC individuals holding 48.45% and 12.54% of the equity interest in the Target respectively as at the date of this announcement

The Founders joined as the guarantors to the Equity Transfer Agreement I to give warranties regarding certain conditions of the Target Group and to guarantee the exercise of rights of the Group as a shareholder of the Target under the Capital Increase Agreement and the Capital Increase Supplemental Agreement (both as defined in the Announcement) on a joint basis.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor A and its ultimate beneficial owners and the Founders are Independent Third Parties.

***Assets to be acquired:***

In accordance with the terms and conditions of the Equity Transfer Agreement I, Yunhai Qingtian has agreed to acquire, and the Vendor A has agreed to sell, 10.17% equity interest in the Target, representing an investment amount of RMB594,700 contributed by the Vendor A to the Target as its registered capital. The equity interest to be transferred is free from pledges or freezing orders and other encumbrances. The Vendor A is free to dispose of its equity interest in the Target.

***Consideration:***

In accordance with the Equity Transfer Agreement I, the consideration for the 10.17% equity interest in the Target to be acquired by the Group is RMB54,918,000 (equivalent to approximately HK\$67,800,000) and is payable by the Group to the Vendor A in cash in the following manner:

- (1) as to RMB16,475,400 (equivalent to approximately HK\$20,340,000), being 30% of the consideration, payable within five business days after the date on which the Equity Transfer Agreement I has become effective; and
- (2) as to RMB38,442,600 (equivalent to approximately HK\$47,460,000), being 70% of the consideration, payable within five business days after the completion of the registration of the transfer of the equity interest under the Equity Transfer Agreement I with the Industry and Commercial Administration Bureau of the PRC.

The Vendor A shall coordinate with the Group on the registration of the transfer of 10.17% equity interest in the Target with the Industry and Commercial Administration Bureau of the PRC within seven days after the receipt of 30% of the consideration under the Equity Transfer Agreement I.

***Effectiveness of the Equity Transfer Agreement I:***

The Equity Transfer Agreement I shall become effective upon the signing of the Equity Transfer Agreement I.

**Equity Transfer Agreement II**

***Date:***

13 March 2018

***Parties:***

- Vendor : Vendor B – 趙紅豔 (Ms. Zhao Hongyan), a PRC individual holding 1.71% of the equity interest in the Target as at the date of this announcement
- Purchaser : Yunhai Qingtian
- Guarantors : Founder A and Founder B

The Founders joined as the guarantors to the Equity Transfer Agreement II to give warranties regarding certain conditions of the Target Group and to guarantee the exercise of rights of the Group as a shareholder of the Target under the Capital Increase Agreement and the Capital Increase Supplemental Agreement on a joint basis.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor B is an Independent Third Party.

***Assets to be acquired:***

In accordance with the terms and conditions of the Equity Transfer Agreement II, Yunhai Qingtian has agreed to acquire, and the Vendor B has agreed to sell, 1.71% equity interest in the Target, representing an investment amount of RMB100,000 contributed by the Vendor B to the Target as its registered capital. The equity interest to be transferred is free from pledges or freezing orders and other encumbrances. The Vendor B is free to dispose of her equity interest in the Target.

***Consideration:***

In accordance with the Equity Transfer Agreement II, the consideration for the 1.71% equity interest in the Target to be acquired by the Group is RMB9,234,000 (equivalent to approximately HK\$11,400,000) and is payable by the Group to the Vendor B in cash in the following manner:

- (3) as to RMB2,770,200 (equivalent to approximately HK\$3,420,000), being 30% of the consideration, payable within five business days after the date on which the Equity Transfer Agreement II has become effective; and
- (4) as to RMB6,463,800 (equivalent to approximately HK\$7,980,000), being 70% of the consideration, payable within five business days after the completion of the registration of the transfer of the equity interest under the Equity Transfer Agreement II with the Industry and Commercial Administration Bureau of the PRC.

The Vendor B shall coordinate with the Group on the registration of the transfer of 1.71% equity interest in the Target with the Industry and Commercial Administration Bureau of the PRC within seven days after the receipt of 30% of the consideration under the Equity Transfer Agreement II.

***Effectiveness of the Equity Transfer Agreement II:***

The Equity Transfer Agreement II shall become effective upon the signing of the Equity Transfer Agreement II.

**Equity Transfer Agreement III**

***Date:***

13 March 2018

***Parties:***

- Vendor : Vendor C – 杭州賢二投資管理合夥企業(有限合夥) (Hangzhou Yinyi Investment Management Partnership Enterprise (Limited Partnership)) (the English name is for identification purposes only), a limited partnership established in the PRC. It is principally engaged in the business of investment management, equity investment and related consulting services in the PRC and held 0.95% of the equity interest in the Target as at the date of this announcement
- Purchaser : Yunhai Qingtian
- Guarantors : Founder A and Founder B

The Founders joined as the guarantors to the Equity Transfer Agreement III to give warranties regarding certain conditions of the Target Group and to guarantee the exercise of rights of the Group as a shareholder of the Target under the Capital Increase Agreement and the Capital Increase Supplemental Agreement on a joint basis.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor C and its ultimate beneficial owners is an Independent Third Party.

***Assets to be acquired:***

In accordance with the terms and conditions of the Equity Transfer Agreement III, Yunhai Qingtian has agreed to acquire, and the Vendor C has agreed to sell, 0.95% equity interest in the Target, representing an investment amount of RMB55,600 contributed by the Vendor C to the Target as its registered capital. The equity interest to be transferred is free from pledges or freezing orders and other encumbrances. The Vendor C is free to dispose of its equity interest in the Target.

***Consideration:***

In accordance with the Equity Transfer Agreement III, the consideration for the 0.95% equity interest in the Target to be acquired by the Group is RMB5,130,000 (equivalent to approximately HK\$6,333,000) and is payable by the Group to the Vendor C in cash in the following manner:

- (5) as to RMB1,539,000 (equivalent to approximately HK\$1,900,000), being 30% of the consideration, payable within five business days after the date on which the Equity Transfer Agreement III has become effective; and
- (6) as to RMB3,591,000 (equivalent to approximately HK\$4,433,000), being 70% of the consideration, payable within five business days after the completion of the registration of the transfer of the equity interest under the Equity Transfer Agreement III with the Industry and Commercial Administration Bureau of the PRC.

The Vendor C shall coordinate with the Group on the registration of the transfer of 0.95% equity interest in the Target with the Industry and Commercial Administration Bureau of the PRC within seven days after the receipt of 30% of the consideration under the Equity Transfer Agreement III.

***Effectiveness of the Equity Transfer Agreement III:***

The Equity Transfer Agreement III shall become effective upon the signing of the Equity Transfer Agreement III.

**Equity Transfer Agreement IV**

***Date:***

13 March 2018

***Parties:***

Vendor : Vendor D – 浙江湖州海納網絡科技有限公司 (Zhejiang Huzhou Haina Network Technology Co., Ltd.) (the English name is for identification purposes only), a company established in the PRC with limited liability. It is principally engaged in the business of digital marketing solutions and implementation in the PRC and held 0.73% of the equity interest in the Target as at the date of this announcement. Vendor D is also one of the vendors to the 2017 Acquisitions which sold 1.39% equity interest in the Target to the Group under the 2017 Acquisitions in December 2017

Purchaser : Yunhai Qingtian

Guarantors : Founder A and Founder B

The Founders joined as the guarantors to the Equity Transfer Agreement IV to give warranties regarding certain conditions of the Target Group and to guarantee the exercise of rights of the Group as a shareholder of the Target under the Capital Increase Agreement and the Capital Increase Supplemental Agreement on a joint basis.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor D and its ultimate beneficial owners is an Independent Third Party.

***Assets to be acquired:***

In accordance with the terms and conditions of the Equity Transfer Agreement IV, Yunhai Qingtian has agreed to acquire, and the Vendor D has agreed to sell, 0.73% equity interest in the Target, representing an investment amount of RMB42,700 contributed by the Vendor D to the Target as its registered capital. The equity interest to be transferred is free from pledges or freezing orders and other encumbrances. The Vendor D is free to dispose of its equity interest in the Target.



***Consideration:***

In accordance with the Equity Transfer Agreement IV, the consideration for the 0.73% equity interest in the Target to be acquired by the Group is RMB3,942,000 (equivalent to approximately HK\$4,867,000) and is payable by the Group to the Vendor D in cash in the following manner:

- (7) as to RMB1,182,600 (equivalent to approximately HK\$1,460,000), being 30% of the consideration, payable within five business days after the date on which the Equity Transfer Agreement IV has become effective; and
- (8) as to RMB2,759,400 (equivalent to approximately HK\$3,407,000), being 70% of the consideration, payable within five business days after the completion of the registration of the transfer of the equity interest under the Equity Transfer Agreement IV with the Industry and Commercial Administration Bureau of the PRC.

The Vendor D shall coordinate with the Group on the registration of the transfer of 0.73% equity interest in the Target with the Industry and Commercial Administration Bureau of the PRC within seven days after the receipt of 30% of the consideration under the Equity Transfer Agreement IV.

***Effectiveness of the Equity Transfer Agreement IV:***

The Equity Transfer Agreement IV shall become effective upon the signing of the Equity Transfer Agreement IV.

**Basis of consideration for the Equity Transfers**

The consideration for each of the Equity Transfers was determined by the Group and the relevant Vendor after arm's length negotiations with reference to, among other factors, (i) the price and earnings ratio of the comparable companies engaging in similar business in the PRC; (ii) the pool of high quality script reserve and scriptwriters retained by the Target Group; and (iii) the prospects of the Target Group.

The consideration for each of the Equity Transfers will be funded by internal resources of the Group.

**Completion of the Equity Transfers**

As at the date of this announcement and immediately prior to completion of the Equity Transfers, the Group owns 10% equity interest in the Target. Immediately after completion of the Equity Transfers, the Target will be owned as to 23.56% by the Group, as to 48.45% by the Founder A, as to 12.54% by the Founder B and as to 15.45% by the other shareholders of the Target which are Independent Third Parties in aggregate.

Immediately after completion of the Equity Transfers, the Group's investment in the Target will be classified as associate of the Group in its financial statements.



## **THE EQUITY TRANSFER SUPPLEMENTAL AGREEMENT**

The major terms of the Equity Transfer Supplemental Agreement is set out below:

### **Date:**

13 March 2018

### **Parties:**

- (1) the Target;
- (2) the Founder A;
- (3) the Founder B; and
- (4) Yunhai Qingtian

### **Equity Purchase:**

In according with the Equity Transfer Supplemental Agreement, the Group may request the Founders or the Target to purchase all or part of the equity interest in the Target as transferred to the Group under the Equity Transfer Agreements (i.e. 13.56%) in any of the following events (whichever is earlier):

- (1) save for any reason caused by the Group, the Target fails to complete the qualified initial public offering within 60 months from the completion of the Capital Increase Agreement and the Capital Increase Supplemental Agreement. For the avoidance of doubt, the qualified initial public offering shall mean the initial public offering and the listing of the ordinary shares of the Target on the New York Stock Exchange, the main board of NASDAQ, the Main Board of the Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange, or any other internationally recognised stock exchange with equivalent or higher international standing as recognised by the Group. The date on which the shares of the Target first commence trading on such stock exchange is regarded as the date of completion of the qualified initial public offering;
- (2) the net profit of the Target Group (or net profit of the Target Group after deducting non-recurring gains or losses, whichever is lower) as shown in the consolidated financial statements as audited by the accounting firm as recognised by the Group for any of the financial years ending 31 December 2018 and 2019 is less than RMB30,000,000 and RMB45,000,000 respectively;
- (3) any of the Founders or the Target Group conceals or deceives in respect of any material fact of the Target Group;
- (4) any illegal act of any of the Founders and the Target Group has caused the Target Group to lose the qualification of operations and has a material adverse impact on the business operations of the Target Group; and

- (5) the Founders, key employees and their related parties are directly or indirectly engaged in any business that competes with the business of the Target Group; or the Target Group or each of the Founders materially breaches any representation, warranty and undertaking under the Capital Increase Agreement, the Capital Increase Supplemental Agreement, the Equity Transfer Agreements, the Equity Transfer Supplemental Agreement and the related documents; or any of the Founders has caused any deadlock of the Target Group; or the Target Group cannot operate properly due to any reason; or any material breach of contracts (including but not limited to breach of full-time service and non-competition commitment under the Capital Increase Agreement and the Capital Increase Supplemental Agreement by either directly or indirectly engaged in any other business without the prior consent of the Group), which cannot be remedied within 30 days after the request for remedy by the Group.

The price for the equity purchase shall be the sum of (i) the actual investment amount of the Group in the Target; and (ii) the interest calculated at a simple interest rate of 12% per annum, calculated as:

$$P = M \times (1 + 12\% * T)$$

Where:

“P” means the equity purchase price to which the Group is entitled to receive;

“M” means the consideration paid wholly or partially by the Group under the Equity Transfer Agreements attributable to the equity interest in the Target to be repurchased as requested by the Group;

“T” means is the number of days from the date of completion of the Equity Transfer Agreements to the date of the exercise notice given by the Group for the equity purchase divided by 365;

The Founders or the Target Group shall complete the equity purchase within 90 business days upon receipt of the exercise notice given by the Group for the equity purchase.

The Company will comply with all applicable requirements under the Listing Rules if the right to the above equity purchase is exercised by the Group under the Equity Transfer Supplemental Agreement.

## **INFORMATION ON THE TARGET GROUP**

The Target is a company established in the PRC with limited liability in 2014. The Target Group is principally engaged in script writing, sale of script, development and production of script into web series, TV series, cinema movies and web movies and its sale and related businesses.

Set out below is the summary of the unaudited consolidated financial information of the Target Group for the year ended 31 December 2016 and 2017 respectively:

|                            | <b>For the year ended<br/>31 December 2016</b><br><i>Approximately</i> | <b>For the year ended<br/>31 December 2017</b><br><i>Approximately</i> |
|----------------------------|--|--|
| Revenue                    | RMB20,790,000<br>(equivalent to approximately<br>HK\$25,667,000)       | RMB60,447,000<br>(equivalent to approximately<br>HK\$74,626,000)       |
| Net profit before taxation | RMB10,789,000<br>(equivalent to approximately<br>HK\$13,320,000)       | RMB32,477,000<br>(equivalent to approximately<br>HK\$40,095,000)       |
| Net profit after taxation  | RMB8,369,000<br>(equivalent to approximately<br>HK\$10,332,000)        | RMB26,379,000<br>(equivalent to approximately<br>HK\$32,567,000)       |

The unaudited consolidated total asset value and net asset value of the Target as at 31 December 2017 were approximately RMB139,404,000 (equivalent to approximately HK\$174,104,000) and approximately RMB114,888,000 (equivalent to approximately HK\$141,837,000) respectively.

## **REASONS FOR AND BENEFITS OF THE EQUITY TRANSFERS**

The Group is principally engaged in the provision of digital entertainment services as well as property investment in the PRC.

As at the date of this announcement, the Group owned 10% equity interest in the Target. The further investment in the Target Group through the Equity Transfers is in line with the strategic plan of the Group in its business development in the pan-entertainment industry. In view of the business development and financial performance of the Target Group in 2017, the Company considers that the Target Group has a great potential for growth. The Target Group retains a large number of scriptwriters and owns a pool of copyrights of high quality scripts and is equipped with strong script production capacity. The Target Group has also developed a mature production team for the production of web series, TV series, cinema movies and web movies. It is expected that the increase in the Group's holding of equity interest in the Target through the Equity Transfers will further reinforce the collaboration between the Group and the Target Group and also facilitate the development and use of the pool of high quality suspense literature reserve of the Group's associate company 北京掌文信息技术有限公司 (Beijing Zhangwen Information Technology Co., Ltd.) (the English name is for identification purposes only). With the development of web series and web movies on the internet, the Company believes that it can benefit from the further investment in the Target through the Equity Transfers and thereby bring greater returns to the Group.

On the above basis, the Directors (including the independent non-executive Directors) are of the view that the terms of each of the Equity Transfer Agreements (including the consideration for each of the Equity Transfers) and the Equity Transfer Supplemental Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Equity Transfers under the Equity Transfer Agreements, the Capital Contribution and the 2017 Acquisitions on an aggregate basis is more than 5% but less than 25%, the Equity Transfers, the Capital Contribution and the 2017 Acquisitions on an aggregate basis constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

|                                |  |
|--------------------------------|--|
| “associate(s)”                 | has the meaning ascribed to it under the Listing Rules   |
| “Board”                        | the board of the Directors   |
| “Company”                      | A8 New Media Group Limited (A8新媒體集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 800) |
| “connected person(s)”          | has the meaning ascribed to it under the Listing Rules   |
| “Director(s)”                  | the director(s) of the Company   |
| “Equity Transfer Agreement I”  | the equity transfer agreement dated 13 March 2018 entered into by and among Yunhai Qingtian, the Vendor A and the Founders in relation to the sale and purchase of 10.17% equity interest in the Target        |
| “Equity Transfer Agreement II” | the equity transfer agreement dated 13 March 2018 entered into by and among Yunhai Qingtian, the Vendor B and the Founders in relation to the sale and purchase of 1.71% equity interest in the Target         |

|  |   |
|--|---|
| “Equity Transfer Agreement III”          | the equity transfer agreement dated 13 March 2018 entered into by and among Yunhai Qingtian, the Vendor C and the Founders in relation to the sale and purchase of 0.95% equity interest in the Target  |
| “Equity Transfer Agreement IV”           | the equity transfer agreement dated 13 March 2018 entered into by and among Yunhai Qingtian, the Vendor D and the Founders in relation to the sale and purchase of 0.73% equity interest in the Target  |
| “Equity Transfer Agreements”             | collectively, the Equity Transfer Agreement I, the Equity Transfer Agreement II, the Equity Transfer Agreement III and the Equity Transfer Agreement IV   |
| “Equity Transfer Supplemental Agreement” | the equity transfer supplemental agreement dated 13 March 2018 entered into by and among Yunhai Qingtian, the Founders and the Target, further particulars of which are disclosed in the paragraph headed “The Equity Transfer Supplemental Agreement” in this announcement |
| “Equity Transfers”                       | collectively, the transfer of an aggregate of 13.56% equity interest in the Target by the Vendors to the Group under the Equity Transfer Agreements   |
| “Founder A”                              | 劉澤文 (Ms. Liu Zewen)   |
| “Founder B”                              | 張金勝 (Mr. Zhang Jinsheng)  |
| “Founders”                               | collectively, the Founder A and the Founder B   |
| “Group”                                  | the Company and its subsidiaries  |
| “HK\$”                                   | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”                              | the Hong Kong Special Administrative Region of the PRC  |
| “Independent Third Party(ies)”           | third party(ies) independent of the Company and its connected persons   |
| “Listing Rules”                          | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “PRC”                                    | the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)   |

|                   |   |
|-------------------|---|
| “RMB”             | Renminbi, the lawful currency of the PRC  |
| “Share(s)”        | ordinary share(s) of HK\$0.01 each in the share capital of the Company  |
| “Shareholder(s)”  | holder(s) of the Shares   |
| “Stock Exchange”  | The Stock Exchange of Hong Kong Limited   |
| “Target”          | 藍藍藍藍影視傳媒(天津)有限公司 (Lanlanlanlan Film & Television Media (Tianjin) Co., Ltd.) (the English name is for identification purposes only), a company established in the PRC with limited liability   |
| “Target Group”    | the Target and its subsidiaries   |
| “Vendor A”        | 上海清科嶺協投資管理合夥企業(有限合夥) (Shanghai Qingke Lingxie Investment Management Partnership Enterprise (Limited Partnership))(the English name is for identification purposes only), a limited partnership established in the PRC                   |
| “Vendor B”        | 趙紅艷 (Ms. Zhao Hongyan)  |
| “Vendor C”        | 杭州賢二投資管理合夥企業(有限合夥) (Hangzhou Yinyi Investment Management Partnership Enterprise (Limited Partnership))(the English name is for identification purposes only), a limited partnership established in the PRC                              |
| “Vendor D”        | 浙江湖州海納網絡科技有限公司 (Zhejiang Huzhou Haina Network Technology Co., Ltd.)(the English name is for identification purposes only), a company established in the PRC with limited liability  |
| “Vendors”         | collectively, the Vendor A, the Vendor B, the Vendor C and the Vendor D   |
| “Yunhai Qingtian” | 深圳市雲海情天文化傳播有限公司 (Shenzhen Yunhai Qingtian Cultural Broadcasting Co., Ltd.) (the English name is for identification purposes only), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company |
| “%”               | per cent  |

*For the purpose of this announcement, all amounts denominated in RMB has been translated into HK\$ using the exchange rate of RMB0.81:HK\$1. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above rate or any other rates at all.*

On behalf of the Board  
**A8 New Media Group Limited**  
*Chairman & Executive Director*  
**Liu Xiaosong**

Hong Kong, 13 March 2018

*As at the date of this announcement, the Board of the Company comprises:*

- (1) Executive Directors namely Mr. Liu Xiaosong and Mr. Lin Qian; and*
- (2) Independent Non-Executive Directors namely Mr. Chan Yiu Kwong, Ms. Wu Shihong and Mr. Li Feng.*