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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that based on the preliminary information currently available from the unaudited consolidated management accounts of the Company, the Group is expected to record a significant decrease in net profit for the Period after tax as compared to that for the corresponding period in 2017. The Group is expected to record more than RMB 70 million net loss for the Period. The significant decrease in net profit for the Period was mainly due to the goodwill impairment related to the associate Lanlanlanlan Film & Television and a newly acquired subsidiary of Mu77 amounted to approximately RMB105 million in aggregate. As at the date of this announcement, the specific figures are yet to be confirmed.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by A8 New Media Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary information currently available from the unaudited consolidated management accounts of the Company, the Group is expected to record a significant decrease in net profit for the financial year ended 31 December 2018 (the “**Period**”) as compared to that for the corresponding period in 2017. The Group is expected to record more than RMB 70 million net loss for the Period. The significant decrease in net profit for the Period was mainly due to the goodwill impairment related to the associate Lanlanlanlan Film & Television Media (Tianjin) Co., Ltd. (藍藍藍藍影視傳媒(天津)有限公司 the English name is for identification purposes only) (“**Lanlanlanlan Film & Television**”) and a newly acquired subsidiary of Shanghai Mu77 Network Technology Co., Ltd. and Mu77 Network Technology Hong Kong Limited (“**Mu77**”) amounted to approximately RMB105 million in aggregate. As at the date of this announcement, the specific figures are yet to be confirmed

The impairment of goodwill was made when the expected future recoverable amount is lower than the investment cost. During the year, the Group recorded an impairment of goodwill amounted to approximately RMB70 million in relation to Lanlanlanlan Film & Television with the reasons as followings : First, as the performance of the animated film “Pretty Princess” (「兩個俏公主」) at the box office was not satisfactory, Lanlanlanlan Film & Television decided to temporarily suspend the business of animated films. Second, it was also expected that the business plan of for TV dramas will be stagnant in the next two years. Further, it was expected that the revenue from the sale of scripts as well as the scale, and progress of the development of online film, in the next two years would be lower than the business forecast made at the end of 2017. Hence, the Group made the impairment.

Another impairment was made to the newly acquired 51% equity interest of Mu77 that engaged in game development business. During the year, the game page number tightening strategy implemented by State Administration of Radio Film and Television had adverse effect on the whole game industry which would restrict or postpone the game publishing. Mu77 suffered losses for the current year resulted from the above reason and also the delayed process of game development. The Group considered that the industry policy will continually affected Mu77 and based on the latest valuation by independent valuer as at 31 December 2018, the Group made a goodwill impairment for Mu77 of approximately RMB35 million.

The Board wishes to emphasise that the Company is still in the process of finalising its consolidated annual results for the financial year ended 31 December 2018 and such accounts are still subject to audit. The information contained in this announcement is based on the preliminary review of the Board on the latest unaudited consolidated management accounts of the Company for the financial year ended 31 December 2018, which have not been confirmed or finalised by the audit committee of the Board and the Company's independent external auditor and may be subject to further adjustments. Shareholders and potential investors of the Company are advised to read carefully the annual results announcement of the Company for the financial year ended 31 December 2018, which is expected to be published in due course in accordance with the Listing Rules.

Financial information and other details of the Group for the Period will be disclosed in the annual results announcement of the Group which is expected to be published in March 2019.

Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 24 March 2019

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.*