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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)**

## **CONNECTED TRANSACTION – PROPOSED INVESTMENT IN QINGSONG FUND IV**

### **PROPOSED INVESTMENT IN QINGSONG FUND IV**

The Company, through Kwaitonglian, an indirect wholly-owned subsidiary of the Company, Qianhai Qingsong and three Other Investors intend to establish Qingsong Fund IV for the purpose of making equity investments focusing on new industries such as new technology and application and new consumption models.

The Board is pleased to announce that after trading hours on 21 January 2020, Kwaitonglian, Qianhai Qingsong and the Other Investors entered into the Partnership Agreement in connection with the establishment of and the proposed investment in Qingsong Fund IV. In accordance with the Partnership Agreement, the Group will invest RMB10 million (equivalent to approximately HK\$11.2 million) to subscribe for approximately 11.111111% interest in Qingsong Fund IV in the capacity of LP.

The establishment of Qingsong Fund IV is subject to the approval by Shenzhen Market Supervision Administration. Qingsong Fund IV will be established in the PRC as a limited partnership which will be principally engaged in venture capital, venture capital management and other activities relating to venture capital to promote the development of new industries.

The Proposed Investment, when made by the Group, will be classified as financial assets at fair value through profit or loss in the Company's consolidated statement of financial position.

\* For identification purposes only

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Qianhai Qingsong is a limited partnership established and registered in the PRC and the majority investor of Qianhai Qingsong is ultimately controlled by Mr. Liu. As such, Qianhai Qingsong is an associate of Mr. Liu and therefore a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. The Proposed Investment constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) for the Proposed Investment is more than 0.1% and is less than 5%, the Proposed Investment is only subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **PROPOSED INVESTMENT IN QINGSONG FUND IV**

The Company, through Kwaitonglian, an indirect wholly-owned subsidiary of the Company, Qianhai Qingsong and three Other Investors (as defined below) intend to establish Qingsong Fund IV for the purpose of making equity investments focusing on new industries such as new technology and application and new consumption models.

The Board is pleased to announce that after trading hours on 21 January 2020, Kwaitonglian, Qianhai Qingsong and the Other Investors entered into the Partnership Agreement in connection with the establishment of and the proposed investment in Qingsong Fund IV. The tentative name of Qingsong Fund IV is 深圳市青松中小微企業發展投資合夥企業(有限合夥) (Shenzhen Qingsong Small and Medium Enterprises Development Investment Partnership Enterprise (Limited Partnership)\*) which is subject to the approval and registration by 深圳市工商行政管理局 (Shenzhen Administration for Industry and Commerce). The establishment of Qingsong Fund IV is subject to the approval by Shenzhen Market Supervision Administration.

In accordance with the Partnership Agreement, the Group will invest RMB10 million (equivalent to approximately HK\$11.2 million) to subscribe for approximately 11.111111% interest in Qingsong Fund IV in the capacity of LP.

The key terms of the Partnership Agreement are as follows:

## **THE PARTNERSHIP AGREEMENT**

### **Date:**

21 January 2020

### **Parties:**

- (1) Qianhai Qingsong (as GP);
- (2) Kwaitonglian (as LP);
- (3) Suzhou Stack Paper (as LP);
- (4) Shenzhen Ruijin Phase IV (as LP); and
- (5) Chengdu Maipu (as LP)

((3) to (5), referred to as the “**Other Investors**”)

### **Nature of Qingsong Fund IV:**

Qingsong Fund IV will be established in the PRC as a limited partnership which will be principally engaged in venture capital, venture capital management and other activities relating to venture capital to promote the development of new industries.

### **Scale of Qingsong Fund IV:**

The preliminary investment scale of Qingsong Fund IV is RMB90 million (equivalent to approximately HK\$101.1 million) based on the total Capital Commitment of all partners under the Partnership Agreement. From the First Completion Date (as defined below) to 30 June 2020, any additional investment into Qingsong Fund IV may be made by the existing partners to the Partnership Agreement and/or new investors through one or a series of fund raising exercise(s).

### **Capital contribution to Qingsong Fund IV:**

Pursuant to the Partnership Agreement, Kwaitonglian shall make the Capital Commitment of RMB10 million (equivalent to approximately HK\$11.2 million) to subscribe for approximately 11.111111% interest in Qingsong Fund IV in the capacity of the LP. The Group intends to finance its Capital Commitment from its internal resources.

Pursuant to the Partnership Agreement, the Other Investors shall make the Capital Commitment of an aggregate of RMB72 million (equivalent to approximately HK\$80.9 million) to subscribe for an aggregate of approximately 79.999999% interest in Qingsong Fund IV in the capacity of the LP. Pursuant to the Partnership Agreement, Qianhai Qingsong shall make the Capital Commitment of RMB8 million (equivalent to approximately HK\$9.0 million) to subscribe for approximately 8.888888% interest in Qingsong Fund IV in the capacity of the sole GP.

The Capital Commitment to be contributed by each partner shall be made in cash in three tranches in the ratio of 50%:30%:20% in accordance with the written demand for capital contribution from Qianhai Qingsong. In respect of each tranche of the Capital Commitment, Qianhai Qingsong shall send a written demand for capital contribution to each partner at least 10 business days in advance. The Capital Contribution shall be paid in full by all partners within the investment period stipulated in the Partnership Agreement, i.e. on or before 30 June 2028.

The Capital Commitment to be made by the Group is determined by (i) the Group's interest in Qingsong Fund IV, i.e. approximately 11.111111% interest in Qingsong Fund IV in the capacity of the LP; and (ii) the preliminary investment scale of Qingsong Fund IV of RMB90 million (equivalent to approximately HK\$101.1 million).

#### **Duration of Qingsong Fund IV:**

The duration of Qingsong Fund IV shall be eight years, commencing on the date of admission of the first batch of external investors independently designated by Qianhai Qingsong as LP after the establishment of Qingsong Fund IV (based on the payment due date specified in the written demand for capital contribution from Qianhai Qingsong to the first batch of the LP or such other date as reasonably decided by Qianhai Qingsong and notified to the partners) (“**First Completion Date**”), with the first five years as investment period and the last three years as payback period. The duration of Qingsong Fund IV can be extended in accordance with the terms and conditions of the Partnership Agreement but it shall not last for more than 10 years.

#### **Management of Qingsong Fund IV:**

Qianhai Qingsong, the sole GP of Qingsong Fund IV, is responsible for the execution of the business of Qingsong Fund IV, including but not limited to screening and managing investment projects, deciding on investment in investment projects and implementing the relevant investment programs, deciding on the withdrawal from investment projects and implementing the relevant exit programs. Qianhai Qingsong is liable for the unlimited joint liabilities of Qingsong Fund IV.

Kuaitonglian and the Other Investors are the LP of Qingsong Fund IV. The LP are not responsible for executing the business of Qingsong Fund IV and are only liable for the liabilities of Qingsong Fund IV up to their respective amounts of the Capital Commitment.

### **Management fee of Qingsong Fund IV:**

During the term of Qingsong Fund IV, Qingsong Fund IV shall calculate and pay a management fee to the fund manager of Qingsong Fund IV, i.e. Qianhai Qingsong, on an annual basis, in the following manner:

- (i) from the start date of accruing the management fee (i.e. the First Completion Date) to the last day of the investment period, the annual management fee being 2% on the capital contribution to Qingsong Fund IV;
- (ii) from the day following the last day of the investment period to the eighth anniversary of the First Completion Date, the annual management fee being 2% on the difference between the actual capital contribution and the investment cost of the withdrawn investment projects;
- (iii) from the day following the eighth anniversary of the First Completion Date to the ninth anniversary of the First Completion Date, annual management fee being 1.5% on the investment cost of the investment projects that have not been withdrawn; and
- (iv) after the ninth anniversary of the First Completion Date, no management fee will be payable to the fund manager.

### **Return allocation of Qingsong Fund IV:**

Qingsong Fund IV may gain earnings by means of disposing of the investment projects, obtaining dividends and interests from the projects invested by Qingsong Fund IV as well as other investment returns.

After the withdrawal of each investment project, Qianhai Qingsong shall, in principle, allocate the distributable income of such investment project within 90 days of its withdrawal.

In accordance with the terms and conditions of the Partnership Agreement, as the preliminary stage of allocation, the portion of the net distributable income that originates from the project investment shall be initially divided among all partners according to the ratio of their respective investment costs for the project. The remaining portion shall be allocated among all partners pursuant to the ratio of their respective amounts of the actual Capital Commitment. Any unutilised and distributable actual capital contribution in Qingsong Fund IV shall be allocated among all partners pursuant to the ratio of their respective amounts of unutilised actual capital contribution in Qingsong Fund IV.

Unless otherwise agreed with Qianhai Qingsong, the return allocation to the LP shall be further allocated in the following sequence:

- (i) the net distributable income allocated to the LP at the previous stage shall be deemed to be the LP's return until the accumulated amount of the distribution of each LP is equal to its cumulated actual capital contribution in Qingsong Fund IV; and
- (ii) if there is excess net distributable income, 80% of that amount shall be allocated to the LP while the remaining 20% shall be allocated to Qianhai Qingsong. Qianhai Qingsong may direct Qingsong Fund IV to pay part or all of its share of the return obtained during this stage to its designated person in accordance with the terms and conditions of the Partnership Agreement.

## **REASONS FOR AND BENEFITS OF THE PROPOSED INVESTMENT IN QINGSONG FUND IV**

The Group is principally engaged in the provision of digital entertainment services, including game publishing services and music-based entertainment services as well as property investment in the PRC.

The Group expects to enhance its capital use efficiency through the Proposed Investment and hopes to receive investment income from the Proposed Investment. Further, the Group is principally engaged in pan-entertainment business in the PRC. It is expected that Qingsong Fund IV will be established for the purpose of making equity investments focusing on new industries such as new technology and application and new consumption models. Driven by the rapidly evolving technology in the PRC, people are expecting for new consumption models which can bring them better buying experience, catalysing the growth of this industry to cater for the emerging need in the market. The Board believes that the Proposed Investment is conducive to the Group's integration in the industry chain and creates synergy effect on the future business development of the Group.

On the above basis, the terms of the Partnership Agreement (including the Capital Commitment to be made by the Group) were determined after arm's length negotiations among the parties thereto. The Directors (including the independent non-executive Directors) are of the view that the terms of the Partnership Agreement (including the Capital Commitment to be made by the Group) are on normal commercial terms and are fair and reasonable so far as the Company and the Shareholders as a whole are concerned, and the Proposed Investment is in the interests of the Company and the Shareholders as a whole.

Mr. Liu, the Chairman of the Board and an executive Director and the controlling Shareholder (as defined in the Listing Rules), is interested in Qianhai Qingsong and is considered having a material interest in the Proposed Investment. As such, Mr. Liu had abstained from voting at the meeting of the Board approving the Proposed Investment and the related transactions.

## **FINANCIAL IMPACT ON THE PROPOSED INVESTMENT IN QINGSONG FUND IV**

The Proposed Investment, when made by the Group, will be classified as financial assets at fair value through profit or loss in the Company's consolidated statement of financial position. Transaction costs of and returns from the Proposed Investment, and the changes in fair value of the Proposed Investment will be recognised in the Company's consolidated statement of profit or loss. Upon the completion of the Proposed Investment, it is expected that there will be no significant impact on the Group's net asset value.

## **INFORMATION ON THE PARTIES TO THE PARTNERSHIP AGREEMENT**

Qianhai Qingsong, the GP of Qingsong Fund IV, is a limited partnership established and registered in the PRC and is principally engaged in the management of share capital investment and investment of technology enterprises. The ultimate beneficial owners of Qianhai Qingsong are Mr. Liu, Ms. Ke Jiaxuan (柯嘉璇), Ms. Tu Lan (塗嵐), Mr. Dong Zhanbin (董占斌) and Mr. Su Wei (蘇蔚).

Suzhou Stack Paper, the LP of Qingsong Fund IV, is a joint stock limited company established in the PRC and is principally engaged in interactive entertainment and internet culture business. The ultimate beneficial owner of Suzhou Stack Paper is Mr. Yao Runhao (姚潤昊).

Shenzhen Ruijin Phase IV, the LP of Qingsong Fund IV, is a limited partnership established and registered in the PRC and is principally engaged in venture capital investment and consultation of venture capital investment business. The general partner of Shenzhen Ruijin Phase IV is Qianhai Qingsong. Shenzhen Ruijin Phase IV is owned as to 99.90% by Mr. He Xianshu (何憲恕) and as to 0.10% by Qianhai Qingsong.

Chengdu Maipu, the LP of Qingsong Fund IV, is a limited company established in the PRC and is principally engaged in information technology industry investment as well as venture capital investment. The ultimate beneficial owner of Chengdu Maipu is Mr. Huaxin (花欣).

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, each of the Other Investors and their respective ultimate beneficial owners (other than Qianhai Qingsong) is an Independent Third Party.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Qianhai Qingsong is a limited partnership established and registered in the PRC and the majority investor of Qianhai Qingsong is ultimately controlled by Mr. Liu. As such, Qianhai Qingsong is an associate of Mr. Liu and therefore a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. The Proposed Investment constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.



As the highest applicable percentage ratio (as defined in the Listing Rules) for the Proposed Investment is more than 0.1% and is less than 5%, the Proposed Investment is only subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Capital Commitment”	the aggregate capital contribution in cash that each partner of Qingsong Fund IV shall agree to invest in Qingsong Fund IV pursuant to the Partnership Agreement
“Chengdu Maipu”	成都邁普產業集團有限公司 (Chengdu Maipu Industry Group Co., Ltd.*), a limited company established in the PRC, and the LP of Qingsong Fund IV
“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
“GP”	the general partner of Qingsong Fund IV
“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) who is independent of and not connected with the Company and its connected persons
“Kwaitonglian”	深圳市快通聯科技有限公司 (Shenzhen Kwaitonglian Technology Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company



“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LP”	the limited partner(s) of Qingsong Fund IV
“Mr. Liu”	Mr. Liu Xiaosong (劉曉松), the Chairman of the Board and an executive Director and the controlling Shareholder
“Partnership Agreement”	the partnership agreement dated 21 January 2020 entered into by and among Kuaitonglian, Qianhai Qingsong and the Other Investors in relation to the establishment of and the proposed investment in Qingsong Fund IV
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Proposed Investment”	the proposed investment of approximately 11.111111% interest in Qingsong Fund IV in the capacity of LP by Kuaitonglian in accordance with the Partnership Agreement
“Qianhai Qingsong”	深圳市前海青松創業投資基金管理企業(有限合夥) (Shenzhen Qianhai Qingsong Venture Investment Fund Management Enterprise (Limited Partnership)*), a limited partnership established and registered in the PRC, and the GP of Qingsong Fund IV
“Qingsong Fund IV”	深圳市青松中小微企業發展投資合夥企業(有限合夥) (Shenzhen Qingsong Small and Medium Enterprises Development Investment Partnership Enterprise (Limited Partnership)*), a limited partnership to be established and registered in the PRC, the name of which is subject to the approval and registration by 深圳市工商行政管理局 (Shenzhen Administration for Industry and Commerce) and its establishment is subject to the approval of Shenzhen Market Supervision Administration
“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
“Shenzhen Market Supervision Administration”	深圳市市場監督管理局 (Market Supervision Administration of Shenzhen Municipality)

“Shenzhen Ruijin Phase IV”	深圳市銳進四期投資合夥企業(有限合夥) (Shenzhen Ruijin Phase IV Investment Partnership (Limited Partnership)*), a limited partnership established and registered in the PRC, and the LP of Qingsong Fund IV
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Stack Paper”	蘇州疊紙網絡科技股份有限公司 (Suzhou Stack Paper Network Technology Co., Ltd.*), a joint stock limited company established in the PRC, and the LP of Qingsong Fund IV
“%”	per cent

*For the purpose of this announcement, all amounts denominated in RMB has been translated into HK\$ using the exchange rate of RMB0.89: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 rates or any other rates at all.*

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

Hong Kong, 21 January 2020

*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.*