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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)**

### **SUPPLEMENTAL ANNOUNCEMENT ON THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

Reference is made to the annual report of A8 New Media Group Limited (“Company”, together with its subsidiaries, referred to as the “Group”) for the year ended 31 December 2019 (“Annual Report”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Annual Report.

The board of directors (“Directors”) of the Company (“Board”) wishes to provide the shareholders of the Company and potential investors with additional information of the Group for the year ended 31 December 2019 as follows:

#### **(a) IMPAIRMENT LOSS**

As disclosed in the 2019 Annual Report, for the year ended of 31 December 2019, the Group has recorded an impairment loss of approximately RMB34.5 million on goodwill arising from acquisition of Shanghai Mu77 Network Technology Co., Ltd and Mu77 Technology Hongkong Limited (collective “Mu77”).

The determination of the recoverable amount of the cash-generating unit is discounted cash flow method under income approach. Reasons for adopting the method is because the valuation subject is an operating business with historical record of operation and financials. The parameters in the projected cash flow could be made reference to historical record and also considered outlook and future performance. The independent valuer has also considered other methods such as comparable method under market approach, but there is no close comparable in which similar games are operating/developing whereas cost method is not suitable as subject is not an asset driven business.

On the other hand, in assessing the impairment loss of subject, recoverable amount is considered, thus the future recoverability of the subject should be included in the valuation. Among the valuation methods, discounted cash flow method under income approach is an appropriate method to consider future business and market growth. Hence, discount cash flow method is adopted in the valuation.

## (b) SIGNIFICANT INVESTMENTS

### Financial assets at fair value through profit or loss

As disclosed in the 2019 Annual Report, as at 31 December 2019, the financial assets at fair value through profit or loss amounted to approximately RMB144.4 million, including the fund investments amounted to approximately RMB124.7 million.

None of each fund investment has a carrying amount that accounts for more than 5% of the Group's total assets as at 31 December 2019.

### Financial assets at fair value through other comprehensive income

As disclosed in the 2019 Annual Report, as at 31 December 2019, the financial assets at fair value through other comprehensive income amounted to approximately RMB233.4 million.

Except for Xiamen Mengjia Network Technology Co., Ltd. (“**Xiamen Mengjia**”), none of other game development companies has a carrying amount that accounts for more than 5% of the Group's total assets as at 31 December 2019. Details of Xiamen Mengjia was set out as fellow:

Name of the investment	Investment cost <i>RMB'000</i>	Percentage of investment held as at 31 December 2019 (%)	Fair value as at 31 December 2018 <i>RMB'000</i>	Change in fair value for the year ended 31 December 2019 <i>RMB'000</i>	Fair value as at 31 December 2019 <i>RMB'000</i>	Size as compared to the Group's total assets as at 31 December 2019 (%)	Total amount of dividends received for the year ended 31 December 2019 <i>RMB'000</i>	Principal activities
Xiamen Mengjia	20,024	10.0	84,528	138,500	223,028	12.3	693	Games development

## (c) SHARE OPTION SCHEME

In addition to the disclosures under “Report of the Directors — Share Option Schemes” and note 32 to the consolidated financial statements of the Company as set out in the 2019 Annual Report, the Company would like to provide the following additional information in relation to the Share Option Scheme pursuant to Rules 17.07 and 17.09(9) of the Listing Rules:

1. The movements in the Company's share options outstanding of the other employees and eligible persons of the Group under the share option schemes during the year, the share options granted on 14 January 2014 and 23 April 2014 were granted to

other employees of the Group. The share options granted on 28 June 2019 were granted to other eligible persons (which refers to employees of an associate of the Group).

2. The 2018 Share Option Scheme shall be valid for ten years from the effective date (which takes effect from 29 May 2018 to 28 May 2028). For the year ended 31 December 2019, the remaining life of the 2018 Share Option Scheme is around 8 years and 5 months.

The above supplemental information does not affect other information contained in the 2019 Annual Report. Save as disclosed above, all other information contained in the 2019 Annual Report remains unchanged.

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

Hong Kong, 23 September 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.*