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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



First Shanghai Securities Limited

After trading hours on 16 April 2015, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has appointed the Placing Agent to procure, on a best effort basis, Placees to subscribe for up to 285,768,000 Placing Shares at a price of HK\$0.73 per Placing Share.

The maximum number of Placing Shares (being 285,768,000 Placing Shares) represents (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming the maximum number of the Placing Shares are placed). The maximum aggregate nominal value of the Placing Shares under the Placing will be approximately HK\$2,857,680.

Assuming the maximum number of the Placing Shares is placed, the gross proceeds from the Placing will be approximately HK\$208.6 million and the net proceeds will be approximately HK\$205.3 million. It is intended that the net proceeds from the Placing will be utilised as general working capital and/or future investment of the Group as and when opportunities arise.

The Placing Price of HK\$ 0.73 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent and represents: (i) a discount of approximately 7.59% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on 16 April 2015, which is the date of the Placing Agreement; and (ii) a discount of approximately 10.54% to the average closing price of HK\$0.816 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 22 May 2014. The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Since completion of the Placing is subject to the fulfillment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date:

16 April 2015 (after trading hours)

Issuer:

The Company

Placing Agent:

First Shanghai Securities Limited (第一上海證券有限公司)

The Placing Agent has conditionally agreed to procure, on a best effort basis, Placees to subscribe for up to 285,768,000 Placing Shares. The Placing Agent will receive a placing commission of 1.5% of the aggregate Placing Price for the Placing Shares placed by the Placing Agent on behalf of the Company pursuant to its obligations under the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons or any of their respective associates (as defined under the Listing Rules).

Placees:

The Placing Shares are to be placed on a best effort basis to not less than six Placees, who and (where applicable) whose ultimate beneficial owners shall be Independent Third Parties. The Placing Agent will use its reasonable endeavours to ensure that none of the Placees would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the Listing Rules) of the Company.

Placing Price:

The Placing Price of HK\$0.73 per Placing Share represents:

- (i) a discount of approximately 7.59% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on 16 April 2015, which is the date of the Placing Agreement; and
- (ii) a discount of approximately 10.54% to the average closing price of HK\$0.816 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among other matters, the prevailing market prices of the Shares.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Assuming the maximum number of the Placing Shares is placed, the gross proceeds from the Placing will be approximately HK\$208.6 million and the net proceeds will be approximately HK\$205.3 million. On such basis, the net issue price will be approximately HK\$0.72 per Placing Share.

Placing Shares:

The maximum number of Placing Shares (being 285,768,000 Placing Shares) represents (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming the maximum number of the Placing Shares are placed). The maximum aggregate nominal value of the Placing Shares under the Placing will be approximately HK\$2,857,680.

Ranking:

The Placing Shares will rank, when issued and fully paid up, *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Condition of the Placing:

Completion of the Placing is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares to be placed pursuant to the Placing Agreement on or before 7 May 2015 ("**Long Stop Date**").

If the above condition is not satisfied on or before the Long Stop Date, the obligations of the Placing Agent and of the Company under the Placing Agreement shall cease and determine and neither the Placing Agent nor the Company shall have any claim against the other in relation to the Placing Agreement (save in respect of (i) any antecedent breach of any obligation thereunder; and (ii) any liabilities in respect of the representations and warranties made by the Company, undertakings by the Placing Agent, indemnity and reimbursements).

Completion:

Completion of the Placing shall take place on the fourth Business Day after the fulfilment of the above condition or on such other date as the Company and the Placing Agent may agree in writing.

Force majeure:

The Placing Agent reserves its right to terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the date of completion of the Placing if, in the reasonable opinion of the Placing Agent, after consultation with the Company:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in this announcement or any announcements and circulars issued by the Company to the Stock Exchange and/or the Shareholders since the publication of the annual results announcement of the Company for the year ended 31 December 2014 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (5) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Placing); or
- (6) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties under the Placing Agreement or in the reasonable opinion of the Placing Agent may be materially adverse in the consummation of the Placing.

Upon termination of the Placing Agreement as described above, all liabilities of the parties to the Placing Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of (i) any antecedent breach of any obligation under the Placing

Agreement; and (ii) any liabilities in respect of the representations and warranties made by the Company, undertakings by the Placing Agent, indemnity and reimbursements.

The Directors are not aware of the occurrence of any of the above events as at the date of this announcement.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. Under the General Mandate, the Company is authorised to allot and issue up to 285,769,425 Shares until the revocation, variation or expiration of the General Mandate. The Company has not exercised the power to allot and issue any new Shares pursuant to the General Mandate as at the date of this announcement.

The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the provision of digital entertainment services, including music-based entertainment service and game related services in the People's Republic of China..The Directors are of the view that the Placing can strengthen the financial position of the Group and provide funding to the Group to meet any future development and obligations. The Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. The Directors consider that the Placing is in the interest of the Company and the Shareholders as a whole.

As disclosed above, assuming the maximum number of the Placing Shares is placed, the net proceeds from the Placing are estimated to be approximately HK\$205.3 million. It is intended that the net proceeds from the Placing will be utilised as general working capital and/or future investment of the Group as and when opportunities arise.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any fund raising activities in the past 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the existing shareholding structure of the Company and the effects on the shareholding

structure of the Company upon completion of the Placing (assuming the maximum number of the Placing Shares has been placed and there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares under the Placing) are set out below:

	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Liu Xiaosong (“ Mr. Liu ”) and his associates (Note)	581,557,398	40.70	581,557,398	33.92
Placees	-	-	285,768,000	16.67
Other public Shareholders	<u>847,289,730</u>	<u>59.30</u>	<u>847,289,730</u>	<u>49.41</u>
Total	<u>1,428,847,128</u>	<u>100.00</u>	<u>1,714,615,128</u>	<u>100.00</u>

Note: Mr. Liu, the chairman of the Board and an executive Director, is the founder of a family trust which is owned by HSBC International Trustee Limited as trustee of such discretionary trust. These 581,557,398 Shares comprised (i) 510,991,398 Shares interested or deemed to be interested by the intermediate companies of such family trust, of which 369,360,303 Shares and 141,631,095 Shares are directly held by Prime Century Technology Limited and Ever Novel Holdings Limited respectively; (ii) 5,766,000 Shares directly held by Mr. Liu; and (iii) 64,800,000 Shares interested or deemed to be interested by an associate of Mr. Liu.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 22 May 2014 at which the General Mandate was granted to the Directors
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	A8 New Media Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange

“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue or deal with up to 285,769,425 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of, not connected nor acting in concert (as defined in the Code on Takeovers and Mergers) with the Company and any of its connected persons or any of their respective associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individuals, corporates, institutional investors or other investors to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the placing by the Placing Agent, on a best effort basis, of up to 285,768,000 new Shares to be allotted and issued to the Placees pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	First Shanghai Securities Limited (第一上海證券有限公司), a licensed corporation to carry out business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 16 April 2015 in relation to the Placing under the General Mandate
“Placing Price”	HK\$0.73 per Placing Share
“Placing Shares”	a maximum of 285,768,000 new Shares to be placed pursuant to the Placing Agreement and each a “Placing Share”
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

“Shareholder(s)” holder(s) of the Share(s)
“Stock Exchange” The Stock Exchange of Hong Kong Limited
“%” per cent.

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

Hong Kong, 16 April 2015

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

- (1) Executive Directors namely Mr. Liu Xiaosong and Mr. Liu Pun Leung; and*
- (2) Independent Non-Executive Directors namely Mr. Chan Yiu Kwong, Ms. Wu Shi Hong and Mr. Song Ke.*