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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**

On 17 October 2017, Yunhai Qingtian, a wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with the Target, the Founders, the Vendors and seven Other Investors. In accordance with the Capital Increase Agreement, the Group has agreed to make Capital Contribution of RMB30,000,000 (equivalent to approximately HK\$35,294,000) in cash into the Target, of which RMB292,400 shall be contributed to the increase in its registered capital and RMB29,707,600 shall be contributed to its capital reserve. Upon completion of the Capital Increase Agreement, the registered capital of the Target shall be increased to RMB5,848,000 and the Target shall be held as to 5% by the Group and as to 95% by the Founders, the Vendors and the Other Investors in aggregate. As at the date of this announcement, the completion of the Capital Increase Agreement has taken place.

The Board is pleased to announce that after trading hours on 18 December 2017, Yunhai Qingtian entered into (i) the Equity Transfer Agreement I with the Vendor A for the acquisition of 1.9% equity interest in the Target at a consideration of RMB10,260,000 (equivalent to approximately HK\$12,071,000) 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\$10,864,000) in cash; and (iii) the Equity Transfer Agreement III with the Vendor C for the acquisition of 1.39% equity interest in the Target at a consideration of RMB7,506,000 (equivalent to approximately HK\$8,831,000) in cash.

As at the date of this announcement and immediately prior to completion of the Equity Transfers, the Group owns 5% equity interest in the Target. Immediately after completion of the Equity Transfers, the Target will be owned as to 10% by the Group, as to 48.45% by the Founder A, as to 12.54% by the Founder B, as to 1.93% by the Vendor C and as to 27.08% by the Other Investors 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 the Listing Rules) in respect of the Capital Contribution under the Capital Increase Agreement was less than 5% on the date of the Capital Increase Agreement, the transactions contemplated under the Capital Increase Agreement did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Equity Transfers under the Equity Transfer Agreements and the Capital Contribution under the Capital Increase Agreement on an aggregate basis is more than 5% but less than 25%, the Equity Transfers and the Capital Contribution 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**

On 17 October 2017, Yunhai Qingtian, a wholly-owned subsidiary of the Company, entered into the Capital Increase Agreement with the Target, the Founders, the Vendors and seven other Independent Third Parties (“**Other Investors**”). In accordance with the Capital Increase Agreement, the Group has agreed to inject RMB30,000,000 (equivalent to approximately HK\$35,294,000) in cash into the Target (“**Capital Contribution**”), of which RMB292,400 shall be contributed to the increase in its registered capital and RMB29,707,600 shall be contributed to its capital reserve. Upon completion of the Capital Increase Agreement, the registered capital of the Target shall be increased to RMB5,848,000 and the Target shall be held as to 5% by the Group and as to 95% by the Founders, the Vendors and the Other Investors in aggregate. On the same day, the same parties entered into the Capital Increase Supplemental Agreement which contains the responsibilities of the Founders similar to those under the Equity Transfer Supplemental Agreement and the terms for regulating the operation and management of the Target Group. As at the date of this announcement, the completion of the Capital Increase Agreement has taken place.

The Board is pleased to announce that after trading hours on 18 December 2017, Yunhai Qingtian entered into (i) the Equity Transfer Agreement I with the Vendor A for the acquisition of 1.9% equity interest in the Target at a consideration of RMB10,260,000 (equivalent to approximately HK\$12,071,000) 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\$10,864,000) in cash; and (iii) the Equity Transfer Agreement III with the Vendor C for the acquisition of 1.39% equity interest in the Target at a consideration of RMB7,506,000 (equivalent to approximately HK\$8,831,000) in cash.

After trading hours on 18 December 2017, 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 in favour of the Group in respect of the operation and management of the Target Group.

## **THE EQUITY TRANSFER AGREEMENTS**

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

### ***Equity Transfer Agreement I***

**Date:**

18 December 2017

**Parties:**

- Vendor: : Vendor A – 陳剛 (Mr. Chen Gang), a PRC individual holding 1.9% 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 the 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 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 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, 1.9% equity interest in the Target, representing an investment amount of RMB111,100 contributed by the Vendor A to the Target as its registered capital. The equity interest is free from pledges or freezing orders and such encumbrances. The Vendor A is free to dispose his equity interest in the Target.

**Consideration:**

In accordance with the Equity Transfer Agreement I, the consideration for the 1.9% equity interest in the Target to be acquired by the Group is RMB10,260,000 (equivalent to approximately HK\$12,071,000) and is payable by the Group to the Vendor A in cash in the following manner:

- (1) as to RMB3,078,000 (equivalent to approximately HK\$3,621,000), 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 RMB7,182,000 (equivalent to approximately HK\$8,449,000), being 70% of the consideration, payable (i) before 10 January 2018; or (ii) within five days after the completion of the registration of the transfer of the equity interest under the Equity Transfer Agreement I with the Industrial and Commercial Administration Bureau, whichever is later.

The Vendor A shall coordinate with the Group on the registration of the transfer of 1.9% equity interest in the Target with the Industrial and Commercial Administration Bureau 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 and the Equity Transfer Supplemental Agreement.

***Equity Transfer Agreement II*****Date:**

18 December 2017

**Parties:**

- Vendor : Vendor B – 邵靜 (Ms. Shao Jing), 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 is free from pledges or freezing orders and such encumbrances. The Vendor B is free to dispose 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\$10,864,000) and is payable by the Group to the Vendor B in cash in the following manner:

- (1) as to RMB2,770,200 (equivalent to approximately HK\$3,259,000), being 30% of the consideration, payable within five business days after the date on which the Equity Transfer Agreement II has become effective; and
- (2) as to RMB6,463,800 (equivalent to approximately HK\$7,604,000), being 70% of the consideration, payable (i) before 10 January 2018; or (ii) within five days after the completion of the registration of the transfer of the equity interest under the Equity Transfer Agreement II with the Industrial and Commercial Administration Bureau, whichever is later.

The Vendor B shall coordinate with the Group on the registration of the transfer of 1.71% equity interest in the Target with the Industrial and Commercial Administration Bureau 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 and the Equity Transfer Supplemental Agreement.

## ***Equity Transfer Agreement III***

### **Date:**

18 December 2017

### **Parties:**

Vendor : Vendor C – 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 business of digital marketing solutions and implementation and holds 3.32% 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, 1.39% equity interest in the Target, representing an investment amount of RMB81,300 contributed by the Vendor C to the Target as its registered capital. The equity interest is free from pledges or freezing orders and such encumbrances. The Vendor C is free to dispose its equity interest in the Target.

**Consideration:**

In accordance with the Equity Transfer Agreement III, the consideration for the 1.39% equity interest in the Target to be acquired by the Group is RMB7,506,000 (equivalent to approximately HK\$8,831,000) and is payable by the Group to the Vendor C in cash in the following manner:

- (1) as to RMB2,251,800 (equivalent to approximately HK\$2,649,000), being 30% of the consideration, payable within five business days after the date on which the Equity Transfer Agreement III has become effective; and
- (2) as to RMB5,254,200 (equivalent to approximately HK\$6,181,000), being 70% of the consideration, payable (i) before 10 January 2018; and (ii) within five days after the completion of the registration of the transfer of the equity interest under the Equity Transfer Agreement III with the Industrial and Commercial Administration Bureau, whichever is later.

The Vendor C shall coordinate with the Group on the registration of the transfer of 1.39% equity interest in the Target with the Industrial and Commercial Administration Bureau 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 and the Equity Transfer Supplemental Agreement.

**Basis of consideration for the Equity Transfers**

The consideration for each of the Equity Transfers is 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 performance guarantee as given by the Founders in favour of the Group under the Equity Transfer Supplemental Agreement; (iii) the pool of high quality script reserve and scriptwriters retained by the Target Group; and (iv) 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 5% equity interest in the Target. Immediately after completion of the Equity Transfers, the Target will be owned as to 10% by the Group, as to 48.45% by the Founder A, as to 12.54% by the Founder B, as to 1.93% by the Vendor C and as to 27.08% by the Other Investors in aggregate.

Immediately after completion of the Equity Transfers, the Group's investment in the Target will be classified as available-for-sale investments of the Group in its financial statements.

## THE EQUITY TRANSFER SUPPLEMENTAL AGREEMENT

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

### Date:

18 December 2017

### Parties:

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

### Performance Guarantee:

In accordance with the Equity Transfer Supplemental Agreement, the Founders have undertaken that the net profit of the Target Group disregarding non-recurring gains or losses as shown in the consolidated financial statements ("**Audited Profits**") as audited by the accounting firm as recognised by the Group for the financial year ending 31 December 2017, 2018 and 2019 shall not be less than RMB40 million, RMB60 million and RMB90 million respectively ("**Target Profit**"). If the Target cannot meet 90% of the Target Profit for any of the financial years ending 31 December 2017, 2018 and 2019, the Founders shall compensate the Group either in cash ("**Cash Compensation**") or by way of equity interest in the Target ("**Equity Compensation**") at the option of the Group in the following manner:

- (1) the amount of Cash Compensation for the financial year =  $(A - B)/A \times$  the aggregate consideration for the Equity Transfers; or
- (2) the proportion of the Equity Compensation for the financial year =  $(A/B \times C - C)$ .

Where:

“A” means the Target Profit for the relevant financial year;

“B” means the Audited Profit for the relevant financial year; and

“C” means the aggregate % of the equity interest in the Target transferred to the Group under the Equity Transfer Agreements (i.e. 5%)

The Equity Compensation can be realised by way of (i) the issue of equity by the Target to the Group at the nominal price of RMB1 or at the lowest price as permitted by law; (ii) the transfer of equity interest in the Target by the Founders to the Group on a joint basis at nominal price of RMB1 or at the lowest price as permitted by law; or (iii) the capital injection into the Target as its registered capital by the Group through the application of monies obtained from the Cash Compensation by the Target and the Founders. The method of the Equity Compensation shall be determined by the Group.

Similar performance guarantee in respect of the equity interest in the Target acquired by the Group (i.e. 5%) under the Capital Increase Agreement was given in favour of the Group under the Capital Increase Supplemental Agreement. For the avoidance of doubt, the Group shall be entitled to both the compensation given under the Equity Transfer Supplemental Agreement and the Capital Increase Supplemental Agreement.

#### **Equity Purchase:**

In accordance 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. 5%) 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. 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 Audited Profit for any of the financial year ending 31 December 2017, 2018 and 2019 is less than 50% of the Target Profit for that financial year;
- (3) any of the Founders or the Target 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 the Founder has caused any deadlock of the Target; or the Target 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 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 the number of days from the 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.

Similar right to equity purchase in respect of the equity interest in the Target acquired by the Group (i.e. 5%) under the Capital Increase Agreement was given in favour of the Group under the Capital Increase Supplemental Agreement.

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

## INFORMATION ON THE TARGET GROUP

The Target is a company established in the PRC with limited liability in 2014. As at the date of this announcement, the Target has six subsidiaries established in the PRC with limited liability and holds 3.85% equity interest of a company established in the PRC with limited liability. 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. As at the date of this announcement, the Target Group retains over 100 scriptwriters which enables it to substantially shorten the script production cycle in an efficient and effective manner.

Set out below is the summary of the unaudited consolidated financial information of the Target Group for the year ended 31 December 2015 and 2016 respectively:

	<b>For the year ended 31 December 2015</b> <i>Approximately</i>	<b>For the year ended 31 December 2016</b> <i>Approximately</i>
Revenue	RMB51,443,000 (equivalent to approximately HK\$60,521,000)	RMB20,790,000 (equivalent to approximately HK\$24,459,000)
Net profit before taxation	RMB26,660,000 (equivalent to approximately HK\$31,365,000)	RMB10,789,000 (equivalent to approximately HK\$12,693,000)
Net profit after taxation	RMB19,995,000 (equivalent to approximately HK\$23,524,000)	RMB8,369,000 (equivalent to approximately HK\$9,846,000)

The unaudited consolidated total asset value and net asset value of the Target Group as at 30 September 2017 are approximately RMB92,550,000 (equivalent to approximately HK\$108,882,000) and approximately RMB54,021,000 (equivalent to approximately HK\$63,554,000) 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.

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. The Group and the Target Group can share the resources on production of script and production, sale and distribution of related end products including web series, TV series, cinema movies and web movies. The Group's associate company 北京掌文信息技术有限公司 (Beijing Zhangwen Information Technology Co., Ltd.) and its subsidiaries have a pool of high quality suspense literature reserve. The Group can leverage on the strength of scriptwriter resources of the Target Group for the potential business development of film and television series production.

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. With the development of web series and web movies on the internet, the Group believes it can benefit from the further investment in the Target through the Equity Transfers.

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 the Listing Rules) in respect of the Capital Contribution under the Capital Increase Agreement was less than 5% on the date of the Capital Increase Agreement, the transactions contemplated under the Capital Increase Agreement did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Equity Transfers under the Equity Transfer Agreements and the Capital Contribution under the Capital Increase Agreement on an aggregate basis is more than 5% but less than 25%, the Equity Transfers and the Capital Contribution 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
“Capital Increase Agreement”	the capital increase agreement dated 17 October 2017 entered into by and among Yunhai Qingtian, the Target, the Founders, the Vendors and the Other Investors in relation to the Capital Contribution
“Capital Increase Supplemental Agreement”	the capital increase supplemental agreement dated 17 October 2017 entered into by and among Yunhai Qingtian, the Target, the Founders, the Vendors and the Other Investors in relation to, among other matters, the operation and management of the Target
“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 18 December 2017 entered into by and among Yunhai Qingtian, the Vendor A and the Founders in relation to the sale and purchase of 1.9% equity interest in the Target
“Equity Transfer Agreement II”	the equity transfer agreement dated 18 December 2017 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 18 December 2017 entered into by and among Yunhai Qingtian, the Vendor C and the Founders in relation to the sale and purchase of 1.39% equity interest in the Target
“Equity Transfer Agreements”	collectively, the Equity Transfer Agreement I, the Equity Transfer Agreement II and the Equity Transfer Agreement III

“Equity Transfer Supplemental Agreements”	the equity transfer supplemental agreement dated 18 December 2017 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 5% 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, the Macau Special Administrative Region of the PRC and Taiwan)
“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
“RMB”	Renminbi, the lawful currency of the PRC
“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”	陳剛 (Mr. Chen Gang)
“Vendor B”	邵靜 (Ms. Shao Jing)
“Vendor C”	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 and the Vendor C
“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 RMB0.85: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, 18 December 2017

*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.*