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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)

THE ENTERING INTO OF THE VIE AGREEMENTS IN RELATION TO DISCLOSEABLE TRANSACTION – INVESTMENT IN MU77SH AND MU77HK

THE VIE AGREEMENTS

As part of the Reorganisation under the Investment Agreement and for the purpose of controlling MU77SH, being the operating company established in the PRC within the VIE Structure, on 28 December 2018 (after trading hours), the relevant parties entered into the VIE Agreements in relation to MU77SH. Through the VIE Agreements, the WFOE has effective control over the finance and operation of MU77SH and enjoys the entire economic interests and benefits generated by MU77SH.

As at the date of this announcement, completion of the Reorganisation has taken place and the VIE Structure are in place.

MU77SH is legally owned as to 51% by Yunhai Qingtian, a wholly-owned subsidiary of the Company through certain contractual arrangements. The financial results of MU77SH will continue to be consolidated into the consolidated financial statements of the Company in accordance with the then prevailing accounting principles upon entering into of the VIE Agreement.

INTRODUCTION

Reference is made to the announcement of the Company dated 12 February 2018 in relation to, among other things, the Investment Agreement ("**Announcement**"). Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As part of the Reorganisation under the Investment Agreement and for the purpose of controlling MU77SH, being the operating company established in the PRC within the VIE Structure, on 28 December 2018 (after trading hours), the relevant parties entered into the VIE Agreements in relation to MU77SH. Through the VIE Agreements, the WFOE has effective control over the finance and operation of MU77SH and enjoys the entire economic interests and benefits generated by MU77SH.

THE VIE AGREEMENTS

A summary of the key terms of the VIE Agreements is set out below:

(1) The Exclusive Business Cooperation Agreement

Parties:	(i) The WFOE (ii) MU77SH
Date:	28 December 2018
Subject matter:	MU77SH shall engage the WFOE as the exclusive service provider to provide MU77SH with comprehensive business support, technical and consulting services, including but not limited to, technical services, internet network support, business consultation, intellectual property licensing, equipment or leasing of equipment, market consultation, system integration, research and development of products and system maintenance and all or part of the services within the business scope of MU77SH as determined by the WFOE from time to time ("**Services**"). During the term of the Exclusive Business Cooperation Agreement, without the prior written consent of the WFOE, MU77SH is not allowed to engage or cooperate with any third party for the provision of the Services. The WFOE has the right to designate a third party to provide the Services to MU77SH. During the term of the Exclusive Business Cooperation Agreement, the WFOE and MU77SH may enter into other technical services agreements and consulting services agreement themselves or through their related parties to agree on the specific content, methods, personnel and charges etc. of the technical services agreements and consulting services agreements.

To perform the Exclusive Business Cooperation Agreement, during the term of the Exclusive Business Cooperation Agreement, the WFOE and MU77SH may enter into intellectual properties (including but not limited to, software copyright, trademarks, patents and know-how) licensing agreements themselves or through their related parties, under which MU77SH may use the relevant intellectual property rights owned by the WFOE according to the business need of MU77SH.

The WFOE has the entire and exclusive rights and interests to all the rights, proprietary rights, interests and intellectual properties, including but not limited to, copyright, patents, patent applications, trademarks, software, know-how, trade secrets and others, whether developed or created by the WFOE or by MU77SH, from the performance of the Exclusive Business Cooperation Agreement.

To perform the Exclusive Business Cooperation Agreement, during the term of the Exclusive Business Cooperation Agreement, the WFOE and MU77SH may also enter into equipment or office lease agreements themselves or through their related parties, under which MU77SH may use the relevant equipment or office owned by the WFOE according to the business need of MU77SH.

Consideration: MU77SH shall pay to the WFOE a service fee which is equal to 100% of its net income on a monthly basis ("**Service Fee**").

During the term of the Exclusive Business Cooperation Agreement, the WFOE has the right to adjust the Service Fee without the consent of MU77SH.

The Service Fee was determined by the parties to ensure that the WFOE will enjoy the economic benefits of the VIE Agreements.

Term: The Exclusive Business Cooperation Agreement has a term of 10 years from the date of execution, unless otherwise extended or terminated by the parties thereto.

The term of the Exclusive Business Cooperation Agreement may be extended by written confirmation of the WFOE and by such period of time at the decision of the WFOE, to which MU77SH shall accept without any conditions.

During the term of the Exclusive Business Cooperation Agreement, MU77SH cannot terminate the Exclusive Business Cooperation Agreement. The WFOE has the right to terminate the Exclusive Business Cooperation Agreement at any time by giving a prior 30-day written notice to MU77SH.

(2) The Equity Pledge Agreement

Parties:

(i) The WFOE

(ii) The PRC Equity Owners, which include:

(a) 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 through certain contractual arrangements. It is principally engaged in the business of provision of game publishing services;

(b) Linzhi Tencent – 林芝騰訊科技有限公司 (Linzhi Tencent 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 the development of hardware and software in the PRC; and

(c) Tianjin Muba – 天津木巴企業管理諮詢中心（有限合夥）(Tianjin Muba Business Management Consulting Center (Limited Partnership)) (the English name is for identification purposes only), a limited partnership established in the PRC. It is principally engaged in investment holding.

(iii) MU77SH

Date:	28 December 2018
Subject matter:	The PRC Equity Owners agree to pledge to the WFOE, and the WFOE has a first priority pledge on, all of the equity interests (including the existing and any subsequently acquired registered capital (i.e. the amount of invested capital to MU77SH) and the relevant equity interests) in MU77SH held by the PRC Equity Owners to secure the immediate and complete settlement of all or any payment (including but not limited to the Service Fee payable to the WFOE pursuant to the Exclusive Business Cooperation Agreement) due (whether on the prescribed due date, through early repayment or in other ways) ("**Pledge**").

During the term of the Pledge, the WFOE is entitled to any dividend or other distributable interest generated by the pledged equity interests. The WFOE is also entitled to dispose of and transfer the pledged equity interest in MU77SH in accordance with the terms and conditions of the Equity Pledge Agreement.

Pursuant to the Equity Pledge Agreement, the PRC Equity Owners undertake to the WFOE, among other things:

(i) not to transfer or agree others to transfer all or any part of the PRC Equity Owners' equity interests in MU77SH or create or allow the encumbrance thereon of any pledged equity interests or other properties which may affect the rights and benefits of the WFOE without the WFOE's prior written consent, save in respect of the performance in accordance with the Exclusive Call Option Agreement;

(ii) to compensate all loss and damage caused to the WFOE if the PRC Equity Owners fail to perform or partly perform their warranties, undertakings, agreements, representations and conditions under the Equity Pledge Agreement;

(iii) if there is a possibility of decline in the value of the equity interest which may jeopardise the interest of the WFOE, the WFOE may require the PRC Equity Owners to provide additional pledge or security, and if the PRC Equity Owners fail to provide the same, the WFOE may at any time put up the pledged equity interests for auction or sell the pledged equity interests, the proceeds from which may be used to early repay the secured indebtedness and any expenses incurred thereby shall be borne by the PRC Equity Owners; and

(iv) the PRC Equity Owners and/or MU77SH shall not (or procure other parties to) increase, decrease or transfer the registered capital of MU77SH (or invested capital to MU77SH) or create any encumbrance thereon of the registered capital of MU77SH (including equity interest).

Term: The Pledge shall become effective on the date when the Pledge is duly registered with the relevant Administration for Market Regulation or Administration for Industry and Commerce (the "**Register Administration**"), until all payment obligations secured by the Pledge have been fulfilled. The term of the Pledge under the Equity Pledge Agreement will be extended accordingly if the term of the Exclusive Business Cooperation Agreement is extended.

Parties agree that the PRC Equity Owners and the WFOE shall immediately, and in any event no later than 20 days of the execution of the Equity Pledge Agreement, apply for registration of the Pledge with the Register Administration in accordance with Measures for the Registration of Equity Pledge with the Administration for Industry and Commerce (《工商行政管理機關股權出質登記辦法》). Parties shall complete all registration procedures within 15 days of acceptance of application by the Register Administration.

During the term of the Pledge, if MU77SH fails to fulfill its obligations to pay the Service Fee or other obligations under the Exclusive Business Cooperation Agreement, the WFOE is entitled but not obliged to dispose of the Pledge in accordance with the terms of the Equity Pledge Agreement.

The Equity Pledge Agreement shall be terminated when the Exclusive Business Cooperation Agreement has been performed in full and the Service Fee thereunder has been fully settled and the obligations of MU77SH under the Exclusive Business Cooperation Agreement have been terminated.

(3) The Exclusive Call Option Agreement

Parties:	(i) The WFOE (ii) The PRC Equity Owners (iii) MU77SH
Date:	28 December 2018
Subject matter:	The PRC Equity Owners irrevocably grant to the WFOE an exclusive option, at any time and from time to time, to purchase or designate any individual(s) and/or entity(ies) ("**Designated Purchaser(s)**") to purchase all or part of the equity interest in MU77SH held by the PRC Equity Owners through a single or a series of transaction(s), subject to compliance with applicable PRC laws and regulations. The PRC Equity Owners and MU77SH undertake that, among other things, they shall not without the prior written consent of the WFOE: (i) in any manner supplement, alter or revise the articles of association and regulations of MU77SH, increase or decrease its registered capital, or alter the structure of its registered capital in other manners; (ii) sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in any assets, business or revenues of MU77SH, or allow the encumbrance thereon of any security interest; (iii) sell, transfer, mortgage or dispose of in any other manner the legal or beneficial interest in the equity interest in MU77SH, or allow the encumbrance thereon of any security interest, save in respect of the Pledge in accordance with the terms of the Equity Pledge Agreement; (iv) cause or permit MU77SH to merge, consolidate with, acquire or invest with any person; and (v) in any manner distribute dividends to the shareholder(s) of MU77SH.

Consideration:	The consideration for the purchase of the equity interest in MU77SH shall be a minimum purchase price as permitted by the prevailing PRC laws, unless valuation is required by the applicable PRC laws at the time of exercise of option by the WFOE. The PRC Equity Owners undertake to return the full amount of consideration received by them to the WFOE or the Designated Purchaser(s). The purchase price was determined by the parties to ensure that the WFOE will enjoy the economic benefits of the VIE Agreements.
Term:	The Exclusive Call Option Agreement has an initial term of 10 years from the date of its execution and will be extended automatically and for such period of time to be confirmed by the WFOE, unless otherwise determined by the WFOE.

(4) The Powers of Attorney

Parties:	The PRC Equity Owners (each of the PRC Equity Owners executed a Power of Attorney separately)
Date:	28 December 2018
Subject matter:	The PRC Equity Owners irrevocably appoint the WFOE or its successors (including the liquidator of the WFOE upon liquidation of the WFOE) as their exclusive agent and authorised person to act for all matters pertaining to MU77SH and to exercise all of their rights as shareholders of MU77SH, including but not limited to: (i) proposing to convene, call and attend shareholders' meetings of MU77SH and signing minutes; (ii) exercising all the rights and voting rights as shareholders of MU77SH provided for under the PRC laws and the articles of association of MU77SH, including but not limited to sale, transfer, pledge or disposal of any or all the equity interests in MU77SH and filing documents with the relevant Administration for Market Regulation or Administration for Industry and Commerce; and (iii) nominating and appointing the legal representative (i.e. chairman of the board), directors, supervisors, chief executive officer (or manager) and other senior management of MU77SH.

In addition, the WFOE shall have the right to sign the equity transfer agreement(s) on behalf of the PRC Equity Owners contemplated under the Exclusive Call Option Agreement and to perform the Equity Pledge Agreement and the Exclusive Call Option Agreement on behalf of the PRC Equity Owners.

During the term of the Powers of Attorney, the PRC Equity Owners waive all their relevant rights in connection with equity interest of MU77SH delegated to the WFOE under the Powers of Attorney, and shall not exercise such rights themselves.

Term: The Power of Attorney shall take effect from the date of its execution and remain irrevocable and effective so long as the PRC Equity Owners remain the shareholders of MU77SH, unless otherwise instructed by the WFOE.

(5) The Spousal Consent Letters

Parties: The spouses of the partners of Tianjin Muba (the spouse of each of the partners of Tianjin Muba executed a Spousal Consent Letter separately)

Date: 28 December 2018

Subject matter: The spouses of the partners of Tianjin Muba irrevocably agree that:

(i) they shall not take any action at any time with the intent to interfere with the disposal arrangements in relation to the equity interests in MU77SH under the other VIE Agreements, including but not limited to making any claim that the equity interests of MU77SH held by the partners of Tianjin Muba through their holding in Tianjin Muba form part of their matrimonial property;

(ii) any performance, amendment or termination of any of the other VIE Agreements by Tianjin Muba does not require the authorisation or consent from them and they shall sign all necessary documents and take all necessary actions to ensure that the VIE Agreements (as revised from time to time) are properly performed;

(iii) they shall be bound by the relevant VIE Agreements in the event that they obtain any equity interest in MU77SH directly or through Tianjin Muba for any reason; and

(iv) upon the demand of the WFOE, they and Tianjin Muba shall sign a series of documents with basically the same format and content as the other VIE Agreements (as revised from time to time) and shall not take any action or make any claim or litigation out of the intent in conflict with the VIE Agreements.

DISPUTE RESOLUTION, LIQUIDATION AND SUCCESSION UNDER THE VIE AGREEMENTS

Dispute resolution

The VIE Agreements are governed by and construed in accordance with the PRC laws. Each of the VIE Agreements contains a dispute resolution clause to the effect that, amongst others, any dispute arising from the VIE Agreements between the parties should first be resolved through negotiation. In the event that the dispute cannot be resolved within 30 days through negotiation, any party may submit the said dispute to Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) (上海國際經濟貿易仲裁委員會(上海國際仲裁中心)) for arbitration in accordance with the then prevailing arbitration rules. The arbitration shall be conducted in Shanghai and the language used in the arbitration shall be Chinese. The decision of the arbitration shall be final, conclusive and binding on the parties. Further, the arbitrators may award remedies over the shares and/or assets (including but not limited to land and properties) of MU77SH, injunctive reliefs (such as for the conduct of business and mandatory transfer of equity interest or assets) or order the winding up of MU77SH. The courts of competent jurisdictions (i.e. the courts in the PRC, Hong Kong, the Cayman Islands and locations where the principal assets of the parties are located) are empowered to grant interim remedies pending the formation of an arbitral tribunal or under appropriate circumstances.

Liquidation

Pursuant to the Exclusive Call Option Agreement, in the event of dissolution or liquidation of MU77SH pursuant to the applicable PRC laws, MU77SH shall sell all of its assets (to the extent permitted by the PRC laws) to the WFOE or another qualifying entity designated by the WFOE at the lowest price permitted by applicable PRC laws. MU77SH shall, to the extent permitted by the then prevailing PRC laws, waive any payment obligation of the WFOE or another qualifying entity designated by the WFOE arising thereof, or pay any proceeds from such transaction, to the extent permitted by the then prevailing PRC laws, to the WFOE or another qualifying entity designated by the WFOE as a part of the Service Fee under the Exclusive Business Cooperation Agreement.

In addition, pursuant to the Exclusive Call Option Agreement, the PRC Equity Owners undertake to pay, or procure the payment of, any residue assets and proceeds received by them to the WFOE upon dissolution or liquidation of MU77SH. If such payment is prohibited under the PRC laws, the PRC Equity Owners will make such payment to the WFOE or other entity designated by the WFOE when the PRC laws so permit.

All equity interests owned by the PRC Equity Owners in MU77SH are also pledged to the WFOE under the Equity Pledge Agreement to secure, among other things, the performance of obligations by MU77SH under the Exclusive Business Cooperation Agreement and in case of any breach of such obligations, the WFOE is entitled to enforce the Pledge under the Equity Pledge Agreement. Accordingly, in the event of a dissolution or liquidation of MU77SH, a liquidator may seize and deal with the assets of MU77SH according to the order granted by arbitral tribunal or court of competent jurisdictions for the benefit of the WFOE's shareholders and creditors.

Succession

As advised by the PRC Legal Adviser, the VIE Agreements are also binding on the successors or permitted assignees of the PRC Equity Owners and/or MU77SH, as if such successors or permitted assignees were signing parties to the VIE Agreements. Under the succession law of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and maternal grandparents and any breach by the successors would be deemed to be a breach of the VIE Agreements. As advised by the PRC Legal Adviser, the death, bankruptcy, dissolution or liquidation of the PRC Equity Owners and/or their respective successors or permitted assignees shall not affect the implementation of the VIE Agreements.

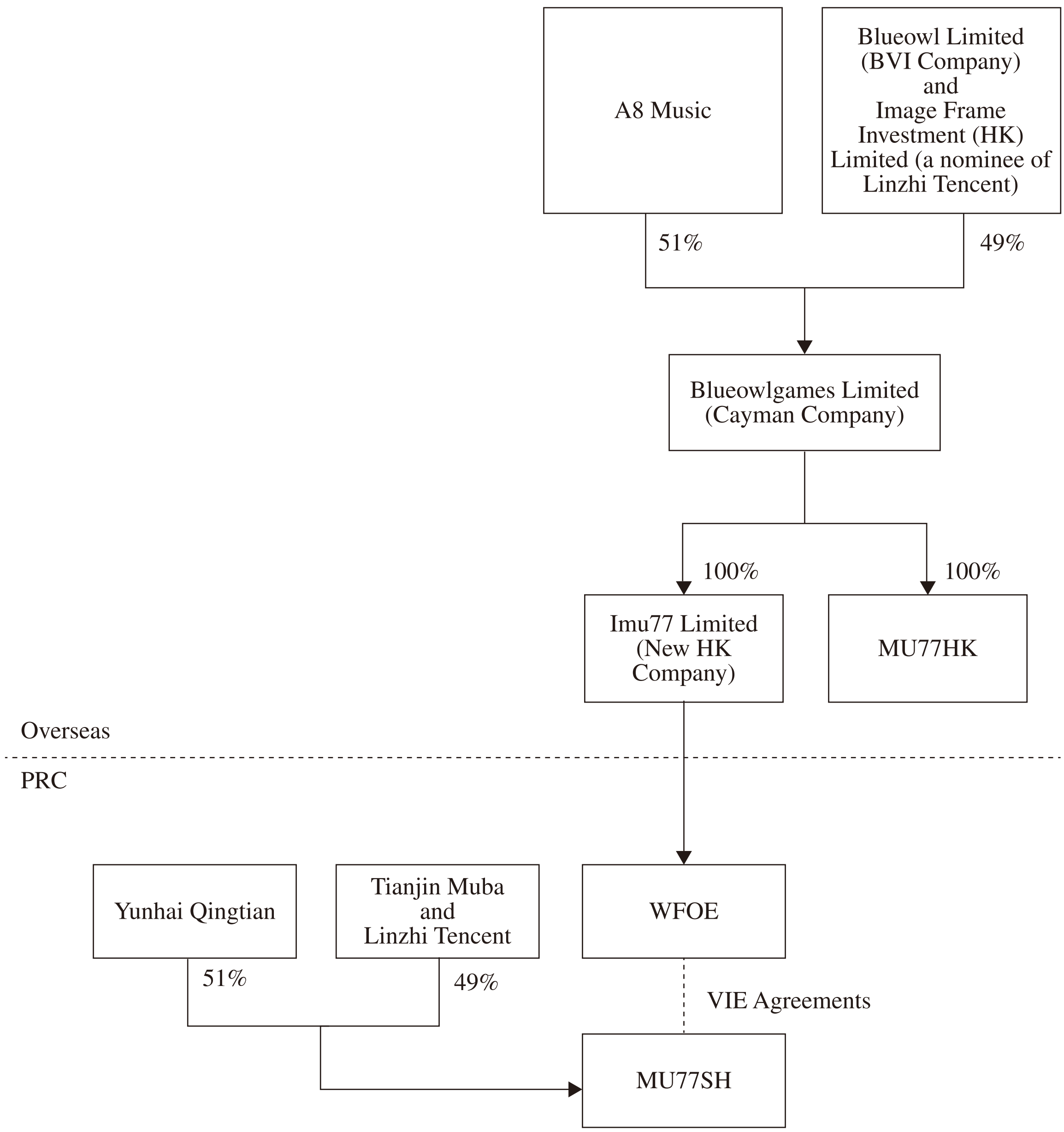
In addition, each spouse of the partners of Tianjin Muba, a limited partnership established in the PRC and one of the PRC Equity Owners, has given certain consents, undertakings and confirmation, details of which are set out in the paragraph headed "The VIE Agreements – (5) The Spousal Consent Letter" in this announcement. As advised by the PRC Legal Adviser, any change in the marital status of the partners of Tianjin Muba shall not affect the benefits and interests of the WFOE under the VIE Agreement. Based on the above, the Company confirms that appropriate arrangements have been made to protect its interests in the event of divorce of the partners of Tianjin Muba to avoid any practical difficulties in enforcing the VIE Agreements.

ARRANGEMENT TO ADDRESS POTENTIAL CONFLICT OF INTERESTS

Under the Powers of Attorney, the PRC Equity Owners undertake that they shall not use the information obtained from MU77SH to act with an intent or purpose to breach the Powers of Attorney or take or omit to take any action which may lead to a conflict of interest between the WFOE and MU77SH. If there is any conflict of interest, the PRC Equity Owners shall support the legitimate interests of the WFOE and act in accordance with any reasonable request of the WFOE.

DIAGRAM OF THE VIE STRUCTURE

The following diagram sets out the VIE Structure upon completion of the Reorganisation:



As at the date of this announcement, completion of the Reorganisation has taken place and the Structure is in place.

BACKGROUND AND REASONS FOR USE OF THE VIE STRUCTURE

The Group is principally engaged in the provision of digital entertainment services as well as property investment in the PRC.

MU77SH is a company established in the PRC with limited liability in January 2015. MU77SH is principally engaged in mobile online game research and development and operation in the PRC and overseas. As at the date of this announcement, MU77SH has released games such as "Adventure and Mining" (冒險與挖礦) and "Card Monster" (卡片怪獸). In addition, MU77SH holds certain licences and permits that are essential to the operation of the mobile online game business in the PRC, such as the Network Cultural Operation Permit (《網絡文化經營許可證》) and the Operation Permit for Value-Added Telecommunications Business (《中華人民共和國增值電信業務經營許可證》).

Laws and regulations relating to the mobile online game business in the PRC

The following is a summary of the principal laws and regulations that govern the mobile online game business in the PRC.

Pursuant to the Interim Measures for the Administration of Online Games (《網絡遊戲管理暫行辦法》) which was issued by the Ministry of Culture of the PRC (中華人民共和國文化部) on 3 June 2010 and took effect on 1 August 2010 and the Provisional Regulations for the Administration of Online Culture (revised in 2017) (《互聯網文化管理暫行規定(2017年修訂)》) which was promulgated by the Ministry of Culture on 17 February 2011 and amended on 15 December 2017, online games fall within the definition of "Internet culture products" (互聯網文化產品). A commercial operator of online games must therefore apply for and obtain a Network Cultural Operation Permit from the appropriate culture administrative authorities for its operation of online games.

According to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (revised in 2016) (《外商投資電信企業管理規定(2016年修訂)》) which was promulgated by the State Council of the PRC (中華人民共和國國務院) on 11 December 2001 and amended on 10 September 2008 and 6 February 2016, foreign-invested telecommunications business in the PRC has to be established as Sino-foreign equity joint venture, and the foreign investor shall not acquire more than 50% of the equity interests of a foreign-invested telecommunications enterprise operating the value-added telecommunications business in the PRC. In addition, the main foreign investor who invests in such enterprise operating the value-added telecommunications business in the PRC must demonstrate a good track record and operational experience in operating value-added telecommunications business.

Investments in the PRC by foreign investors are regulated by the Guidance Catalogue of Industries for Foreign Investment (《外商投資產業指導目錄》) which was promulgated by the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) and the Ministry of Commerce of the PRC (中華人民共和國商務部) on 28 June 2017 and became effective on 28 July 2017. On 28 June 2018, the list of restricted industries and prohibited industries in the Guidance Catalogue of Industries for Foreign Investment was amended in the Special Administrative Measures for the Admission of Foreign Investment (Negative List) (2018) (《外商投資准入特別管理措施(負面清單)(2018年版)》) ("**Negative List 2018**") which took effect on 28 July 2018. According to the Negative List 2018, (i) the ratio of investment by a foreign investor in a company operating value-added telecommunications business in the PRC (except electronic commerce) shall not exceed 50%, and (ii) foreign investor is prohibited from operating online culture (except music). Although it is not stated clearly whether mobile online game business is included in the Negative List 2018, given that both the Network Cultural Operation Permit and the Operation Permit for Value-Added Telecommunications Business are essential in operating mobile online game business in the PRC, and such permits fall within regulatory scope of the Negative List 2018, the PRC Legal Adviser advised that the Negative List 2018 applies to mobile online game business as carried on by MU77SH.

Reasons for adopting the VIE Structure

The primary purpose for the Group to adopt the VIE Structure is to enable the Group to engage in mobile online games business in the PRC indirectly through MU77SH, thereby expanding the Group's business in the pan-entertainment industry in the PRC. However, due to the foreign ownership restrictions under the PRC laws and regulations as outlined above and in order to comply with the PRC laws and regulations, the WFOE, MU77SH and/or the PRC Equity Owners entered into the VIE Agreements to enable the WFOE to gain control over MU77SH and enjoy the entire economic benefits and interests generated by MU77SH.

MU77SH is legally owned as to 51% by Yunhai Qingtian, a wholly-owned subsidiary of the Company. The Company has discussed with its auditor and confirms that the financial results of MU77SH will continue to be consolidated into the consolidated financial statements of the Company in accordance with the then prevailing accounting principles upon entering into of the VIE Agreements.

COMPLIANCE OF VIE AGREEMENTS WITH PRC LAWS, RULES AND REGULATIONS

As advised by the PRC Legal Adviser, the VIE Agreements do not violate any PRC laws, rules and regulations applicable to the business of MU77SH and the WFOE and would not be deemed as "concealing illegal intentions with a lawful form" and void under the Contract Law of the PRC (《中華人民共和國合同法》).

The VIE Agreements are valid, legally binding on and enforceable against the parties thereto in accordance with their respective terms and provisions under the PRC laws upon execution or (in respect of the Equity Pledge Agreement) upon registration except the risks as set out in the paragraph headed "Certain terms of the VIE Agreements may not be enforceable under PRC laws" below.

As advised by the PRC Legal Adviser, while the Equity Pledge Agreement has to be registered with the relevant Register Administration before it becomes enforceable, given that unanimous consent of the PRC Equity Owners has been obtained towards the Equity Pledge Agreement, there should be no material legal impediment in completing the registration procedures of the Equity Pledge Agreement.

The effect of the "Notice 13"

On 28 September 2009, the PRC General Administration of Press and Publication (中華人民共和國新聞出版總署) ("**GAPP**"), National Copyright Administration (國家版權局), and National Office of Combating Pornography and Illegal Publications (全國「掃黃打非」工作小組辦公室) jointly promulgated the "Notice Regarding the Consistent Implementation of the "Stipulations on 'Three Provisions'" of the State Council and the Relevant Interpretations of the State Commission Office for Public Sector Reform and the Further Strengthening of the Administration of Pre-examination and Approval of Internet Games and the Examination and Approval of Imported Internet Games" (Xin Chu Lian [2009] No. 13) (《關於貫徹落實國務院〈「三定」規定〉和中央編辦有關解釋，進一步加強網絡遊戲前置審批和進口網絡遊戲審批管理的通知》) (新出聯[2009]13 號) ("**Notice 13**"). The Notice 13 prohibits foreign investors from engaging in online game operating business through foreign-invested enterprises in the PRC, and from controlling and engaging in such business of domestic companies indirectly through other forms of joint ventures or contractual or technical support arrangements.

According to the "Notice on Interpretation of the State Commission Office for Public Sector Reform on Several Provisions relating to Animation, Internet Games and Comprehensive Law Enforcement in Culture Market in the 'Three Provisions' jointly promulgated by the Ministry of Culture, the State Administration of Radio, Film, and Television, and the General Administration of Press and Publication" (《關於印發〈中央編辦對文化部、廣電總局、新聞出版總署〈「三定」規定〉中有關動漫、網絡遊戲和文化市場綜合執法的部分條文的解釋〉的通知》) ("**Interpretation**"), which was issued by the State Commission Office for Public Sector Reform (中央機構編製委員會辦公室) and took effect on 7 September 2009, the GAPP shall be responsible for the examination and approval of online games to be uploaded on the internet, and after the upload, the online games shall be administered entirely by the Ministry of Culture. It is also provided in the Interim Measures for the Administration of Online Games (《網絡遊戲管理暫行辦法》) that the Ministry of Culture is the regulatory authority in charge of online games after upload.

The PRC Legal Adviser conducted telephone enquiry with the Policy and Regulations Division of the Shanghai Municipal Press and Publication Bureau (上海市新聞出版局) ("**SMPPB**"), the SMPPB advised that the GAPP is responsible for the examination and administration of the content of online games only and is not responsible for the administration of various matters before or after the publication permit for the online games is obtained, such as the business of research and development of online games of game operators before the game is launched and the operational matters of game operators after the game is launched. As the research and development of online games before launch and the operation of online games after launch do not fall within the jurisdiction of GAPP, the VIE Agreements do not require the confirmation or endorsement by the GAPP. According to the aforesaid enquiry, the SMPPB confirmed that the GAPP will not penalise the relevant parties for any problems relating to the operation of the online games, including the execution and performance of the VIE Agreements.

In addition, the business of operation of online games by MU77SH which is engaged and controlled by the WFOE through the VIE Agreements is administered by the Ministry of Culture. Given that there is no clear restriction or prohibition of foreign investors from controlling online game operating business of domestic companies indirectly through contractual arrangements by the Ministry of Culture at present, the PRC Legal Adviser is of the view that the Notice 13 does not affect the legality of the VIE Agreements.

Based on the above, the PRC Legal Adviser is of the view that the VIE Agreements do not constitute a breach of the Notice 13 and that it has taken all possible actions or steps to enable it to reach its legal conclusions.

INTERNAL CONTROL MEASURES

The VIE Agreements contain certain provisions in order to exercise effective control over and to safeguard the assets of MU77SH, including but not limited to, the transfer restriction over the equity interests in MU77SH subject to prior written consent of the WFOE and restriction over the declaration and distribution of dividend by MU77SH. Besides, the WFOE is entitled to exercise the rights of the PRC Equity Owners as shareholders of MU77SH to nominate and appoint MU77SH's directors, legal representative, supervisors, chief executive officer and other senior management under the Powers of Attorney.

In addition to the abovementioned internal control measures as provided in the VIE Agreements, it is the current intention of the Company, through the WFOE, to implement additional internal control measures against MU77SH as appropriate, which may include but not limited to the following:

Management controls

- the Company will appoint three representatives comprising two executive Directors and a senior management of the Company ("**Board Representatives**") to the board of directors of MU77SH. The Board Representatives are primarily responsible for enforcing all the management controls of MU77SH and are required to review the management review report which contains the financial information of MU77SH submitted by the senior management of MU77SH on a monthly basis;

- the Board Representatives shall conduct site visits to MU77SH and conduct interviews with the senior management of MU77SH from time to time;

- the chief executive officer of MU77SH shall report to the Board Representatives the business operations of MU77SH on a quarterly basis; and

- all seals, chops, incorporation documents and other legal documents of MU77SH shall, to the extent permitted by the PRC laws, be kept at the office of the WFOE.

Financial controls

- the financial controller of MU77SH is nominated by the Company. The finance team of the Company shall collect monthly management accounts, bank statements and cash balances and major operational data of MU77SH for review after the end of each month. The finance team shall seek explanation on any material fluctuations of the collected items from the senior management of MU77SH. Upon discovery of any suspicious matters, the finance team must report to the chief financial officer of the Company ("**CFO**"), who will in turn report to the Board;

- if the payment of the Service Fee by MU77SH to the WFOE is delayed, the CFO must meet with the PRC Equity Owners to investigate, and should report any suspicious matters to the Board;

- MU77SH shall submit copies of its latest bank statements for every bank accounts after the end of each month; and

- MU77SH shall assist and facilitate the Group or the WFOE to conduct all on-site internal audit on MU77SH if so required by the Company.

Legal review

- the Board Representatives shall consult with the PRC Legal Adviser from time to time to check if there are any legal developments in the PRC affecting the arrangements contemplated under the VIE Agreements, and should report to the Board immediately to enable the Board to determine if any amendment or modification is required to be made.

BOARD'S VIEW ON THE VIE AGREEMENTS

Based on the above, the Board is of the view that the VIE Agreements are specifically structured to achieve the Company's business purpose and minimise the potential for conflict with the relevant PRC laws and regulations. The Board considers that the VIE Agreements are an effective mechanism which enables the WFOE to gain control over the finance and business operations of MU77SH, and to obtain the economic interests and benefits of MU77SH. The Exclusive Call Option Agreement also provides that as soon as relevant PRC rules and regulations governing foreign investment in the operation of online games business are changed which allow the WFOE to register itself as the shareholder of MU77SH, the WFOE is entitled to exercise the option and terminate the VIE Agreements upon completion of the acquisition of the equity interest in MU77SH by the WFOE. In view of the foregoing, the Board considers that (1) the VIE Agreements are fundamental to MU77SH's legal structure and business operations; and (2) save as disclosed, the VIE Agreements are enforceable under the relevant PRC laws and provide a mechanism that enables the WFOE to exercise effective control over MU77SH.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of the announcement, the WFOE and MU77SH have not encountered any interference or encumbrance from any governing bodies in operating its business through the contractual arrangements under the VIE Agreements.

RISK FACTORS IN RELATION TO THE VIE AGREEMENTS

The PRC government may determine that the VIE Agreements do not comply with the applicable laws and regulations

There can be no assurance that the VIE Agreements will be deemed by the relevant governmental or judicial authorities to be in compliance with the existing or future applicable PRC laws and regulations, or the relevant governmental or judicial authorities may in the future interpret the existing laws or regulations with the result that the VIE Agreements will be deemed to be in compliance with the PRC laws and regulations.

The Draft Foreign Investment Law

On 19 January 2015, the Ministry of Commerce of the PRC published the Foreign Investment Law of the PRC (Draft for Comment) (《中華人民共和國外國投資法(草案徵求意見稿)》) and the Explanation on the draft PRC Foreign Investment Law (Draft for Comment) (《關於〈中華人民共和國外國投資法(草案徵求意見稿)〉的説明》) (collectively, the "**Draft Foreign Investment Law**"), which proposed to replace the existing laws and regulations on PRC foreign investment and proposed changes to the PRC foreign investment legal regime and the treatment of VIE structures, including contractual arrangement such as the VIE Agreements. The Draft Foreign Investment Law clearly defines the VIE arrangement as a form of foreign investment. The Draft Foreign Investment Law, if finally adopted, may have a material impact on the PRC foreign investment legal regime.

There is no concrete guidance on how the existing and new VIE arrangements should be treated in the Draft Foreign Investment Law. For investments using the VIE arrangement which exist before the Draft Foreign Investment Law is adopted and becomes law, if the underlying businesses are still being categorised as prohibited or restricted foreign investment businesses in the Negative List 2018 after the Draft Foreign Investment Law is adopted and becomes law, there are three suggested available alternatives in dealing with such VIE arrangements pursuant to the Draft Foreign Investment Law:

(i) *the reporting regime*: the foreign investment enterprise under the VIE arrangement shall declare to the foreign investment authority under the State Council of the PRC that it is actually controlled by PRC investors. After such declaration, the VIE arrangement can be retained and the relevant parties can continue the operation;

(ii) *the recognition regime*: the foreign investment enterprise under the VIE arrangement shall file an application with the foreign investment authority under the State Council of the PRC for being recognised as party under the actual control of PRC investors. If such recognition is obtained, the VIE arrangement can be retained and the relevant parties can continue the operation; or

(iii) *the entry permit regime*: the foreign investment enterprise under the VIE arrangement shall apply for entry permit from the foreign investment authority under the State Council of the PRC. The foreign investment authority and relevant authorities will consider factors including the actual controller of the foreign investment enterprise and make a decision on how the relevant VIE arrangement should be handled.

In addition, the Draft Foreign Investment Law adopts the doctrine of "actual control" to determine whether a company is regarded as foreign-invested enterprise or foreign-invested entity. The Draft Foreign Investment Law defines "control" to cover the following circumstances: (i) holding, directly or indirectly, not less than 50% of shares, equity, share of properties, voting rights or other similar rights of the enterprise; (ii) holding, directly or indirectly, less than 50% of shares, equity, share of properties, voting rights or other similar rights of the enterprise, but falling under any of the following circumstances: (a) having the right to directly or indirectly appoint not less than 50% of the seats of the board of directors or other similar decision-making body of the enterprise; (b) having the power to ensure that its nominees occupy not less than 50% of the seats of the board of directors or other similar decision-making body of the enterprise; or (c) having voting rights sufficient to impose significant impacts on decision-making bodies of the enterprise (such as its board of directors or meetings of shareholders); or (iii) having the power to impose decisive influence on the operation, finance, personnel or technology of the enterprise by contract, trust or other means. For the purpose of the Draft Foreign Investment Law, "actual controllers" refer to natural persons or enterprises that directly or indirectly control any foreign investor or foreign-invested enterprise.

As defined in the Draft Foreign Investment Law, "PRC investors" refer to (i) natural persons with PRC nationality; (ii) the PRC government and the departments or agencies thereunder; or (iii) domestic enterprises under the control of the subjects as mentioned in the preceding two categories. "Foreign investors" refer to the following subjects making investments within the territory of the PRC: (i) natural persons without the PRC nationality; (ii) enterprises incorporated under the laws of countries or regions other than the PRC; (iii) the governments of countries or regions other than the PRC and the departments or agencies thereunder; or (iv) international organisations.

Possible impact of the Draft Foreign Investment Law

Accordingly, if the Draft Foreign Investment Law is adopted and becomes law, in the event that the mobile online game business of MU77SH is still classified as prohibited or restricted foreign investment businesses in the Negative List 2018, the Group will have to:

(i) if the reporting regime is adopted, report to the competent foreign investment authority and the existing VIE structure will be permitted to continue;

(ii) if the recognition regime is adopted, apply to the competent foreign investment authority for being recognised as party under the actual control of PRC investors, and the existing VIE structure will be permitted to continue after the recognition is obtained; or

(iii) if the entry permit regime is adopted, apply to the competent foreign investment authority for entry permit, and the existing VIE structure will be permitted to continue after the entry permit is obtained.

Although the Group may take the aforementioned action in view of the possible changes, the Draft Foreign Investment Law has not mentioned how the foreign investment authority will deal with the existing VIE structures ultimately controlled by foreign investors, and whether the relevant entity could continue its business operations in accordance with the reporting regime or recognition regime. There is also no guarantee that the Group will be able to obtain such recognition or entry permit. If the Group is unable to obtain such recognition or entry permit or comply with the new foreign investment law, if and when it becomes effective, the Group may be required to terminate the VIE Agreements and dispose of MU77SH's business. If the Group no longer has sustainable business after such disposal, there is possibility that the Stock Exchange will delist the Company.

Nonetheless, according to the PRC Legal Adviser, the Draft Foreign Investment Law is currently the draft released for the purpose of public consultation and in consultation stage and has not yet been effective or legally binding. There are uncertainties as to whether the Draft Foreign Investment Law will be adopted and become law, its final content and whether and what material impacts it may have on the legality and enforceability of the VIE Agreements. The Ministry of Commerce has not issued any regulation on how to deal with or regulate the existing VIE arrangements as at the date of this announcement.

The Board will monitor the development of the Draft Foreign Investment Law and discuss with the PRC Legal Adviser on a regular basis in order to assess its possible impacts on the VIE Agreements and the business of the Company. In case there would be material impacts on the Group or MU77SH's business, the Company will timely publish announcements in relation to (i) any updates or material changes to the Draft Foreign Investment Law and (ii) if any new foreign investment law is implemented, a clear description and analysis of the law, any material impact on the Company's operations and financial position and specific measures to be taken to comply with the law (supported by advise from the PRC Legal Adviser).

The VIE Agreements may not be as effective as direct ownership in providing control over MU77SH

The Group relies on contractual arrangements under the VIE Agreements with MU77SH to operate the mobile online game business in the PRC. The VIE Agreements may not be as effective as direct ownership in providing the Group with control over MU77SH. For example, if the WFOE has direct ownership of MU77SH, it will be able to exercise its rights as a shareholder to effect changes in the board of directors of MU77SH. However, under the VIE Agreements, the Group relies on the performance by the PRC Equity Owners of their obligations under the VIE Agreements to exercise control over MU77SH.

In addition, if the PRC Equity Owners or MU77SH fail to perform their respective obligations under the VIE Agreements or otherwise have disputes with the Group, the Group may have to initiate arbitration or other legal proceedings, which involve significant uncertainty. There can be no assurance that the outcome will be in the Group's favour and it may adversely affect the Group's ability to control MU77SH.

The PRC Equity Owners may potentially have a conflict of interests with the Group

The Group's control over MU77SH is based on the contractual arrangement under the VIE Agreements. Therefore, conflict of interests of the PRC Equity Owners will adversely affect the interests of the Company. Pursuant to the Powers of Attorney, the PRC Equity Owners will irrevocably appoint the WFOE as their exclusive agent and authorised person to exercise their rights as the shareholders of MU77SH. Therefore, it is unlikely that there will be potential conflict of interests between the Group and the PRC Equity Owners. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Group will consider removing and replacing the PRC Equity Owners through procuring the WFOE to exercise its option under the Exclusive Call Option Agreement.

The contractual arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed

The Group may face material adverse tax consequence if the PRC tax authorities determine that the arrangement under the VIE Agreements was not entered into on an arm's length basis. If the PRC tax authorities determine that the VIE Agreements were not entered into on an arm's length basis, they may adjust income and expenses of the WFOE and/or MU77SH for PRC tax purposes, which could result in higher tax liabilities on the WFOE and/or MU77SH.

The operating and financial results of the Group may be materially and adversely affected if the tax liabilities of MU77SH or the WFOE increase significantly or if they are required to pay interest on late payments and other penalties.

Certain terms of the VIE Agreements may not be enforceable under PRC laws

The VIE Agreements are governed by the PRC laws and all disputes which cannot be resolved by negotiations will be submitted for arbitration, whose ruling will be final and binding. Accordingly, the VIE Agreements would be interpreted in accordance with the PRC laws and disputes would be resolved in accordance with PRC legal procedures. The uncertainties in the PRC legal system could limit the Group's ability to enforce the VIE Agreements. In the event that the Group is unable to enforce the VIE Agreements, or if the Group suffers significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert control over MU77SH.

The VIE Agreements provide that the arbitral tribunal of the PRC may award remedies over the equity interests or assets of MU77SH or injunctive relief (such as for the conduct of business and mandatory transfer of equity interest or assets) or order the winding up of MU77SH. The VIE Agreements also include a clause in relation to dispute resolution among the parties where, when awaiting the formation of the arbitral tribunal or otherwise under appropriate conditions, the parties thereto may seek temporary injunctive relief or other temporary remedies from the courts in Hong Kong, the Cayman Islands, the PRC and the locations where the principal assets of MU77SH are located.

However, the PRC Legal Adviser is of the view that pursuant to the PRC laws, the arbitral tribunal may have no power to grant the aforementioned remedies or injunctive relief or to issue a provisional or final liquidation order. In addition, even though the VIE Agreements provide that overseas courts (e.g. courts in Hong Kong and the Cayman Islands) shall have the power to grant certain relief or remedies, such relief or remedies may not be recognised or enforced under the PRC laws. As a result, in the event that MU77SH or any of the PRC Equity Owners breaches the terms of the VIE Agreements, the Group may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over MU77SH could be materially and adversely affected.

Furthermore, notwithstanding the relevant contractual provisions contained in the VIE Agreements, courts of competent jurisdiction may grant interim remedies only to the extent permitted under the PRC laws. Therefore, such interim remedies may not be available under the PRC laws.

A substantial amount of costs and time may be involved in transferring the ownership of MU77SH to the Group under the Exclusive Call Option Agreement

The Exclusive Call Option Agreement grants the WFOE a right to purchase all or part of the equity interest in MU77SH at the lowest price permitted by PRC law, under which the WFOE or its designated individual(s) and/or entity(ies) is entitled to purchase the equity interest in MU77SH from the PRC Equity Owner through a single or a series of transaction(s).

In case the WFOE exercises its option to acquire all or part of the equity interests in MU77SH under the Exclusive Call Option Agreement, such acquisition may only be conducted to the extent as permitted by the applicable PRC laws and will be subject to necessary approvals and relevant procedures under the PRC laws. In addition, such acquisition may be subject to a minimum price limitation (such as an appraised value for the equity interests in MU77SH) or other price limitations as imposed by the applicable PRC laws. Further, a substantial amount of costs and time may be involved in transferring the ownership of MU77SH to the WFOE or its designated individual(s) and/or entity(ies), which may have a material adverse impact on the Group's business, prospects and results of operation.

The Company does not have any insurance which covers the risks relating to the VIE Agreements and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the VIE Agreements and the transactions thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the VIE Agreements in the future, such as those affecting the enforceability of the VIE Agreements and the operation of MU77SH, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. In addition, the Group will implement relevant internal control measures to reduce the operational risk. The Group will continue evaluating the feasibility, the cost and the benefit of insuring the transactions under the VIE Agreements.

Economic risks the WFOE bears as the primary beneficiary of MU77SH, financial support to MU77SH and potential exposure of the Group to losses

As the primary beneficiary of MU77SH, the WFOE will share both profit and loss of MU77SH and bears economic risks which may arise from difficulties in the operation of MU77SH's business. The WFOE may have to provide financial support in the event of financial difficulty of MU77SH. Under these circumstances, the Group's financial results and financial position may be adversely affected by the worsening financial performance of MU77SH and the need to provide financial support to it.

COMMERCIAL BENEFITS OF THE VIE AGREEMENTS

The Group is principally engaged in the provision of digital entertainment services as well as property investment in the PRC.

As outlined in the section headed "Background and Reasons for Use of the VIE Structure" in this announcement, the WFOE needs to adopt the VIE Structure through the entering into of the VIE Agreements so that it can engage in the mobile online games business in the PRC.

Apart from the regulatory benefits, adopting the VIE Structure allows the Group to have effective control over the finance and operation of MU77SH and to enjoy the entire economic interests and benefits granted by MU77SH. The Group can also benefit from the use of the licences and permits held by MU77SH as well as the intellectual properties developed or created by MU77SH at present and in the future. It also enables the Group to leverage the human capital of MU77SH to facilitate its growth in the PRC mobile game industry.

On the above basis, the Directors (including the independent non-executive Directors) are of the view that the terms of the VIE Agreements and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

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

"A8 Music"	A8 Music Group Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
"Board"	the board of the Directors
"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)
"Director(s)"	the director(s) of the Company
"Equity Pledge Agreement"	the equity pledge agreement dated 28 December 2018 entered into by and among the WFOE, the PRC Equity Owners and MU77SH, details of which are set out in the paragraph headed "The VIE Agreements – (2) The Equity Pledge Agreement" in this announcement
"Exclusive Business Cooperation Agreement"	the exclusive business cooperation agreement dated 28 December 2018 entered into between the WFOE and MU77SH, details of which are set out in the paragraph headed "The VIE Agreements – (1) The Exclusive Business Cooperation Agreement" in this announcement
"Exclusive Call Option Agreement"	the exclusive call option agreement dated 28 December 2018 entered into by and among the WFOE, the PRC Equity Owners and MU77SH, details of which are set out in the paragraph headed "The VIE Agreements – (3) The Exclusive Call Option Agreement" in this announcement
"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

"Investment Agreement"	the Investment Agreement dated 12 February 2018 entered into by, among others, Yunhai Qingtian, Linzhi Tencent, A8 Music, Tianjin Muba, MU77HK and MU77SH in relation to the Acquisition, details of the Investment Agreement are disclosed in the Announcement
"Linzhi Tencent"	林芝騰訊科技有限公司 (Linzhi Tencent Technology Co., Ltd.) (the English name is for identification purposes only), a company established in the PRC with limited liability
"MU77HK"	香港木七七網絡科技有限公司 (Mu77 Network Technology Hongkong Limited), a company incorporated in Hong Kong with limited liability
"MU77SH"	上海木七七網絡科技有限公司 (Shanghai Mu77 Network Technology Co., Ltd.) (the English name is for identification purposes only), a company established in the PRC with limited liability and is legally owned as to 51% by Yunhai Qingtian and as to 49% in aggregate by Tianjin Muba and Linzhi Tencent as at the date of this announcement
"Power(s) of Attorney"	the power(s) of attorney dated 28 December 2018 entered into by each of the PRC Equity Owners, details of which are set out in the paragraph headed "The VIE Agreements – (4) The Powers of Attorney" in this announcement
"PRC"	the People's Republic of China (excluding, for the purposes of this announcement, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
"PRC Equity Owners"	the companies and partnership established in the PRC which legally hold the entire equity interest of MU77SH, namely Yunhai Qingtian, Tianjin Muba and Linzhi Tencent
"PRC Legal Adviser"	AllBright Law Offices (Guangzhou) (上海錦天城(廣州)律師事務所), the legal adviser to the Company as to PRC laws
"Reorganisation"	the reorganisation undertaken by the relevant parties in accordance with the terms and conditions of the Investment Agreement, the key steps of which are set out in the section headed "Investment Agreement – Reorganisation" in the Announcement
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares

"Spousal Consent Letter(s)"	the spousal consent letter(s) entered into by the spouse of each of the partners of Tianjin Muba, details of which are set out in the paragraph headed "The VIE Agreements – (5) The Spousal Consent Letters" in this announcement
"Tianjin Muba"	天津木巴企業管理諮詢中心(有限合夥) (Tianjin Muba Business Management Consulting Center (Limited Partnership)) (the English name is for identification purposes only), a limited partnership established in the PRC and is owned by two PRC individuals as at the date of this announcement
"VIE Agreements"	collectively, the Exclusive Business Cooperation Agreement, the Equity Pledge Agreement, the Exclusive Call Option Agreement, the Powers of Attorney and the Spousal Consent Letters, details of which are set out in the section headed "VIE Agreements" in this announcement
"VIE Structure"	the structure established through the entering into of the VIE Agreements, which enables the WFOE to effectively hold and control MU77SH
"WFOE"	蘊清網絡科技(上海)有限公司 (Yun Qing Network Technology (Shanghai) Co., Ltd.) (the English name is for identification purposes only), a wholly foreign-owned enterprise established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
"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 through certain contractual arrangements
"%"	per cent

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

Hong Kong, 28 December 2018

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.