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A8 New Media Group Limited

A8新媒體集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 800)

CONNECTED TRANSACTION – ENTERING INTO OF THE LICENCE AGREEMENT IN RESPECT OF THE LICENSED WORK

THE LICENCE AGREEMENT

The Board is pleased to announce that after trading hours on 18 December 2017, the Licensee, a wholly-owned subsidiary of the Company, and the Licensor entered into the Licence Agreement pursuant to which the Licensor has agreed to grant the Licence in respect of the Licensed Work in the PRC, Hong Kong and Macau for a term of five years commencing from 18 December 2017 to 18 December 2022 at the Licence Fee of RMB3,000,000 (equivalent to approximately HK\$3,529,000).

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Licensor is wholly owned by Beijing Zhangwen, which is owned as to 35% by the Company and as to 65% by Shenzhen Haoxiang. Shenzhen Haoxiang is owned as to 90% by Mr. Liu, the chairman of the Board, an executive Director and the controlling Shareholder. As such, the Licensor is an associate of Mr. Liu and therefore a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. The entering into of the Licence Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) for the transactions contemplated under the Licence Agreement is more than 0.1% but less than 5%, the entering into of the Licence Agreement is subject to reporting and announcement requirements but is exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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THE LICENCE AGREEMENT

Major terms of the Licence Agreement are set out below:

Date: 18 December 2017

Parties:

The Licensor: 天津黑岩信息技術有限公司 (Tianjin Heiyan Information Technology Co., Ltd.) (the English name is for identification purposes only), a company established in the PRC with limited liability and principally engaged in the provision of online literature services.

The Licensee: 極速蝸牛影視傳媒 (深圳) 有限公司 (Jisu Woniu Film & Television Media (Shenzhen) Co., Limited) (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. It is principally engaged in the business of producing network dramas, videos, films and the like and incubating intellectual property.

Subject matter of the Licence:

Under the Licence Agreement, the subject of the Licence granted to the Licensee includes, among others:

- (i) the exclusive and sole right to adapt the Licensed Work into web series, television series, cinema movies and web movies (“**Adapted Licensed Work**”) and other rights associated with the production and broadcast of the Adapted Licensed Work (including rights of filming, performance, recording, translation and rights of copying, distribution and network dissemination of information) and the right to distribute the Adapted Licensed Work and its trailer on internet, television and cinema;
- (ii) the right to permit others to, among others, copy, distribute, lease and disseminate information over network to the public of the Adapted Licensed Work and to derive earnings from such permission, and the copyright over the Adapted Licensed Work;

- (iii) the right to edit the Licensed Work for the purpose of conforming to the artistic requirements without contravening the wills of the author of the Licensed Work (“**Author**”);
- (iv) the right to negotiate and enter into agreement with third parties such as professional editors, film and media companies for the production of the Licensed Work into web series, television series, cinema movies and web movies (“**Licensed Productions**”) and their sale and distribution; and
- (v) the right to sell and distribute the Licensed Productions.

The Licensee is entitled to the perpetual, independent and complete copyright of the Adapted Licensed Work and the Licensed Productions, and the right to exercise such copyright and the earnings derived from the Adapted Licensed Work and the Licensed Productions.

The Licensee shall accredit the Author during the production of the Adapted Licensed Work. Upon expiry of the term of the Licence Agreement, the Licensee shall have the right such as to copy and distribute to the Licensed Productions.

Rights and obligations of the Licensor

Under the Licence Agreement, among others,

- (i) during the term of the Licence Agreement, the Licensor is prohibited from authorising or permitting third parties or itself to use the Licensed Work in the manner identical or similar to that stipulated under the Licence Agreement. If the Licensor is in breach of this obligation, the Licensor shall refund all the money paid by the Licensee to the Licensee and pay 30% of the Licence Fee as damages as well as other losses to the Licensee; and
- (ii) the Licensor is entitled to the priority right to invest in 10% of the investment of any future web series, television series, cinema movies and web movies in respect of the Licensed Work.

The Company will comply with all relevant requirements under the Listing Rules if the Licensor exercises such right (where applicable).

Term of the Licence:

A term of five years commencing from 18 December 2017 to 18 December 2022

Language of the Licensed Work:

Simplified Chinese

Territory of the Licence:

The PRC, Hong Kong and Macau

Licence Fee:

The Licence Fee is RMB3,000,000 (equivalent to approximately HK\$3,529,000) payable by the Group in cash within 15 business days after the Licence Agreement becoming effective and the delivery of the ownership and authorisation documents and final electronic version of the Licensed Work. The Licence Fee will be funded by the internal resources of the Group.

The Licence Fee was determined between the Licensor and the Licensee on arm's length negotiations on normal commercial terms with reference to the hit rate of the Licensed Work, the popularity of the Author and the licence fees of other comparable work on the market.

The Licence Agreement took effect immediately upon signing on 18 December 2017.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE LICENCE AGREEMENT

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

The Licensee is principally engaged in the business of producing network dramas, videos, films and the like and incubating intellectual property, with a focus on suspense production while the Licensor operates online literature platforms in the PRC. The Directors consider the entering into of the Licence Agreement enables the Group to further develop its business of incubation of intellectual property and digital entertainment by enhancing its literature reserve and to enjoy future growth.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Licence Agreement (including the amount of the Licence Fee) are on normal commercial terms, fair and reasonable and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Mr. Liu, the Chairman of the Board, an executive Director and the controlling Shareholder (as defined in the Listing Rules), is interested in the Licensor through his holding in Beijing Zhangwen and Shenzhen Haoxiang and is considered having a material interest in the Licence Agreement. Mr. Liu has abstained from voting at the meeting of the Board approving the Licence Agreement and transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Licensor is wholly owned by Beijing Zhangwen, which is owned as to 35% by the Company and as to 65% by Shenzhen Haoxiang. Shenzhen Haoxiang is owned as to 90% by Mr. Liu, the chairman of the Board, an executive Director and the controlling Shareholder. As such, the Licensor is an associate of Mr. Liu and therefore a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. The entering into of the Licence Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) for the transactions contemplated under the Licence Agreement is more than 0.1% but less than 5%, the entering into of the Licence Agreement is subject to reporting and announcement requirements but is exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Zhangwen”	北京掌文信息技術有限公司 (Beijing Zhangwen Information Technology Co., Ltd.) (the English name is for identification purposes only), a company established in the PRC with limited liability and owned as to 35% by the Company and 65% by Shenzhen Haoxiang
“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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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

“Licence”	the rights to the Licensed Work granted to the Licensee in accordance with the Licence Agreement as set out in the paragraph headed “The Licence Agreement – Subject matter of the Licence” in this announcement
“Licence Agreement”	the licence agreement dated 18 December 2017 entered into between the Licensor and the Licensee in relation to the grant of the Licence
“Licence Fee”	RMB3,000,000 (equivalent to approximately HK\$3,529,000) payable by the Licensee to the Licensor for the Licence
“Licensed Work”	陰陽代理人之改命師 (Yinyang Agent – Life Changing Master) (the English name is for identification purposes only)
“Licensee”	極速蝸牛影視傳媒 (深圳) 有限公司 (Jisu Woniu Film & Television Media (Shenzhen) Co., Limited) (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
“Licensor”	天津黑岩信息技術有限公司 (Tianjin Heiyan Information Technology Co., Ltd.) (the English name is for identification purposes only), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“Mr. Liu”	Mr. Liu Xiaosong, the chairman of the Board, an executive Director and the controlling Shareholder
“PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, Macau 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

“Shenzhen Haoxiang”	深圳市浩祥投資有限公司 (Shenzhen Haoxiang Investment Co., Ltd.) (the English name is for identification purposes only), a company established in the PRC with limited liability and owned as to 90% by Mr. Liu
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

For the purpose of this announcement, all amounts denominated in RMB have 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.*