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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 –
INVESTMENT IN MU77SH AND MU77HK**

THE INVESTMENT

Investment Agreement

The Board is pleased to announce that on 12 February 2018, Yunhai Qingtian, Linzhi Tencent, A8 Music, the Existing Shareholders, the Founder, MU77HK and MU77SH, entered into the Investment Agreement pursuant to which, among other matters, Yunhai Qingtian, a wholly-owned subsidiary of the Company, has conditionally agreed to acquire, and the Existing Shareholders have conditionally agreed to sell, an aggregate of 51% equity interest in MU77SH upon Completion at an aggregate consideration of RMB59,557,500 (equivalent to approximately HK\$73,528,000) in cash.

Upon Completion, the Group will own 51% equity interest in MU77SH, and MU77SH will become an indirect non-wholly-owned subsidiary of the Company and its results, assets and liabilities will be consolidated into the financial statements of the Group.

Reorganisation

Subject to Completion and in accordance with the terms and conditions of the Investment Agreement, the relevant parties will undergo the Reorganisation for the purpose of acquiring MU77HK and controlling MU77SH through implementing the VIE Arrangement. The VIE Agreements should then be entered into by and among the WFOE, MU77SH and all the then shareholders of MU77SH for the purpose of, among others, allowing the Cayman Company to exercise full control over MU77SH and enabling the financial results of MU77SH to be consolidated into the consolidated financial statements of the Cayman Company.

Shareholders' Agreement

On 12 February 2018, Yunhai Qingtian, Linzhi Tencent, MU77SH, MU77HK, the Founder and Tianjin Muba entered into the Shareholders' Agreement which sets out the arrangements in relation to the operation and management of MU77SH and the rights and obligations of the shareholders of MU77SH.

Each of MU77SH and MU77HK is principally engaged in mobile game research and development and operation in the PRC and overseas.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Investment (including the consideration for the Acquisition and the Reorganisation Payment) and the further acquisition of equity interest in MU77SH upon the exercise of the Disposal Option on an aggregate basis is more than 5% but less than 25%, the Investment and the further acquisition of equity interest in MU77SH upon the exercise of the Disposal Option 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

The Board is pleased to announce that on 12 February 2018, Yunhai Qingtian, Linzhi Tencent, A8 Music, the Existing Shareholders, the Founder, MU77HK and MU77SH, entered into the Investment Agreement pursuant to which, among other matters, Yunhai Qingtian, a wholly-owned subsidiary of the Company, has conditionally agreed to acquire, and the Existing Shareholders have conditionally agreed to sell, an aggregate of 51% equity interest in MU77SH upon Completion at an aggregate consideration of RMB59,557,500 (equivalent to approximately HK\$73,528,000) in cash ("**Acquisition**").

The Board is also pleased to announce that on the same day, Yunhai Qingtian, Linzhi Tencent, MU77SH, MU77HK, the Founder and Tianjin Muba entered into the Shareholders' Agreement which sets out the arrangements in relation to the operation and management of MU77SH and the rights and obligations of the shareholders of MU77SH.

THE INVESTMENT AGREEMENT

The major terms of the Investment Agreement (to the extent such terms are relating to the Group) are set out below:

Date:

12 February 2018

Parties:

- (1) 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. It is principally engaged in the business of provision of game publishing services;
- (2) 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;
- (3) A8 Music – A8 Music Group Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding;
- (4) the Existing Shareholders:
 - (i) 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 98.77% owned by the Founder as at the date of this announcement;
 - (ii) Tianjin Mushi – 天津木詩企業管理諮詢中心 (有限合夥) (Tianjin Mushi Business Management Consulting Center (Limited Partnership)) (the English name is for identification purposes only), a limited partnership established in the PRC and is 0.99% owned by the Founder as at the date of this announcement;
 - (iii) Tianjin Mujiu – 天津木久企業管理諮詢中心 (有限合夥) (Tianjin Mujiu Business Management Consulting Center (Limited Partnership)) (the English name is for identification purposes only), a limited partnership established in the PRC;
 - (iv) Beijing Tiancheng – 北京天晟成業信息技術有限公司 (Beijing Tiancheng Chengye Information Technology Co., Ltd.) (the English name is for identification purposes only), a company established in the PRC with limited liability; and
 - (v) Xindong – 心動網絡股份有限公司 (Xindong Network Limited) (the English name is for identification purposes only), a joint stock company established in the PRC with limited liability;

(5) the Founder:

陸家賢 (Mr. Lu Jiaxian), a PRC individual;

(6) 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 and is wholly owned by the Founder as at the date of this announcement; and

(7) MU77SH:

上海木七七網絡科技有限公司 (Shanghai Mu77 Network Technology Co., Ltd.), a company established in the PRC with limited liability.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries:

- (a) each of the Existing Shareholders, the Founder, MU77HK and MU77SH and (where applicable) their ultimate beneficial owners and each of Linzhi Tencent and its holding companies is an Independent Third Party;
- (b) Linzhi Tencent, a company established in the PRC with limited liability, is principally engaged in the development of hardware and software in the PRC;
- (c) each of Tianjin Muba, Tianjin Mushi and Tianjin Mujiu, each being a limited partnership established in the PRC, is principally engaged in investment holding;
- (d) Beijing Tiancheng, a company established in the PRC with limited liability, is principally engaged in software technology development and information services;
- (e) Xindong, a joint stock company established in the PRC with limited liability, is principally engaged in the development and publishing of online games;
- (f) MU77HK, a company incorporated in Hong Kong with limited liability, is principally engaged in mobile game research and development and operation in the PRC and overseas; and
- (g) MU77SH, a company established in the PRC with limited liability, is principally engaged in mobile game research and development and operation in the PRC and overseas.

Assets to be acquired:

In accordance with the terms and conditions of the Investment Agreement, Yunhai Qingtian has conditionally agreed to acquire, and the Existing Shareholders have conditionally agreed to sell, an aggregate of 51% equity interest in MU77SH upon Completion, free from encumbrances and third party rights, at an aggregate consideration of RMB59,557,500 (equivalent to approximately HK\$73,528,000) in cash in the following manner:

Name of Existing Shareholder	Approximate % of the equity interest of MU77SH to be sold to the Group upon Completion	Amount of the consideration payable by the Group (RMB)
Tianjin Muba	10.95%	14,782,500
Tianjin Mushi	17.55%	17,550,000
Tianjin Mujiu	9.00%	9,000,000
Beijing Tiancheng	9.00%	12,150,000
Xindong	4.50%	6,075,000
Total:	51.00%	59,557,500

Upon Completion, each of Tianjin Mushi, Tianjin Mujiu, Beijing Tiancheng and Xindong will cease to be a shareholder of MU77SH. MU77SH will be owned as to 51% by the Group and as to 49% in aggregate by Tianjin Muba and Linzhi Tencent upon Completion.

Consideration:

The total consideration for the Acquisition payable by the Group is RMB59,557,500 (equivalent to approximately HK\$73,528,000) which comprises two parts:

- (1) RMB23,823,000 (equivalent to approximately HK\$29,411,000), being 40% of the total consideration, shall be payable in cash by the Group to the Existing Shareholders within 10 business days after the date of entering into of the Investment Agreement in the following manner:

Name of Existing Shareholder	Amount payable (RMB)
Tianjin Muba	5,913,000
Tianjin Mushi	7,020,000
Tianjin Mujiu	3,600,000
Beijing Tiancheng	4,860,000
Xindong	2,430,000
Total:	23,823,000

- (2) RMB35,734,500 (equivalent to approximately HK\$44,117,000), being 60% of the total consideration, shall be payable in cash by the Group to the Existing Shareholders on the Completion Date in the following manner:

Name of Existing Shareholder	Amount payable (RMB)
Tianjin Muba	8,869,500
Tianjin Mushi	10,530,000
Tianjin Mujiu	5,400,000
Beijing Tiancheng	7,290,000
Xindong	3,645,000
Total:	<u>35,734,500</u>

Conditions precedent

MU77SH's obligation to proceed with the Completion is subject to the fulfilment of the following conditions precedent (such conditions precedent may be waived in whole or in part by MU77SH at its sole discretion):

- (a) the Investment Agreement, the Shareholders' Agreement, the constitutional documents of MU77SH and other legal documents in respect of the transactions contemplated under the Investment Agreement having been duly executed, delivered and having taken effect; and
- (b) the representations and warranties given by Yunhai Qingtian under the Investment Agreement and the Shareholders' Agreement having remained true, accurate, complete and not misleading in all material respects from the date of entering into of the Investment Agreement and up to and including the Completion Date.

Yunhai Qingtian's obligation to proceed with the Completion are subject to Yunhai Qingtian being satisfied that the following Conditions Precedent have been fulfilled (such Conditions Precedent may be waived in whole or in part by Yunhai Qingtian at its sole discretion):

- (1) the Investment Agreement, the Shareholders' Agreement, the constitutional documents of MU77SH and other legal documents in respect of the transactions contemplated under the Investment Agreement having been duly executed, delivered and having taken effect;
- (2) the representations and warranties given by the Founder and the Existing Shareholders under the Investment Agreement and the Shareholders' Agreement having remained true, accurate, complete and not misleading and all obligations and undertakings to be performed by the Founder and the Existing Shareholders on or before the Completion Date having been performed;

- (3) MU77SH having executed (in a form satisfactory to Yunhai Qingtian) employment agreements, confidentiality agreements, non-competition agreements and intellectual property ownership agreements with the Founder and its core employees;
- (4) the board of directors of MU77SH having approved the execution of the Investment Agreement, the Shareholders' Agreement, the constitutional documents of MU77SH and other legal documents in respect of the transactions contemplated under the Investment Agreement and the performance of the transactions contemplated thereunder;
- (5) the shareholders of MU77SH having approved the execution of the Investment Agreement, the Shareholders' Agreement, the constitutional documents of MU77SH and other legal documents in respect of the transactions contemplated under the Investment Agreement and the performance of the transactions contemplated thereunder;
- (6) there being no single or multiple event(s) that might have caused a material adverse effect prior to the Completion Date and there being no evidence that such event(s) which might have had a material adverse effect might arise;
- (7) Yunhai Qingtian's internal investment decision-making body having approved the Investment Agreement, the Shareholders' Agreement, the constitutional documents of MU77SH and other legal documents in respect of the transactions contemplated under the Investment Agreement and the performance of the transactions contemplated thereunder;
- (8) the Existing Shareholders having issued a notice of payment to Yunhai Qingtian containing the receiving account information;
- (9) MU77SH having (i) completed the registration and filing procedures in relation to the transaction with the Industrial and Commercial Administration Bureau; (ii) obtained the updated business licence; and (iii) provided Yunhai Qingtian with the relevant documents issued by the Industrial and Commercial Administration Bureau (including but not limited to photocopies of the updated business licence, the notice of approval of change issued by the Industrial and Commercial Administration Bureau and corresponding documentary evidence). Such documents should clearly reflect the equity interest held by Yunhai Qingtian immediately after Completion and the appointment of the persons nominated by Yunhai Qingtian as the directors of MU77SH; and
- (10) MU77SH and the Founder having delivered to Yunhai Qingtian a letter evidencing satisfaction of the Conditions Precedent set out in (1) to (10) in this paragraph.

Completion

Subject to the fulfilment or waiver (as the case may be) of all the Conditions Precedent, Completion shall take place on the Completion Date.

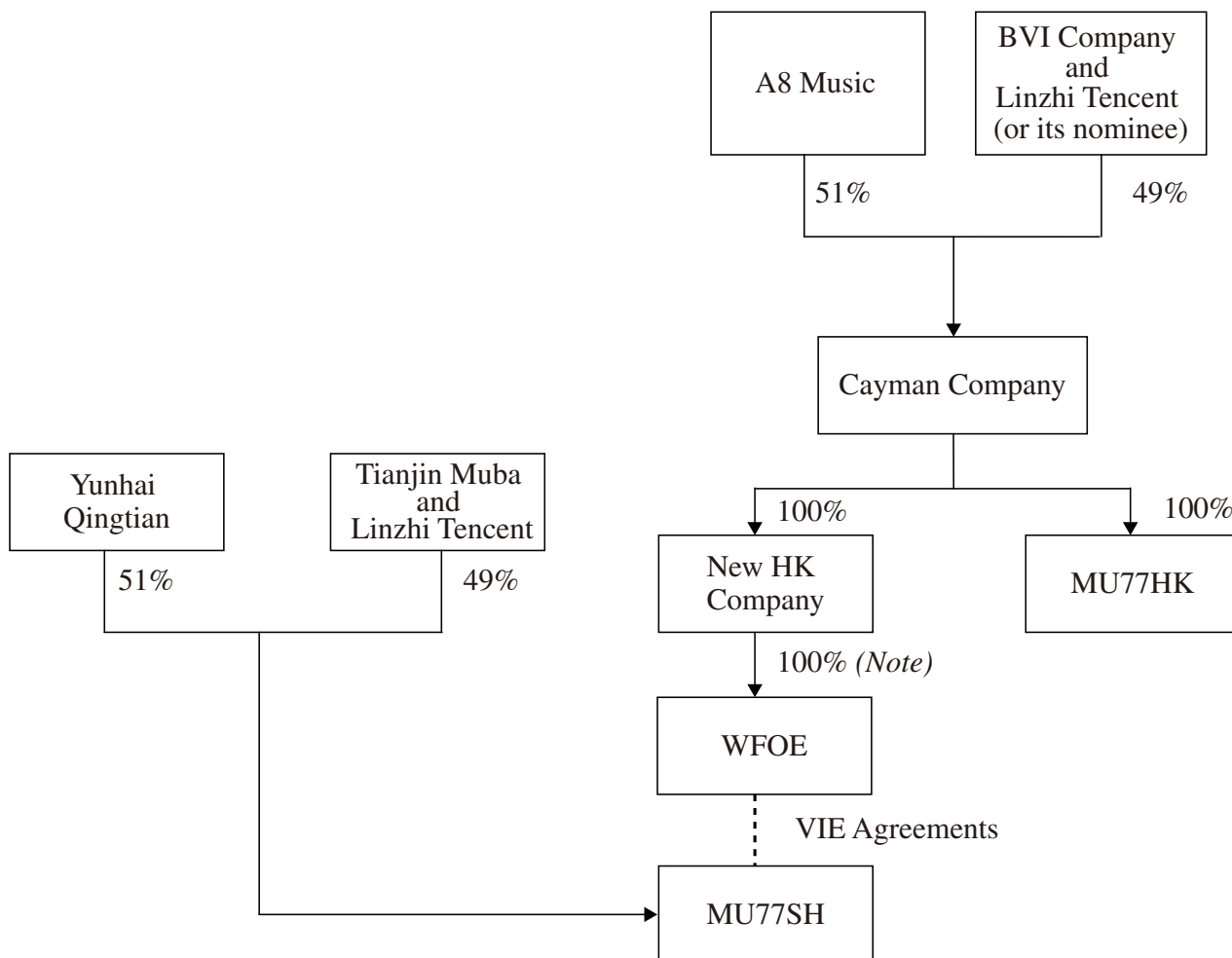
Upon Completion, the Group will own 51% equity interest in MU77SH, and MU77SH will become an indirect non-wholly-owned subsidiary of the Company and its results, assets and liabilities will be consolidated into the financial statements of the Group.

Reorganisation

Subject to Completion and in accordance with the terms and conditions of the Investment Agreement, the relevant parties will undergo the Reorganisation for the purpose of acquiring MU77HK and controlling MU77SH through implementing the VIE Arrangement (as defined below), the key steps of which are summarised as follows:

- (1) the Founder will, through two or more companies incorporated in the British Virgin Islands wholly owned by him (“**BVI Company**”), incorporate a company in the Cayman Islands (“**Cayman Company**”) as holding vehicle;
- (2) the Cayman Company will then acquire the entire equity interest in MU77HK from the Founder at a nominal consideration of US\$1.00 (“**MU77HK Acquisition**”) and will also incorporate a new company (“**New HK Company**”) in Hong Kong as a direct wholly-owned subsidiary of the Cayman Company;
- (3) A8 Music shall acquire 51% of the share capital in the Cayman Company from the BVI Company for a consideration of RMB42,442,500 (equivalent to approximately HK\$52,398,000) (“**Reorganisation Payment**”) comprising (i) an amount of RMB16,977,000 to be payable within 10 days of completion of the MU77HK Acquisition; and (ii) an amount of RMB25,465,500 to be payable within 10 business days after the date of entering into of the VIE Agreements (as defined below) as mentioned in step (5) below;
- (4) after completion of step (3) above, either MU77HK or the New HK Company shall establish a wholly foreign-owned enterprise (“**WFOE**”) in the PRC; and
- (5) a series of variable interest entity agreements (“**VIE Agreements**”) should then be entered into by and among the WFOE, MU77SH and all the then shareholders of MU77SH for the purpose of, among others, allowing the Cayman Company to exercise full control over MU77SH and enabling the financial results of MU77SH to be consolidated into the financial statements of the Cayman Company (“**VIE Arrangements**”).

Below is the group structure of MU77SH upon completion of the Reorganisation:



Note: In accordance with the terms and conditions of the Investment Agreement, either the New HK Company or MU77HK shall establish the WFOE.

Further information in relation to the VIE Arrangements will be announced by the Company at a later stage if and when the VIE Agreements and the related transactions materialise.

The consideration for the Acquisition and the Reorganisation Payment was determined by the Group, the Founder and/or the Existing Shareholders after arm’s length negotiations with reference to, among other factors, the business prospect of MU77SH and MU77HK, the popularity of the games of MU77SH and MU77HK, the experience and business ability of the management of MU77SH and MU77HK, the transaction values of comparable companies on the market and the growth potential of mobile game industry in the PRC and overseas.

The consideration for the Acquisition and the Reorganisation Payment will be funded by internal resources of the Group.

Other major terms

Use of proceeds

In accordance with the terms and conditions of the Investment Agreement, part of the consideration from the Acquisition and the Reorganisation Payment to be received by the Founder or Tianjin Muba shall be applied towards the repayment of loans in an aggregate amount of RMB15,250,000 owed by the Founder and Tianjin Muba to MU77SH as soon as practicable.

Appointment of general manager of MU77SH

In order to ensure the continued stability of MU77SH's business operation and management, MU77SH will appoint the Founder as its general manager for a term of at least five years.

SHAREHOLDERS' AGREEMENT

On 12 February 2018, Yunhai Qingtian, Linzhi Tencent, MU77SH, MU77HK, the Founder and Tianjin Muba entered into the Shareholders' Agreement which sets out the arrangements in relation to the operation and management of MU77SH and the rights and obligations of the shareholders of MU77SH.

Certain major terms of the Shareholders' Agreement are summarised below:

Date:

12 February 2018

Parties:

- (1) Yunhai Qingtian;
- (2) Linzhi Tencent;
- (3) MU77SH;
- (4) MU77HK;
- (5) the Founder; and
- (6) Tianjin Muba.

Board Composition

The board of the directors of MU77SH shall comprise five members, of which Yunhai Qingtian shall be entitled to nominate three directors (of which one such director shall act as the chairman of the board of directors and the legal representative of MU77SH).

Disposal Option

Subject to Completion, in the event that the net profit (or net profit after deducting non-recurring gains or losses, whichever is the lower) of MU77SH for any of the years ending 31 December 2018, 31 December 2019 and 31 December 2020 as audited by certified public accountants designated by Yunhai Qingtian is higher than RMB30,000,000, the Founder and Tianjin Muba are entitled (but are not obliged), within one month of receiving the audited financial statements of MU77SH for the relevant financial year, to send a written notice to Yunhai Qingtian or its designated related party to request Yunhai Qingtian or its designated related party to acquire the equity interests in MU77SH held by the Founder through Tianjin Muba for a consideration of not exceeding RMB25,000,000 (“**Disposal Option**”). The valuation of MU77SH shall be determined as 12 times the price to earnings ratio of MU77SH based on the audited net profit of MU77SH for its previous financial year. The Founder or Tianjin Muba may decide on the amount of registered capital of MU77SH to be sold for each relevant financial year. Notwithstanding the Disposal Option, the amount of registered capital of MU77SH directly or indirectly held by the Founder shall not fall below 25% of the registered capital of MU77SH immediately after completion of the exercise of a Disposal Option.

The basis for consideration payable by the Group upon the exercise of the Disposal Option was determined after arm’s length negotiations by and among the Group, the Founder and Tianjin Muba with reference to, among other factors, the historical performance of MU77SH and price to earnings ratio of comparable targets similar to MU77SH which were acquired or disposed by listed companies on the Stock Exchange from 2016 to 2017.

Tag along right

In the event that Yunhai Qingtian intends to dispose of its equity interests in MU77SH to any person (“**Tag Along Transferee**”), Linzhi Tencent is entitled to exercise its tag along right to join Yunhai Qingtian in disposing of all of its equity interests in MU77SH to the Tag Along Transferee on the same terms and conditions as Yunhai Qingtian. If the total amount of equity interests of MU77SH to be disposed of by Yunhai Qingtian and Linzhi Tencent is greater than the amount of the equity interest of MU77SH to be purchased by the Tag Along Transferee, the portion of the equity interests of MU77SH to be disposed of by Yunhai Qingtian should be reduced accordingly to ensure that Linzhi Tencent is able to dispose of all its equity interests in MU77SH.

Pre-emptive rights

If MU77SH would increase its registered capital or issue new shares (including securities or notes which can be convertible or exchangeable into equity interest) or carry out equity financing, the shareholders of MU77SH are entitled, but not obliged, to subscribe for additional registered capital or equity interests of MU77SH on a pro rata basis. The subscription price and terms and conditions for such additional registered capital or equity interests to be subscribed by such shareholders of MU77SH should be substantially the same as those of the other potential investors and subscribers.

Effective Period

The Shareholders' Agreement shall come into effect on the Completion Date. The Shareholders' Agreement shall cease to have effect upon the expiry of the term of MU77SH or the dissolution of MU77SH (unless early terminated in accordance with the terms and conditions of the Shareholders' Agreement).

INFORMATION ON MU77SH AND MU77HK

MU77SH

MU77SH is a company established in the PRC with limited liability in January 2015. MU77SH is principally engaged in mobile 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).

Set out below is the summary of the unaudited financial information of MU77SH for the year ended 31 December 2015 and 2016 respectively:

	For the year ended 31 December 2015 <i>Approximately</i>	For the year ended 31 December 2016 <i>Approximately</i>
Revenue	RMB18,547,000 (equivalent to approximately HK\$22,898,000)	RMB25,044,000 (equivalent to approximately HK\$30,919,000)
Net profit before taxation	RMB9,178,000 (equivalent to approximately HK\$11,331,000)	RMB3,115,000 (equivalent to approximately HK\$3,846,000)
Net profit after taxation	RMB6,906,000 (equivalent to approximately HK\$8,526,000)	RMB3,214,000 (equivalent to approximately HK\$3,968,000)

The unaudited total asset value and net asset value of MU77SH as at 31 October 2017 were approximately RMB23,294,000 (equivalent to approximately HK\$28,758,000) and approximately RMB9,758,000 (equivalent to approximately HK\$12,047,000) respectively.

MU77HK

MU77HK is a company incorporated in Hong Kong with limited liability in November 2015 and wholly owned by the Founder as at the date of this announcement. MU77HK is principally engaged in mobile game research and development and operation in the PRC and overseas.

Set out below is the summary of the unaudited financial information of MU77HK for the year ended 31 December 2015 and 2016 respectively:

	For the year ended 31 December 2015 <i>Approximately</i>	For the year ended 31 December 2016 <i>Approximately</i>
Revenue	N/A	RMB1,456,000 (equivalent to approximately HK\$1,797,000)
Net profit before taxation	N/A	RMB1,447,000 (equivalent to approximately HK\$1,786,000)
Net profit after taxation	N/A	RMB1,447,000 (equivalent to approximately HK\$1,786,000)

The unaudited total asset value and net asset value of MU77HK as at 31 October 2017 were approximately RMB6,395,000 (equivalent to approximately HK\$7,895,000) and approximately RMB4,313,000 (equivalent to approximately HK\$5,325,000) respectively.

REASONS FOR AND BENEFITS OF THE INVESTMENT

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

The Group will, through the Acquisition and the Reorganisation, acquire the equity interests in each of MU77SH and MU77HK (“**Investment**”). The Investment is in line with the strategic layout of the Group in its business development in the pan-entertainment industry chain. Firstly, the businesses of the Group on one part and MU77SH and MU77HK on the other part complement each other as the Group’s operating strategy focuses on the distribution of games, while MU77SH and MU77HK are principally engaged in mobile game research and development and operation in the PRC and overseas. Secondly, it would lay the foundation for the Group to create an industrial chain linking literature, television/film and games.

On the above basis, the Directors (including the independent non-executive Directors) are of the view that the terms of the Investment Agreement and the transactions contemplated therein (including the consideration for the Acquisition and the Reorganisation Payment) and the further acquisition of equity interest in MU77SH upon the exercise of the Disposal Option 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 under the Listing Rules) in respect of the Investment (including the consideration for the Acquisition and the Reorganisation Payment) and the further acquisition of equity interest in MU77SH upon the exercise of the Disposal Option on an aggregate basis is more than 5% but less than 25%, the Investment and the further acquisition of equity interest in MU77SH upon the exercise of the Disposal Option 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:

“A8 Music”	A8 Music Group Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Beijing Tiancheng”	北京天晟成業信息技術有限公司 (Beijing Tiancheng Chengye Information Technology Co., Ltd.) (the English name is for identification purposes only), a company established in the PRC with limited liability
“Board”	the board of the Directors
“Completion”	the completion of the Acquisition
“Completion Date”	the date on which the Completion is to take place, which is the 15th business day after the date on which all the Conditions Precedent are considered by Yunhai Qingtian as fulfilled or waived in writing (or such other time and date as the parties to the Investment Agreement may agree in writing)
“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)
“Conditions Precedent”	the conditions precedent to the Completion as listed in (1) to (10) under the section headed “Investment Agreement – Conditions Precedent” in this announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Existing Shareholders”	collectively, Tianjin Muba, Tianjin Mushi, Tianjin Mujiu, Beijing Tiancheng and Xindong
“Founder”	陸家賢 (Mr. Lu Jiaxian)
“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
“Investment Agreement”	the Investment Agreement dated 12 February 2018 entered into by and among Yunhai Qingtian, Linzhi Tencent, A8 Music, the Existing Shareholders, the Founder, MU77HK and MU77SH in relation to the Acquisition
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 and wholly owned by the Founder as at the date of this announcement
“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
“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)

“Reorganisation”	the reorganisation to be 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 this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholders’ Agreement”	the shareholders’ agreement dated 12 February 2018 entered into by and among Yunhai Qingtian, Linzhi Tencent, MU77SH, MU77HK, the Founder and Tianjin Muba in relation to the operation and management of MU77SH
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 98.77% owned by the Founder as at the date of this announcement
“Tianjin Mujiu”	天津木久企業管理諮詢中心(有限合夥)(Tianjin Mujiu Business Management Consulting Center (Limited Partnership)) (the English name is for identification purposes only), a limited partnership established in the PRC
“Tianjin Mushi”	天津木詩企業管理諮詢中心(有限合夥)(Tianjin Mushi Business Management Consulting Center (Limited Partnership)) (the English name is for identification purposes only), a limited partnership established in the PRC and is 0.99% owned by the Founder as at the date of this announcement
“US\$”	United States dollars, the lawful currency of the United States of America
“Xindong”	心動網絡股份有限公司 (Xindong Network Limited) (the English name is for identification purposes only), a joint stock company established in the PRC with limited liability

“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 RMB0.81:HK\$1.00 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, 12 February 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.*