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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)

(1) CASH COMPENSATION IN RESPECT OF NON-FULFILMENT OF PERFORMANCE GUARANTEE; AND (2) MAJOR DISPOSAL – DISPOSAL OF INTEREST IN THE TARGET PURSUANT TO EXERCISE OF EQUITY PURCHASE RIGHT

Reference is made to (i) the 2017 Announcement in relation to the 2017 Capital Contribution and the 2017 Acquisitions; (ii) the 2018 March Announcement in relation to the 2018 Acquisitions; and (iii) the 2018 September Announcement in relation to the 2017 Equity Compensation.

NON-FULFILMENT OF PERFORMANCE GUARANTEE FOR 2018

Based on the audited consolidated financial statements of the Target for the financial year ended 31 December 2018, the Target Group recorded an audited net loss of approximately RMB65,042,000 for 2018 and therefore does not meet the 90% Performance Target for that year, the Group is entitled to compensation by the Founders and/or the Target either by way of Cash Compensation or Equity Compensation at the option of the Group. The Cash Compensation payable by the Founders and/or the Target would amount to approximately RMB118,790,000 (equivalent to approximately HK$139,753,000).

As the Target Group does not meet the 50% Performance Target and the 30M Performance Target for 2018, the Group is also entitled to request the Founders or the Target to purchase all of the equity interests in the Target as transferred to the Group under the 2017 Acquisitions, the 2017 Capital Contribution and the 2018 Acquisition (i.e. an aggregate of 23.56%) at the equity purchase price of RMB146,380,434 (equivalent to approximately HK$172,212,000), which is calculated in accordance with the terms and conditions of the 2017 Capital Increase Supplemental Agreement, the 2017 Equity Transfer Supplemental Agreement and the 2018 Equity Transfer Supplemental Agreement mentioned above and having taken into account the First Payment.

CASH COMPENSATION AND DISPOSAL PURSUANT TO EXERCISE OF EQUITY PURCHASE RIGHT

On 25 March 2019 (after trading hours), Yunhai Qingtian, a wholly-owned subsidiary of the Company, issued the Exercise Notice to the Founders pursuant to which the Group requested the Founders to compensate the Group with Cash Compensation for the non-fulfilment of the performance guarantee for 2018. By way of the Exercise Notice, the Group also exercised the Equity Purchase Right by requesting the Founders to purchase all of the equity interests in the Target as transferred to the Group under the 2017 Acquisitions, the 2017 Capital Contribution and the 2018 Acquisitions (i.e. an aggregate of 23.56%).

The Target is a company established in the PRC with limited liability in 2014. The Target Group is principally engaged in script writing, sale of script, development and production of script into web series, TV series, cinema movies and web movies and its sale and related businesses.

As at the date of this announcement, the Target is owned as to 29.52% by the Group and is classified as an associate of the Group in its financial statements. Immediately after completion of the Disposal, the Target will be owned as to 5.96% by the Group and the Group's investment in the Target will be classified as financial asset at fair value through other comprehensive income of the Group in its financial statements.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal pursuant to the exercise of the Equity Purchase Right is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is subject to announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since no Shareholder would be required to abstain from voting if the Company was to convene a general meeting for the approval of the Disposal, written Shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. A closely allied group of Shareholders comprising, Mr. Liu Xiaosong, Ever Novel Holdings Limited and Prime Century Technology Limited, which together are beneficially interested in an aggregate of 1,461,633,398 issued Shares, representing approximately 54.12% of the issued share capital of the Company as at the date of this announcement, have given written approval in respect of the Disposal. Accordingly, no extraordinary general meeting of the Company will be convened for the purpose of approving the Disposal.

To the best of the Directors' knowledge, information and belief, no Director is required to abstain from voting on the board resolutions in relation to the approval of the Disposal.

A circular containing, among other things, (i) information on the Disposal; (ii) further information on the Target Group; and (iii) other information required under the Listing Rules is expected to be despatched to the Shareholders on or before 16 April 2019.

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 18 December 2017 ("**2017 Announcement**") in relation to the 2017 Capital Contribution and the 2017 Acquisitions; (ii) the announcement of the Company dated 13 March 2018 ("**2018 March Announcement**") in relation to the 2018 Acquisitions; and (iii) the announcement of the Company dated 3 September 2018 ("**2018 September Announcement**") in relation to the 2017 Equity Compensation.

THE GROUP'S RIGHTS TO CASH COMPENSATION AND EQUITY PURCHASE

Right to cash compensation under the 2017 Capital Contribution and the 2017 Acquisitions

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

(1) the amount of the Cash Compensation for the financial year = (A – B)/A × the aggregate consideration for the 2017 Acquisitions; or

(2) the proportion of the Equity Compensation for the financial year = (A/B × C – C)

Where:

"**A**" means the Target Profit for the relevant financial year;

"**B**" means the Audited Profit for the relevant financial year; and

"**C**" means the aggregate % of the equity interest in the Target transferred to the Group under the 2017 Acquisitions (i.e. 5%).

Similar performance guarantee in respect of the equity interest in the Target acquired by the Group under the 2017 Capital Contribution (i.e. 5%) was also given in favour of the Group under the 2017 Capital Increase Supplemental Agreement.

Right to equity purchase under the 2017 Capital Contribution, the 2017 Acquisitions and the 2018 Acquisitions

The 2017 Capital Contribution and the 2017 Acquisitions

As disclosed in the 2017 Announcement, in accordance with the 2017 Equity Transfer Supplemental Agreement, the Group may request the Founders or the Target to purchase all or part of the equity interest in the Target as transferred to the Group under the 2017 Acquisitions (i.e. 5%) if the Audited Profit for any of the financial years ending 31 December 2017, 2018 and 2019 is less than 50% of the Target Profit ("**50% Performance Target**") for that financial year.

The price for the equity purchase shall be the sum of (i) the actual investment amount of the Group in the Target; and (ii) the interest calculated at a simple interest rate of 12% per annum, calculated as:

$P = M \times (1 + 12\% * T)$

Where:

"**P**" means the equity purchase price to which the Group is entitled to receive;

"**M**" means the consideration paid wholly or partially by the Group under the 2017 Acquisitions attributable to the equity interest in the Target to be repurchased as requested by the Group; and

"**T**" means the number of days from the date of completion of the 2017 Acquisitions to the date of the exercise notice given by the Group for the equity purchase divided by 365.

The Founders or the Target Group shall complete the equity purchase within 90 business days upon receipt of the exercise notice given by the Group for the equity purchase. If the completion of the equity purchase does not take place within the said 90 business days, the Founders or the Target Group shall be subject to a default interest which shall accrue on the equity purchase price at a rate of 0.05% per day.

Similar right to equity purchase in respect of the equity interest in the Target acquired by the Group under the 2017 Capital Contribution (i.e. 5%) was also given in favour of the Group under the 2017 Capital Increase Supplemental Agreement.

The 2018 Acquisitions

As disclosed in the 2018 March Announcement, in accordance with the 2018 Equity Transfer Supplemental Agreement, the Group may request the Founders or the Target to purchase all or part of the equity interest in the Target as transferred to the Group under the 2018 Acquisitions (i.e. 13.56%) if the Audited Profits for any of the financial years ending 31 December 2018 and 2019 is less than RMB30,000,000 ("**30M Performance Target**") and RMB45,000,000 respectively.

The price for the equity purchase shall be the sum of (i) the actual investment amount of the Group in the Target; and (ii) the interest calculated at a simple interest rate of 12% per annum, calculated by the formula same as that applicable to the calculation for the equity purchase for the 2017 Acquisitions as provided above, except that all references to the 2017 Acquisitions shall be replaced by the 2018 Acquisitions.

The Founders or the Target Group shall complete the equity purchase within 90 business days upon receipt of the exercise notice given by the Group for the equity purchase. If the completion of the equity purchase does not take place within the said 90 business days, the Founders or the Target Group shall be subject to a default interest which shall accrue on the equity purchase price at a rate of 0.05% per day.

NON-FULFILMENT OF PERFORMANCE GUARANTEE FOR 2018

Based on the audited consolidated financial statements of the Target for the financial year ended 31 December 2018, the Target Group recorded an audited net loss of approximately RMB65,042,000 for 2018 and therefore does not meet the 90% Performance Target for that year, the Group is entitled to compensation by the Founders and/or the Target either by way of Cash Compensation or Equity Compensation at the option of the Group. The Cash Compensation payable by the Founders and/or the Target would amount to approximately RMB118,790,000 (equivalent to approximately HK$139,753,000).

As the Target Group does not meet the 50% Performance Target and the 30M Performance Target for 2018, the Group is also entitled to request the Founders or the Target to purchase all of the equity interests in the Target as transferred to the Group under the 2017 Acquisitions, the 2017 Capital Contribution and the 2018 Acquisition (i.e. an aggregate of 23.56%) at the equity purchase price of RMB146,380,434 (equivalent to approximately HK$172,212,000), which is calculated in accordance with the terms and conditions of the 2017 Capital Increase Supplemental Agreement, the 2017 Equity Transfer Supplemental Agreement and the 2018 Equity Transfer Supplemental Agreement mentioned above ("**Equity Purchase Right**") and having taken into account the First Payment (as defined below).

CASH COMPENSATION AND DISPOSAL PURSUANT TO EXERCISE OF EQUITY PURCHASE RIGHT

On 25 March 2019 (after trading hours), Yunhai Qingtian, a wholly-owned subsidiary of the Company, issued a notice ("**Exercise Notice**") to the Founders pursuant to which the Group requested the Founders to compensate the Group with Cash Compensation for the non-fulfilment of the performance guarantee for 2018 as mentioned above. By way of the Exercise Notice, the Group also exercised the Equity Purchase Right by requesting the Founders to purchase all of the equity interests in the Target as transferred to the Group under the 2017 Acquisitions, the 2017 Capital Contribution and the 2018 Acquisitions (i.e. an aggregate of 23.56%).

On the same day, in response to the Exercise Notice, the Founders executed an undertaking letter ("**Undertaking Letter**") in favour of Yunhai Qingtian pursuant to which the Founders have undertaken to the Group to perform its obligations to compensate the Group by way of Cash Compensation and purchase all of the equity interests in the Target as transferred to the Group under the 2017 Acquisitions, the 2017 Capital Contribution and the 2018 Acquisitions (i.e. an aggregate of 23.56%).

However, as stated under the Undertaking Letter, in view of serious shortage of fund, the Founders will perform their obligations to compensate the Group with Cash Compensation and purchase all of the equity interests of the Group as mentioned above within three years from the date of the Undertaking Letter ("**Extension Period**") and will pay the default interest in accordance with the terms and conditions of the 2017 Capital Increase Supplemental Agreement, the 2017 Equity Transfer Supplemental Agreement and the 2018 Equity Transfer Supplemental Agreement. The Founders have also undertaken that all cash dividends received from the Target will be used for Cash Compensation and purchasing all of the equity interests in the Target as mentioned above. Taking into account the First Payment made by the Founders and assuming the completion of the Disposal will only take place on the last day of the Extension Period and no other payment of consideration is made by the Founders to the Group during the Extension Period, the Group shall be entitled to default interest, in aggregate, of RMB60,545,804 (equivalent to approximately HK$71,230,000) payable by the Founders. On this basis, the maximum consideration for the Disposal, i.e. being the sum of the equity purchase price for the 23.56% equity interest in the Target of RMB146,380,434 and the maximum default interest receivable of RMB60,545,804, is RMB206,926,238 (equivalent to approximately HK$243,443,000) ("**Maximum Consideration**"). The Company is of the view that it is of great uncertainty to recover all of the Cash Compensation and/or the consideration for the Equity Compensation from the Founders as it mainly depends on the ability of the Target Group to declare dividends and the financial positions of the Founders.

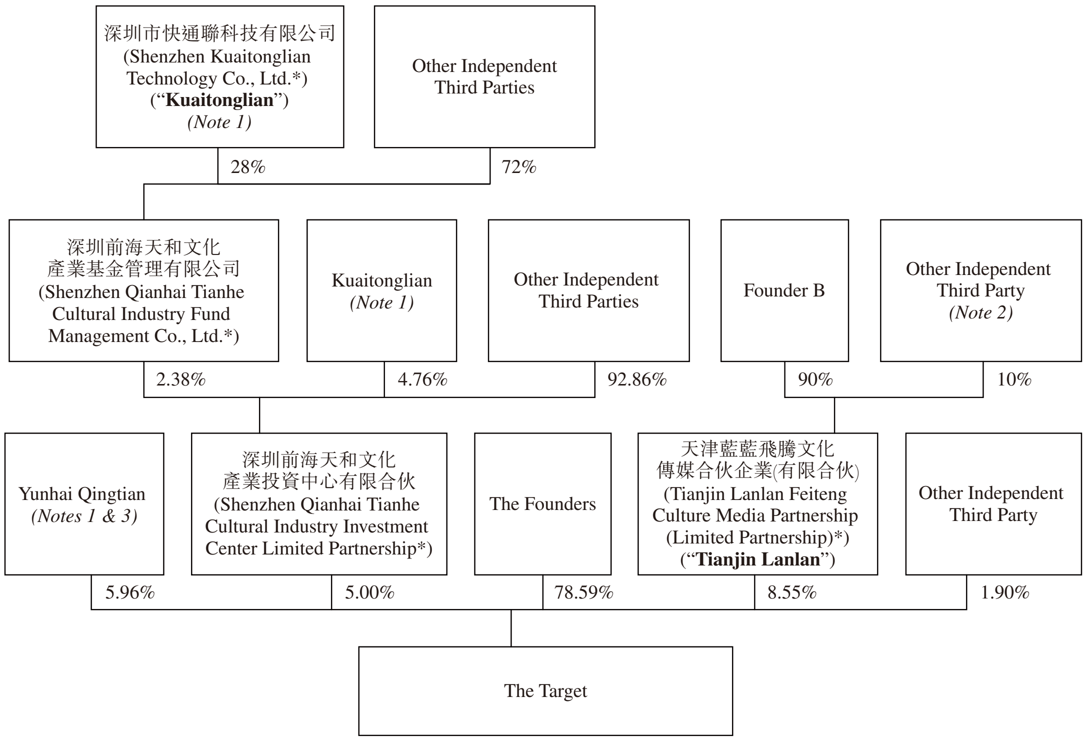
In anticipation of the non-fulfilment of the 50% Performance Target and the 30M Performance Target for 2018 by the Target Group, the Founders paid an aggregate of RMB5,000,000 (equivalent to approximately HK$5,882,000) to the Group as part of the equity purchase price for the Disposal on 29 January 2019 ("**First Payment**").

Shareholding structure of the Target upon completion of the Disposal

As at the date of this announcement, the Target is owned as to 29.52% by the Group and is classified as an associate of the Group in its financial statements. Immediately after completion of the Disposal, the Target will be owned as to 5.96% by the Group.

* *For identification purposes only*

The shareholding structure of the Target immediately after completion of the Disposal will be as follows:



* *For identification purposes only*

Notes:

1. Each of Kuaitonglian and Yunhai Qingtian is a wholly-owned subsidiary of the Company through a series of variable interest entity agreements and arrangements.

2. The shareholder holding 10% equity interest of Tianjin Lanlan is the director and vice general manager of the Target.

3. The 5.96% equity interest in the Target held by Yunhai Qingtian was acquired by the Group as a result of the 2017 Equity Compensation, details of which are set out in the 2018 September Announcement.

Immediately after completion of the Disposal, the Group's investment in the Target will be classified as financial asset at fair value through other comprehensive income of the Group in its financial statements.

INFORMATION ON THE TARGET GROUP AND THE FOUNDERS

The Target is a company established in the PRC with limited liability in 2014. The Target Group is principally engaged in script writing, sale of script, development and production of script into web series, TV series, cinema movies and web movies and its sale and related businesses.

Set out below is the summary of the audited consolidated financial information of the Target Group for the year ended 31 December 2017 and 2018 respectively:

	For the year ended 31 December 2017 *Approximately*	**For the year ended 31 December 2018** *Approximately*
Revenue	RMB60,447,000 (equivalent to approximately HK$71,114,000)	RMB32,834,000 (equivalent to approximately HK$38,628,000)
Net profits/(loss) before taxation	RMB31,203,000 (equivalent to approximately HK$36,709,000)	(RMB74,422,000) (equivalent to approximately (HK$87,555,000))
Net profit/(loss) after taxation	RMB25,054,000 (equivalent to approximately HK$29,475,000)	(RMB65,042,000) (equivalent to approximately (HK$76,520,000))

The audited consolidated total asset value and net asset value of the Target as at 31 December 2018 were approximately RMB54,710,000 (equivalent to approximately HK$64,365,000) and approximately RMB32,734,000 (equivalent to approximately HK$38,511,000) respectively.

The Founders are the founders of the Target Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Founders are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

The Target launched the animated movie called "Pretty Princess" ("兩個俏公主") in 2018 and the cost of which amounted to approximately RMB30 million. Nevertheless, the performance of this movie at the box office was not satisfactory. Further, there was asset impairment loss of approximately RMB34.6 million incurred by the Target in 2018, comprising (i) the bad debt written off of approximately RMB8.9 million; and (ii) the impairment loss on stock of approximately RMB25.7 million which was mainly attributable to the aggregate decrease in value of approximately RMB22.2 million of two television dramas, namely "Pearl Earrings" ("珍珠耳環") and "Feather Earrings" ("羽毛耳環"), as they were broadcasted on the local television platforms in 2016 and 2017 and the chance of these two dramas of being resold to other local television platforms and/or online platforms in the future is possibly low. Since the investment in the Target Group by the Group in late 2017, the Company has been constantly scrutinising the businesses of the Target Group. As mentioned above, as the performance of the animated movie "Pretty Princess" ("兩個俏公主") at the box office was not satisfactory, the Target Group decided to temporarily suspend the business of animated movies. It is also expected that the business plan of the Target Group for television dramas will be stagnant in the next two years. Further, it is expected that the revenue from the sale of scripts by the Target Group, as well as the scale and progress of the development of the Target Group's online films, in the next two years will be lower than the business forecast made at the end of 2017. Taking into account the fact that the Target Group's performance for 2018 was not satisfactory and the uncertainty of the return and profitability of the Target Group in the future, the Directors consider that the Disposal pursuant to the exercise of the Equity Purchase Right represents an opportunity for the Group to realise its investment in the Target Group at a reasonable price as provided for under the 2017 Capital Contribution Supplemental Agreement, the 2017 Equity Transfer Supplemental Agreement and the 2018 Equity Transfer Supplemental Agreement.

A net gain or loss to be recorded by the Group from the Disposal will be calculated with reference to the difference between (i) the amount of the consideration (including default interest) to be received by the Group from the Disposal; and (ii) the carrying amount of the Group's interest in the Target Group as at the time of completion of the Disposal. Assuming the completion of the Disposal will only take place on the last day of the Extension Period and no payment of consideration (other than the First Payment) is made by the Founders to the Group the Extension Period, the Maximum Consideration to which the Group is entitled is RMB206,926,238 (equivalent to approximately HK$243,443,000). As at 31 December 2018, the unaudited carrying amount of the Group's interest in the Target Group (including investment in associates and financial assets at fair value through profit or loss) was approximately RMB45.8 milion, after the impairment of goodwill of approximately RMB72.0 million as it is expected that the future recoverable amount is lower than the investment cost of the Group due to the reasons mentioned above. For illustration purpose only and based on the said figures and assuming the Group can receive the Maximum Consideration in full, an unaudited gain of approximately RMB161.1 million would be recorded by the Group at the completion of the Disposal. However, the Company would like to reiterate the great uncertainty of the recoverability of the consideration for the Equity Compensation from the Founders due to the reasons set out above. The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the review and final audit by the auditors of the Company and depends on the net asset/liability value of the Target Group on the date of completion of the Disposal. The Company intends to use the net proceeds from the Disposal for the general working capital of the Group.

The terms of the Disposal were determined after arm's length negotiations between the Group and the Founders. In light of the reasons above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal pursuant to the exercise of the Equity Purchase Right 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 Disposal pursuant to the exercise of the Equity Purchase Right is more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is subject to announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since no Shareholder would be required to abstain from voting if the Company was to convene a general meeting for the approval of the Disposal, written Shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. A closely allied group of Shareholders comprising, Mr. Liu Xiaosong, Ever Novel Holdings Limited and Prime Century Technology Limited, which together are beneficially interested in an aggregate of 1,461,633,398 issued Shares, representing approximately 54.12% of the issued share capital of the Company as at the date of this announcement, have given written approval in respect of the Disposal. Accordingly, no extraordinary general meeting of the Company will be convened for the purpose of approving the Disposal. As at the date of this announcement, Ever Novel Holdings Limited is a company whose issued share capital is 100% beneficially owned by a family trust set up by Mr. Liu Xiaosong for the benefit of his family members while Prime Century Technology Limited is a company owned as to 80.20% by Ever Novel Holdings Limited and as to 19.80% by the cousin of Mr. Liu Xiaosong. As at the date of this announcement, each of Mr. Liu Xiaosong, Ever Novel Holdings Limited and Prime Century Technology Limited holds 5,766,000,1,076,371,095 and 379,496,303 Shares, representing approximately 0.21%, 39.85% and 14.05% of the issued share capital of the Company, respectively.

To the best of the Directors' knowledge, information and belief, no Director is required to abstain from voting on the board resolutions in relation to the approval of the Disposal.

A circular containing, among other things, (i) information on the Disposal; (ii) further information on the Target Group; and (iii) other information required under the Listing Rules is expected to be despatched to the Shareholders on or before 16 April 2019.

DEFINITIONS

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

"2017 Acquisitions"	the acquisitions of an aggregate of 5% equity interest in the Target by the Group from certain Independent Third Parties in December 2017, details of which are set out in the 2017 Announcement
"2017 Capital Contribution"	the injection of RMB30,000,000 by the Group into the Target as its registered capital and capital reserve in October 2017 whereby the Target was held as to 5% by the Group immediately after such injection, details of which are set out in the 2017 Announcement
"2017 Capital Increase Supplemental Agreement"	the capital increase supplemental agreement dated 17 October 2017 entered into between, among others, Yunhai Qingtian, the Target and the Founders in relation to, among other matters, the operation and management of the Target, particulars of which are set out in the 2017 Announcement
"2017 Equity Compensation"	the acquisition of an aggregate of 5.96% equity interest in the Target by the Group from the Founders at a consideration of RMB1 as Equity Compensation in July 2018, details of which are set out in the 2018 September Announcement
"2017 Equity Transfer Supplemental Agreement"	the equity transfer supplemental agreement dated 18 December 2017 entered into by and among Yunhai Qingtian, the Founders and the Target, particulars of which are set out in the 2017 Announcement
"2018 Acquisitions"	the acquisitions of an aggregate of 13.56% equity interest in the Target by the Group from certain Independent Third Parties in March 2018, details of which are set out in the 2018 March Announcement
"2018 Equity Transfer Supplemental Agreement"	the equity transfer supplemental agreement dated 13 March 2018 entered into by and among Yunhai Qingtian, the Founders and the Target, particulars of which are set out in the 2018 March Announcement
"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(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of an aggregate of 23.56% equity interest in the Target by the Group to the Founders by way of exercise of the Equity Purchase Right under the Exercise Notice
"Founder A"	劉澤文 (Ms. Liu Zewen), the spouse of Founder B
"Founder B"	張金勝 (Mr. Zhang Jinsheng), the spouse of Founder A
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected persons
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China (excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
"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
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target"	藍藍藍藍影視傳媒(天津)有限公司 (Lanlanlanlan Film & Television Media (Tianjin) Co., Ltd.) (the English name is for identification purposes only), a company established in the PRC with limited liability

"Target Group"	the Target and its subsidiaries
"Yunhai Qingtian"	深圳市雲海情天文化傳播有限公司 (Shenzhen Yunhai Qingtian Cultural Broadcasting Co., Ltd.) (the English name is for identification purposes only), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"%"	per cent

For the purpose of this announcement, all amounts denominated in RMB has been translated into HK$ using the exchange rate of RMB0.85:HK$1.00. No representation is made that any amounts in RMB or HK$ 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, 25 March 2019

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.