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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)

PROFIT WARNING

This announcement is made by A8 New Media Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform shareholders of the Company and potential investors that based on a preliminary review of the Group’s unaudited management account for the year ended 31 December 2019 (the “**Period**”), it is expected that the Group will record a net loss of not less than RMB50 million as compared with a net loss of approximately RMB91 million for the year ended 31 December 2018.

Based on the relevant information currently available, the expected net loss is mainly attributable to the following factors:

- (i) the decrease in fair value of the financial assets at fair value through profit or loss related to an associate of the Company, namely, 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);
- (ii) the goodwill impairment related to two subsidiaries of the Company, namely Shanghai Mu77 Network Technology Co., Ltd. and Mu77 Network Technology Hong Kong Limited (collectively, “**Mu77**”) which suffered continuous net loss during the Period due to the delay in or restriction of game publishing as a result of the tightening strategy of game publishing in China. The Company considers that industry landscape and policy will continually affect Mu77 and therefore proposes to make a goodwill impairment for Mu77; and

(iii) the loss from the film and television production business of the Group as the performance of the network drama produced by the Group, namely “Matchmaker of Great Zhou Dynasty” (“大周小冰人”), did not meet the expectation of the Group.

The information contained in this announcement is only based on a preliminary assessment by the Board based on information currently available to it, including the unaudited management accounts of the Group for the Period, which have not been confirmed or reviewed by the Company’s auditors or the audit committee of the Company. The Company is still in the process of finalising its consolidated annual results for the Period, which are expected to be announced on 31 March 2020 in compliance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company and read the announcement of the annual results of the Company for the year ended 31 December 2019 carefully when it is published.

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

Hong Kong, 24 March 2020

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.*