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LuxOrigo Investment Limited

(incorporated in the British Virgin Islands with limited liability)

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)

JOINT ANNOUNCEMENT

(1) PROPOSAL FOR THE PRIVATISATION OF A8 NEW MEDIA GROUP LIMITED BY LUXORIGO INVESTMENT LIMITED

**BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF
THE COMPANIES ACT OF THE CAYMAN ISLANDS**

(2) PROPOSED WITHDRAWAL OF LISTING OF A8 NEW MEDIA GROUP LIMITED

(3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND

(4) RESUMPTION OF TRADING

Financial Adviser to the Offeror



Gram Capital Limited
嘉林資本有限公司

INTRODUCTION

The Offeror and the Company jointly announce that on 27 May 2024, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of the Scheme, which, if approved and implemented, will result in the Company being taken private by the Offeror and the withdrawal of the listing of the Shares, under section 86 of the Companies Act.

TERMS OF THE PROPOSAL

If the Proposal is approved and implemented, under the Scheme,

- (a) all Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in consideration for the Cancellation Price, which will be paid in cash;
- (b) contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company will be maintained by the issuance at par value to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished, such that the Offeror and the Offeror Concert Parties Not Subject to the Scheme will in aggregate own 100% of the total number of Shares in issue. The reserve created in the Company's books of account as a result of the cancellation and extinguishment of the Scheme Shares will be applied in paying up in full at par value the new Shares so issued to the Offeror; and
- (c) upon the Scheme becoming effective, the Company will make an application to the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules for the withdrawal of the listing of the Shares on the Stock Exchange with effect from the Effective Date.

In compliance with Rule 20.1(a) of the Takeovers Code, after the Scheme has become effective, the Cancellation Price for the cancellation of the Scheme Shares will be paid to the relevant Scheme Shareholders whose names appear in the Register on the Record Date as soon as possible, but in any event no later than seven business days (as defined in the Takeovers Code) after the Effective Date.

The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders, Option Holders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

OPTION OFFER

As at the Announcement Date, there are outstanding 33,234,408 Share Options granted under the Share Option Schemes (all of which have been vested), each giving the Option Holders the right to subscribe for one new Share. Among the outstanding Share Options, (i) Mr. Liu holds 10,529,000 Share Options, including 1,715,000 Share Options with an exercise price of HK\$0.57, 8,813,000 Share Options with an exercise price of HK\$0.221 and 1,000 Share Options with an exercise price of HK\$0.255; (ii) Mr. Chan Yiu Kwong holds 1,100,000 Share Options with an exercise price of HK\$0.439; (iii) Ms. Wu Shihong holds 900,000 Share Options with an exercise price of HK\$0.439; and (iv) the remaining 20,705,408 Share Options are held by other employees of an associate of the Company with an exercise price of HK\$0.219. The Company does not intend to grant any further Share Options between the Announcement Date and the Effective Date. The Share Options held by Mr. Liu will not be subject to the Option Offer and Mr. Liu will not exercise any Share Options between the Announcement Date and the Effective Date.

The exercise of all outstanding Share Options (other than those held by Mr. Liu) in full would result in the issue of 22,705,408 new Shares, representing approximately 0.82% of the issued share capital of the Company as at the Announcement Date and 0.81% of the issued share capital of the Company as enlarged by issue of such new Shares.

The Offeror will also make an offer to the Option Holders (other than Mr. Liu) at the Option Offer Price (which is the “see-through” price, being the Cancellation Price minus the relevant exercise price of the relevant outstanding Share Option) in cash to cancel all outstanding Share Options (other than those held by Mr. Liu) which has not been lapsed on the Record Date in accordance with Rule 13 of the Takeovers Code. Where the exercise price of any outstanding Share Option is equal to or greater than the Cancellation Price (such that the “see-through” price is zero or negative), the Option Offer Price will be a nominal amount of HK\$0.01 per outstanding Share Option.

Further information on the Option Offer will be set out in a letter to the Option Holders which will be despatched at or around the same time as the despatch of the Scheme Document.

TOTAL CONSIDERATION AND FINANCIAL RESOURCES

On the basis of the Cancellation Price of HK\$0.36 per Scheme Share and 851,501,230 Scheme Shares in issue as at the Announcement Date, the Scheme Shares are in aggregate valued at approximately HK\$306,540,443.

Assuming that none of the outstanding Share Options is exercised and none of the outstanding Share Options lapses before the Record Date, the amount of cash required for the Scheme is approximately HK\$306,540,443, and the amount of cash required for the Option Offer is approximately HK\$2,939,463, of which (i) 20,705,408 Share Options with an exercise price of HK\$0.219 shall be cancelled in exchange for the Option Offer Price of HK\$0.141 per Share Option; and (ii) 2,000,000 Share Options with an exercise price of HK\$0.439 shall be cancelled in exchange for the Option Offer Price of HK\$0.01 per Share Option.

The total maximum cash consideration payable under the Proposal and the Option Offer on the basis described above is approximately HK\$309,479,906.

Assuming that all Option Holders (other than Mr. Liu) exercise their outstanding Share Options to become Scheme Shareholders before the Record Date, there will be 874,206,638 Scheme Shares and the maximum amount of cash required for the Scheme is approximately HK\$314,714,390.

The Offeror intends to finance the cash required for the Proposal and the Option Offer from internal resources.

Gram Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying its payment obligations in full in respect of the maximum amount of cash consideration payable under the Proposal and the Option Offer in accordance with its terms.

FINANCIAL ADVISER, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Offeror has appointed Gram Capital to act as its financial adviser in connection with the Proposal.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee is required to comprise all non-executive Directors who have no direct or indirect interest in the Proposal, the Scheme and the Option Offer other than as Shareholders and/or Option Holders.

Accordingly, an Independent Board Committee, which comprises all independent non-executive Directors: Mr. Chan Yiu Kwong, Ms. Wu Shihong and Mr. Gao Shenglin, has been established by the Board to make recommendation to (i) the Independent Shareholders as to whether the Proposal and the Scheme are, or are not, fair and reasonable and as to voting; and (ii) to the Option Holders as to whether the Option Offer is fair and reasonable and its views on acceptance of the Option Offer. As at the Announcement Date, 1,100,000 outstanding Share Options are held by Mr. Chan Yiu Kwong and 900,000 outstanding Share Options are held by Ms. Wu Shihong. The exercise of the outstanding Share Options in full by Mr. Chan Yiu Kwong and Ms. Wu Shihong on or before the Record Date will result in the issue of 2,000,000 new Shares in total (representing approximately 0.07% of the issued share capital of the Company as at the Announcement Date and approximately 0.07% of the issued share capital of the Company as enlarged by issue of such new Shares) to them. As at the Announcement Date, none of Mr. Chan Yiu Kwong and Ms. Wu Shihong has indicated that he/she will exercise any outstanding Share Options.

The Independent Financial Adviser will be appointed with the approval of the Independent Board Committee in due course to advise the Independent Board Committee on the Proposal, the Scheme and the Option Offer. A further announcement will be made after the appointment of the Independent Financial Adviser.

WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being simultaneously issued and credited as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from the Effective Date.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

If the Scheme is not approved or does not become effective, or the Proposal otherwise lapses or is withdrawn, the listing of the Shares on the Stock Exchange will not be withdrawn. As the Option Offer is conditional upon the Scheme becoming effective, the Option Offer will lapse if the Scheme is not approved or does not become effective.

If the Scheme is not approved or otherwise lapses or is withdrawn, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or otherwise lapses or is withdrawn announce an offer or possible offer for the Company, except with the consent of the Executive.

DESPATCH OF THE SCHEME DOCUMENT

The Scheme Document including, among other things, (i) further details of the Proposal, the Scheme and the Option Offer; (ii) an explanatory statement as required under the Companies Act and the rules of the Grand Court; (iii) the expected timetable relating to the Proposal and the Option Offer; (iv) the recommendations of the Independent Board Committee; (v) the letter of advice from the Independent Financial Adviser; and (vi) the notices of the Court Meeting and the EGM, together with forms of proxy in relation thereto and a form of acceptance for the Option Offer, will be despatched to the Scheme Shareholders and the Option Holders as soon as practicable and in compliance with the requirements of the Takeovers Code and the Applicable Laws.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 28 May 2024 (Hong Kong time), pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 13 June 2024 (Hong Kong time).

WARNINGS

Shareholders, Option Holders and potential investors should be aware that the Proposal and the Option Offer are subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal and the Option Offer may or may not be implemented and the Scheme may or may not be effective. Shareholders, Option Holders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal, the Option Offer or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of the Applicable Laws. The Proposal and the Option Offer will be made solely through the Scheme Document (and, in respect of the Option Offer, the letter to the Option Holders which is expected to be despatched at or around the same time as the despatch of the Scheme Document), which will contain the full terms and conditions of the Proposal and the Option Offer, including details of how to vote on the Proposal and the acceptance of the Option Offer. Any approval, acceptance, rejection or other response to the Proposal or the Option Offer should be made only on the basis of information in the Scheme Document (and, in respect of the Option Offer, the letter to the Option Holders), and the individual circumstances of the Shareholder and Option Holder making the decision.

The availability of the Proposal and the Option Offer to persons who are not resident in Hong Kong or the PRC may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong or the PRC should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas Shareholders and Option Holders will be contained in the Scheme Document and the letter to Option Holders, respectively.

INTRODUCTION

On 27 May 2024, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of the Scheme, which, if approved and implemented, will result in the Company being taken private by the Offeror and the withdrawal of the listing of the Shares, under section 86 of the Companies Act.

TERMS OF THE PROPOSAL

If the Proposal is approved and implemented, under the Scheme,

- (a) all Scheme Shares held by the Scheme Shareholders will be cancelled and extinguished on the Effective Date in consideration for the Cancellation Price, which will be paid in cash;
- (b) contemporaneously with the cancellation of the Scheme Shares, the issued share capital of the Company will be maintained by the issuance at par value to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled and extinguished, such that the Offeror and the Offeror Concert Parties Not Subject to the Scheme will in aggregate own 100% of the total number of Shares in issue. The reserve created in the Company's books of account as a result of the cancellation and extinguishment of the Scheme Shares will be applied in paying up in full at par value the new Shares so issued to the Offeror; and

- (c) upon the Scheme becoming effective, the Company will make an application to the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules for the withdrawal of the listing of the Shares on the Stock Exchange with effect from the Effective Date.

In compliance with Rule 20.1(a) of the Takeovers Code, after the Scheme has become effective, the Cancellation Price for the cancellation of the Scheme Shares will be paid to the relevant Scheme Shareholders whose names appear in the Register on the Record Date as soon as possible, but in any event no later than seven business days (as defined in the Takeovers Code) after the Effective Date.

The Offeror will also make an offer to the Option Holders (other than Mr. Liu) at the Option Offer Price (which is the “see-through” price, being the Cancellation Price minus the relevant exercise price of the relevant outstanding Share Option) in cash to cancel all outstanding Share Options (other than those held by Mr. Liu) which has not been lapsed on the Record Date in accordance with Rule 13 of the Takeovers Code. Where the exercise price of any outstanding Share Option is equal to or greater than the Cancellation Price (such that the “see-through” price is zero or negative), the Option Offer Price will be a nominal amount of HK\$0.01 per outstanding Share Option.

The Scheme

Subject to the Scheme becoming effective, all the Scheme Shares will be cancelled in exchange for the Cancellation Price of HK\$0.36 per Scheme Share.

Comparison of value

The Cancellation Price of HK\$0.36 represents:

- (a) a premium of approximately 162.77% over the closing price of HK\$0.137 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 158.99% over the average closing price of approximately HK\$0.139 per Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Day;
- (c) a premium of approximately 168.66% over the average closing price of approximately HK\$0.134 per Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 185.71% over the average closing price of approximately HK\$0.126 per Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (e) a premium of approximately 174.81% over the average closing price of approximately HK\$0.131 per Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day; and

- (f) a discount of approximately 41.75% to the audited consolidated net asset value attributable to equity shareholders of the Company per Share of approximately RMB0.563 per Share (equivalent to approximately HK\$0.618 as at 31 December 2023 based on RMB to HK\$ exchange rate of RMB0.91081 to HK\$1 being the exchange rate as quoted by the People's Bank of China as at the Announcement Date).

Highest and lowest prices

During the six-month period immediately up to and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.208 per Share on 1 December 2023, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.111 per Share on 25 April 2024.

Basis for determining the Cancellation Price

The Cancellation Price has been determined on a commercial basis after taking into account the historical prices of the Shares and with reference to other privatisation transactions in Hong Kong in 2023 and 2024 (in particular, the premiums represented by cancellation price/offer price over closing price/average closing prices of the subject companies' shares prior to publication of relevant announcements).

The Offeror will not increase the Cancellation Price and does not reserve the right to do so. Shareholders, Option Holders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Cancellation Price.

Dividend payment by the Company

As at the Announcement Date, the Company has not declared any dividend which remains unpaid. The Company does not intend to declare and/or pay any dividend, other distribution and/or return of capital before the Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses or is withdrawn (as the case may be).

However, if, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in this joint announcement, the Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced.

The Option Offer

As at the Announcement Date, there are outstanding 33,234,408 Share Options granted under the Share Option Schemes (all of which have been vested), each giving the Option Holders the right to subscribe for one new Share. Among the outstanding Share Options, (i) Mr. Liu holds 10,529,000 Share Options, including 1,715,000 Share Options with an exercise price of HK\$0.57, 8,813,000 Share Options with an exercise price of HK\$0.221 and 1,000 Share Options with an exercise price of HK\$0.255; (ii) Mr. Chan Yiu Kwong holds 1,100,000 Share Options with an exercise price of HK\$0.439; (iii) Ms. Wu Shihong holds 900,000 Share Options with an exercise price of HK\$0.439; and (iv) the remaining 20,705,408 Share Options are held by other employees of an associate of the Company with an exercise price of HK\$0.219. The Company does not intend to grant any further Share Options between the Announcement Date and the Effective Date. The Share Options held by Mr. Liu will not be subject to the Option Offer and Mr. Liu will not exercise any Share Options between the Announcement Date and the Effective Date.

The exercise of all outstanding Share Options (other than those held by Mr. Liu) in full would result in the issue of 22,705,408 new Shares, representing approximately 0.82% of the issued share capital of the Company as at the Announcement Date and 0.81% of the issued share capital of the Company as enlarged by issue of such new Shares.

The Offeror will also make an offer to the Option Holders (other than Mr. Liu) at the Option Offer Price (which is the “see-through” price, being the Cancellation Price minus the relevant exercise price of the relevant outstanding Share Option) in cash to cancel all outstanding Share Options (other than those held by Mr. Liu) which has not been lapsed on the Record Date in accordance with Rule 13 of the Takeovers Code. Where the exercise price of any outstanding Share Option is equal to or greater than the Cancellation Price (such that the “see-through” price is zero or negative), the Option Offer Price will be a nominal amount of HK\$0.01 per outstanding Share Option.

The following table sets out the exercise price and the Option Offer Price of the outstanding Share Options (other than those held by Mr. Liu) under the Option Offer:

Date of Grant	Exercise price (HK\$)	End of Exercise period	Option Offer Price (HK\$)	Number of Shares into which Share Options are exercisable
7 May 2018	0.439	7 May 2025	0.01	2,000,000
28 June 2019	0.219	28 June 2029	0.141	20,705,408

Further information on the Option Offer will be set out in a letter to the Option Holders which will be despatched at or around the same time as the despatch of the Scheme Document.

If any of the outstanding Share Options is exercised before the Record Date in accordance with the rules of the Share Option Schemes and the Scheme Document, any Shares so issued will be subject to and eligible to participate in the Scheme.

All Share Options (including the Share Options held by Mr. Liu) will lapse automatically and not be exercisable (to the extent not already exercised) on the Effective Date.

TOTAL CONSIDERATION AND FINANCIAL RESOURCES

On the basis of the Cancellation Price of HK\$0.36 per Scheme Share and 851,501,230 Scheme Shares in issue as at the Announcement Date, the Scheme Shares are in aggregate valued at approximately HK\$306,540,443.

Assuming that none of the outstanding Share Options is exercised and none of the outstanding Share Options lapses before the Record Date, the amount of cash required for the Scheme is approximately HK\$306,540,443, and the amount of cash required for the Option Offer is approximately HK\$2,939,463, of which (i) 20,705,408 Share Options with an exercise price of HK\$0.219 shall be cancelled in exchange for the Option Offer Price of HK\$0.141 per Share Option; and (ii) 2,000,000 Share Options with an exercise price of HK\$0.439 shall be cancelled in exchange for the Option Offer Price of HK\$0.01 per Share Option.

The total maximum cash consideration payable under the Proposal and the Option Offer on the basis described above is approximately HK\$309,479,906.

Assuming that all Option Holders (other than Mr. Liu) exercise their outstanding Share Options to become Scheme Shareholders before the Record Date, there will be 874,206,638 Scheme Shares and the maximum amount of cash required for the Scheme is approximately HK\$314,714,390.

The Offeror intends to finance the cash required for the Proposal and the Option Offer from internal resources.

Gram Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying its payment obligations in full in respect of the maximum amount of cash consideration payable under the Proposal and the Option Offer in accordance with its terms.

CONDITIONS OF THE PROPOSAL AND THE SCHEME

The Proposal and the Scheme will only become effective and binding on the Company and all of the Scheme Shareholders if the following Conditions are fulfilled or waived (as applicable):

- (a) the approval of the Scheme (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) at the Court Meeting by the Independent Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting and the number of votes cast by Independent Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by the Independent Shareholders;
- (c) the passing of (i) a special resolution by a majority of not less than three-fourths of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to the reduction of the issued share capital of the Company as a result of cancelling and extinguishing the Scheme Shares and (ii) an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve and give effect to, simultaneously upon the reduction of issued share capital, the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme and the application of the credit arising in the Company's books of accounts as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par value the new Shares issued to the Offeror;
- (d) the Grand Court's sanction of the Scheme (with or without modification) and to the extent necessary its confirmation of the reduction of the issued share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares, and the delivery to the Registrar of Companies in the Cayman Islands of a copy of the order of the Grand Court for registration;
- (e) to the extent necessary, compliance with the procedural requirements and conditions, if any, under the Companies Act in relation to any reduction of the issued share capital of the Company associated with the cancellation and extinguishment of the Scheme Shares;
- (f) all Approvals which are (i) required in connection with the Proposal by (1) the Applicable Laws or (2) any licenses, permits or contractual obligations of the Company; and (ii) material in the context of the Group (taken as a whole), having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification up to and as at the Effective Date;

- (g) no Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal);
- (h) all the Applicable Laws having been complied with and no legal or regulatory requirement having been imposed by any Authority which is not expressly provided for, or is in addition to the requirements expressly provided for, in the Applicable Laws in connection with the Proposal which are material in the context of the Group (taken as a whole), in each case up to and as at the Effective Date; and
- (i) since the Announcement Date, there having been no material adverse change to the business, financial or trading position of the Group, each taken as a whole.

The Conditions set out in paragraphs (a) to (d) and (f)(i)(1) above cannot be waived. The Offeror reserves the right to waive all or any of the Conditions in paragraphs (e), (f) to (i) (other than (f)(i)(1)) in whole or in part. The Company does not have the right to waive any of the Conditions. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct), failing which the Scheme will not become effective and the Proposal will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal or the Scheme if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal or the Scheme.

As at the Announcement Date and based on the information available to the Offeror and the Company, other than the Approvals listed in the Conditions in paragraphs (a) to (e) (inclusive), the Offeror and the Company are not aware of any other Approvals which are required as set out in the Condition in paragraph (f) above, and the Offeror and the Company are also not aware of any other circumstances which may result in any of the Conditions in paragraphs (f) to (i) (inclusive) not being satisfied. In particular, as at the Announcement Date, the Company is not aware of any Authority in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry as set out in the Condition in paragraph (g).

If the Conditions are satisfied or waived (as applicable), the Scheme will be binding on the Company and all the Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

CONDITIONS OF THE OPTION OFFER

The implementation of the Option Offer will be conditional upon the Scheme becoming effective.

Warning: Shareholders, Option Holders and/or potential investors should be aware that the implementation of the Proposal, the Scheme or the Option Offer is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal, the Scheme and the Option Offer may or may not be implemented and the Scheme may or may not become effective. Shareholders, Option Holders and/or potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.

VOTING AT THE COURT MEETING AND THE EGM

All Scheme Shareholders will be entitled to attend and vote on the Scheme at the Court Meeting. Each of the Offeror and the Offeror Concert Parties will procure that any Shares in respect of which they are beneficially interested will not be represented or voted at the Court Meeting. The Offeror and the Offeror Concert Parties will undertake to the Grand Court that they will be bound by the Scheme, so as to ensure that they will comply with and be subject to the terms and conditions of the Scheme.

All Shareholders will be entitled to vote on (i) the special resolution to be proposed at the EGM to approve and give effect to the reduction of the issued share capital of the Company as a result of cancelling and extinguishing the Scheme Shares, and (ii) the ordinary resolution to be proposed at the EGM to approve and give effect to, simultaneously upon the reduction of issued share capital, the issue to the Offeror of such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme and the application of the credit arising in the Company's books of accounts as a result of the cancellation and extinguishment of the Scheme Shares in paying up in full at par value the new Shares issued to the Offeror.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Announcement Date:

- (a) the issued share capital of the Company comprises 2,772,834,628 Shares;
- (b) the Offeror does not legally or beneficially own, control or have direction over any Shares;

- (c) the Offeror Concert Parties beneficially own, control or have direction over 1,942,109,398 Shares, representing approximately 70.04% of the issued Shares. The Offeror Concert Parties Not Subject to the Scheme beneficially own, control or have direction over 1,921,333,398 Shares, representing approximately 69.29% of the issued Shares. The Offeror Concert Parties Subject to the Scheme beneficially own, control or have direction over 20,776,000 Shares, representing approximately 0.75% of the issued Shares;
- (d) Gram Capital is the financial adviser to the Offeror in connection with the Proposal. Accordingly, Gram Capital and persons controlling, controlled by or under the same control as Gram Capital is presumed to be acting in concert with the Offeror in relation to the Company in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code. As at the Announcement Date, none of Gram Capital nor any person controlling, controlled by or under the same control as Gram Capital holds any Shares;
- (e) the Scheme Shareholders hold 851,501,230 Shares, representing 30.71% of the issued Shares;
- (f) the Independent Shareholders legally or beneficially own, control or have direction over a total of 830,725,230 Shares, representing approximately 29.96% of the issued Shares;
- (g) save as the 10,529,000 Share Options held by Mr. Liu, there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by Mr. Liu, the Offeror and the Offeror Concert Parties;
- (h) none of Mr. Liu, the Offeror nor any of the Offeror Concert Parties have had any dealings for value in the Shares or other securities of the Company during the period commencing six months prior to and including the Announcement Date;
- (i) neither Mr. Liu, the Offeror nor any of the Offeror Concert Parties have entered into any outstanding derivative in respect of the securities in the Company; and
- (j) neither Mr. Liu, the Offeror nor any of the Offeror Concert Parties have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Scenario I

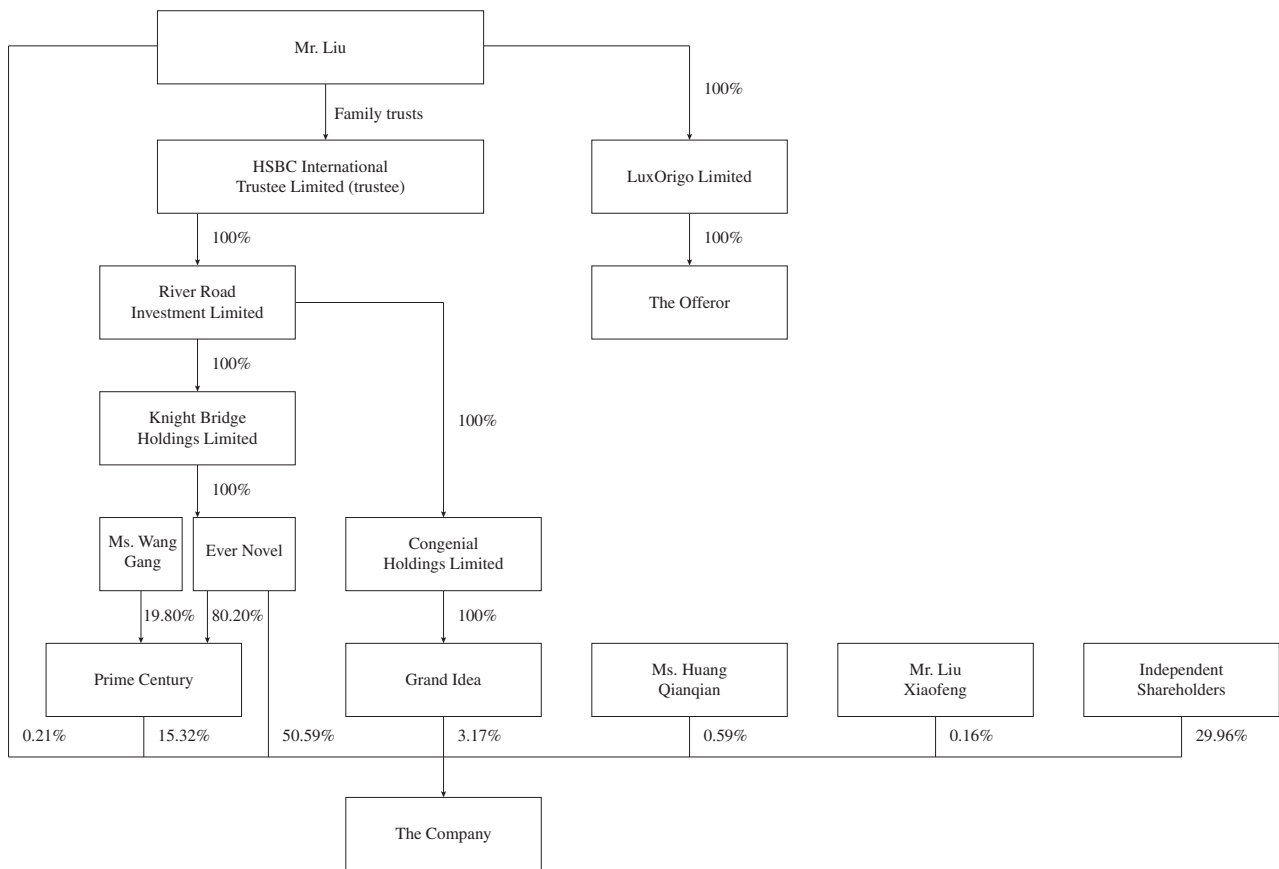
On the assumption that there is no other change in shareholding of the Company before completion of the Proposal, the table below sets out the shareholding structure of the Company as at the Announcement Date and immediately upon completion of the Proposal:

Name of Shareholders	As at the Announcement Date		Immediately upon completion of the Proposal	
	Number of Shares held	Approximate percentage in total issued share capital	Number of Shares held	Approximate percentage in total issued share capital
Offeror	—	—	851,501,230	30.71%
Offeror Concert Parties				
Not Subject to the Scheme				
Ever Novel (<i>Note 1</i>)	1,402,891,095	50.59%	1,402,891,095	50.59%
Prime Century (<i>Note 2</i>)	424,796,303	15.32%	424,796,303	15.32%
Grand Idea (<i>Note 1</i>)	87,880,000	3.17%	87,880,000	3.17%
Mr. Liu (<i>Note 1</i>)	5,766,000	0.21%	5,766,000	0.21%
Offeror Concert Parties Subject to the Scheme				
Ms. Huang Qianqian (<i>Note 3</i>)	16,278,000	0.59%	—	—
Mr. Liu Xiaofeng (<i>Note 3</i>)	4,498,000	0.16%	—	—
Offeror and Offeror Concert Parties				
Sub-total:	1,942,109,398	70.04%	2,772,834,628	100.00%
Independent Shareholders (<i>Note 4</i>)	830,725,230	29.96%	—	—
Total	2,772,834,628	100.00%	2,772,834,628	100.00%
Scheme Shareholders (<i>Note 5</i>)	851,501,230	30.71%	—	—

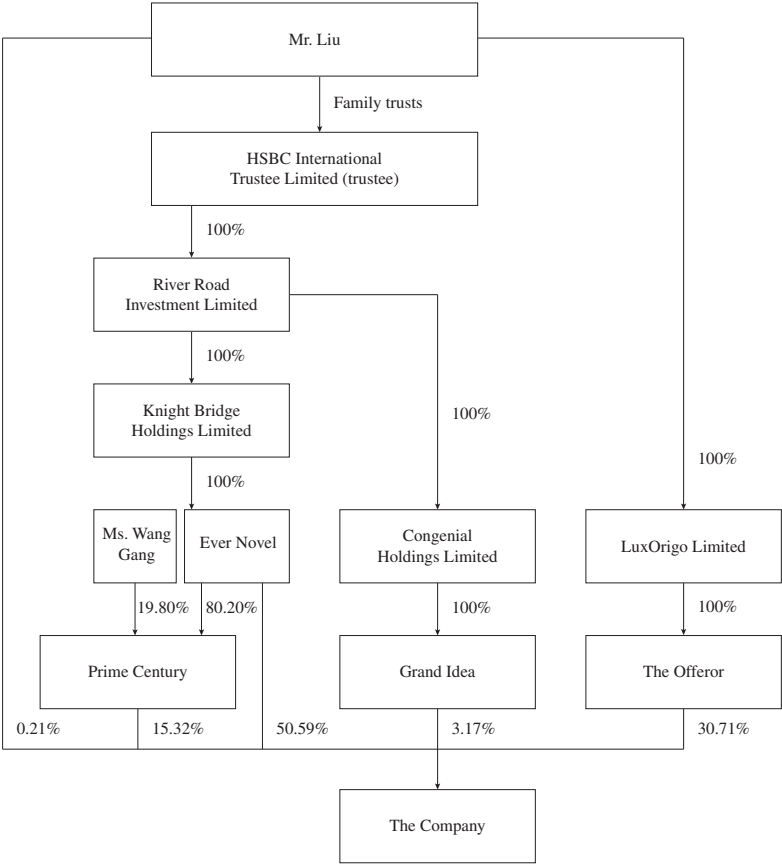
Notes:

- (1) As at the Announcement Date, each of Ever Novel and Grand Idea is 100% controlled by HSBC International Trustee Limited, the trustee of family trusts founded by Mr. Liu who can influence how HSBC International Trustee Limited exercises its discretion.
- (2) Ever Novel is entitled to exercise or control the exercise of 80.20% of the voting power at the general meetings of Prime Century, while the remaining 19.8% of the voting power is controlled by the cousin of Mr. Liu, Ms. Wang Gang.
- (3) Mr. Liu Xiaofeng is the brother of Mr. Liu and Ms. Huang Qianqian is the spouse of Mr. Liu Xiaofeng.
- (4) As at the Announcement Date, other than Mr. Liu, none of the Directors hold any Shares.
- (5) For the avoidance of doubt, the Scheme Shares comprise the Shares beneficially owned, controlled or directed by the Offeror Concert Parties Subject to the Scheme and the Independent Shareholders.
- (6) The percentages are approximated due to rounding.

Set out below is the shareholding structure of the Company as at the Announcement Date:



The chart below sets out the illustrative shareholding structure of the Company upon completion of the Proposal:



Scenario II

On the assumption that there is no other change in shareholding of the Company before completion of the Proposal except for the exercise of all Share Options (other than those held by Mr. Liu), the table below sets out the shareholding structure of the Company immediately after the exercise of all Share Options (other than those held by Mr. Liu) and immediately upon completion of the Proposal:

Name of Shareholders	Immediately after the exercise of all Share Options (other than those held by Mr. Liu)		Immediately upon completion of the Proposal	
	Number of Shares held	Approximate percentage in total issued share capital	Number of Shares held	Approximate percentage in total issued share capital
Offeror	—	—	874,206,638	31.27%
Offeror Concert Parties Not Subject to the Scheme				
Ever Novel (<i>Note 1</i>)	1,402,891,095	50.18%	1,402,891,095	50.18%
Prime Century (<i>Note 2</i>)	424,796,303	15.20%	424,796,303	15.20%
Grand Idea (<i>Note 1</i>)	87,880,000	3.14%	87,880,000	3.14%
Mr. Liu (<i>Note 1</i>)	5,766,000	0.21%	5,766,000	0.21%
Offeror Concert Parties Subject to the Scheme				
Ms. Huang Qianqian (<i>Note 3</i>)	16,278,000	0.58%	—	—
Mr. Liu Xiaofeng (<i>Note 3</i>)	4,498,000	0.16%	—	—
Offeror and Offeror Concert Parties				
Sub-total:	1,942,109,398	69.47%	2,795,540,036	100.00%
Option Holders				
Mr. Chan Yiu Kwong (<i>Note 4</i>)	1,100,000	0.04%	—	—
Ms. Wu Shihong (<i>Note 4</i>)	900,000	0.03%	—	—
Other employees of an associate of the Company (<i>Note 4</i>)	20,705,408	0.74%	—	—
Option Holders				
Sub-total:	22,705,408	0.82%	—	—
Other Independent Shareholders	830,725,230	29.72%	—	—
Independent Shareholders				
Sub-total:	853,430,638	30.53%	—	—
Total	2,795,540,036	100.00%	2,795,540,036	100.00%
Scheme Shareholders (<i>Note 5</i>)	874,206,638	31.27%	—	—

Notes:

- (1) As at the Announcement Date, each of Ever Novel and Grand Idea is 100% controlled by HSBC International Trustee Limited, the trustee of family trusts founded by Mr. Liu who can influence how HSBC International Trustee Limited exercises its discretion.
- (2) Ever Novel is entitled to exercise or control the exercise of 80.20% of the voting power at the general meetings of Prime Century, while the remaining 19.8% of the voting power is controlled by the cousin of Mr. Liu, Ms. Wang Gang.
- (3) Mr. Liu Xiaofeng is the brother of Mr. Liu and Ms. Huang Qianqian is the spouse of Mr. Liu Xiaofeng.
- (4) Mr. Chan Yiu Kwong and Ms. Wu Shihong are independent non-executive Directors. None of these Directors and other employees of an associate of the Company is acting in concert with Mr. Liu or the Offeror or was involved in the discussion or negotiation in relation to or has any interest in the Proposal (other than being an Option Holder subject to the Option Offer). The Shares to be held by such Directors and employees will form part of the Scheme Shares and will be cancelled and extinguished upon the Scheme becoming effective.
- (5) For the avoidance of doubt, the Scheme Shares comprise the Shares beneficially owned, controlled or directed by the Offeror Concert Parties Subject to the Scheme and the Independent Shareholders.
- (6) The percentages are approximated due to rounding.

SHARE OPTIONS

As at the Announcement Date, there were 33,234,408 outstanding Share Options granted under the Share Option Schemes, each relating to one Share, all of which have already vested and are exercisable as at the Announcement Date. Other than such Share Options, there are no other options, derivatives, warrants or other securities convertible or exchangeable into the Shares which were issued by the Company. As at the Announcement Date, Mr. Liu holds 10,529,000 Share Options, Mr. Chan Yiu Kwong holds 1,100,000 Share Options, Ms. Wu Shihong holds 900,000 Share Options and the remaining 20,725,408 Share Options are held by other employees of an associate of the Company. The Company does not intend to grant any further Options between the Announcement Date and the Effective Date.

Mr. Chan Yiu Kwong and Ms. Wu Shihong are independent non-executive Directors. None of these Directors is acting in concert with Mr. Liu or the Offeror or was involved in the discussion or negotiation in relation to or has any interest in the Proposal (other than being an Option Holder subject to the Option Offer). The exercise of the outstanding Share Options in full by Mr. Chan Yiu Kwong and Ms. Wu Shihong on or before the Record Date will result in the issue of 2,000,000 new Shares in total (representing approximately 0.07% of the issued share capital of the Company as at the Announcement Date and approximately 0.07% of the issued share capital of the Company as enlarged by issue of such new Shares) to them, and such new Shares, if issued, will form part of the Scheme Shares.

The exercise of all outstanding Share Options (apart from the Share Options held by Mr. Liu) would result in the issue of 22,705,408 new Shares, representing approximately 0.82% of the issued share capital of the Company as at the Announcement Date and approximately 0.81% of the enlarged issued share capital of the Company. For details of the Option Offer, please refer to the section headed “TERMS OF THE PROPOSAL — The Option Offer” above.

INFORMATION ON THE GROUP

Principal Activities

The Company is an exempted company with limited liability incorporated in the Cayman Islands, the Shares of which are listed on the Stock Exchange.

The Company is an investment holding company and the Group is principally engaged in (i) cultural business which mainly includes online literature and film and television production in the PRC; and (ii) property investment which mainly includes the industrial park business with rental income derived from the national music industry base — A8 Music Building in the PRC.

Financial Information

Set out below is a summary of the audited financial information of the Group extracted from the annual reports of the Company for the two years ended 31 December 2022 and 2023.

	For the year ended	
	31 December	
	2022	2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Continuing operations		
Revenue	79,151	68,578
Profit before tax from continuing operations	10,085	16,461
Profit for the year from continuing operations	22,007	21,844
Discontinued operation		
Profit/(Loss) for the year from a discontinued operation	(8,050)	2,546
Profit for the year	13,957	24,390
Profit attributable to owners of the Company	13,219	24,448
	As at 31 December	
	2022	2023
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Total assets	1,664,126	1,693,612
Total liabilities	(152,180)	(132,353)
Net assets	1,511,946	1,561,259

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company which, other than minority shareholding in a company in the new energy sector incorporated in Delaware, the United States, does not hold any assets or business. As at the Announcement Date, the Offeror is wholly owned by LuxOrigo Limited, which is wholly owned by Mr. Liu.

As at the Announcement Date, the sole director of the Offeror is Mr. Liu.

Mr. Liu, aged 58, an executive Director, the chairman and the chief executive officer of the Company. Mr. Liu graduated from Hunan university in the PRC in 1984, with a Bachelor's degree in Electrical Engineering. In 1987, Mr. Liu graduated from China Electric Power Research Institute in the PRC with a Master's degree in Engineering. In 1991, he studied at Tsinghua university as a PhD research student. He has years of diversified experience in the technology, Internet and investment. He is one of the co-founders of Tencent Holdings Limited (Stock code: 0700.HK), a company listed on the Main Board of the Stock Exchange. He is also the non-executive director of Inkeverse Group Limited (Stock code: 03700.HK), a company listed on the Main Board of the Stock Exchange and the independent non-executive director of China Dongxiang (Group) Co., Ltd. (Stock code: 03818.HK), a company listed on the Main Board of the Stock Exchange. He is a founder of the Group and he has been working for the Company since it was founded in 2000, was appointed as a Director on 2 October 2007. Mr. Liu is currently responsible for the overall strategic planning and the whole business operation and management of the Group.

REASONS FOR AND BENEFITS OF THE PROPOSAL

For Scheme Shareholders:

The Offeror is of the view that the terms of the Proposal are attractive to the Scheme Shareholders and the Proposal will be beneficial to the Scheme Shareholders.

Faced with the impact of the external economic environment, the leasing industry in the PRC as a whole was severely impacted. Enterprises generally remained cautious about leasing costs and tightened their corporate leasing budgets during the year, and the increase in the supply of commercial offices in the market further pushed up the vacancy rate. The Group's performance has been impacted by the aforementioned macroeconomic environment in recent years.

Over the past five years, the Group's revenue continuously decreased from approximately RMB100.4 million for the year ended 31 December 2019 to approximately RMB68.6 million for the year ended 31 December 2023. The Group recorded loss from continuing operations of approximately RMB10.0 million for the year ended 31 December 2019 and the Group's profit for the year from continuing operations continuously decreased from approximately RMB61.5 million for the year ended 31 December 2020 to approximately RMB21.8 million for the year ended 31 December 2023.

In addition, the average daily trading volume of the Shares during the Relevant Period was approximately 837,905 Shares per day, representing only approximately 0.03% of the issued Shares as at the Last Trading Day. The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares.

Scheme Shareholders who prefer to switch investment of their holding in the Shares into other investments with better prospects or higher share trading volume might not be able to do so in the absence of the Proposal because of the thin trading volume of the Shares.

The Proposal also provides the Scheme Shareholders with an opportunity to exit and realise their investments in the Company for cash at premiums to recent closing prices of the Shares. The Cancellation Price represents a premium of approximately 162.77% over the closing price of HK\$0.137 per Share as quoted on the Stock Exchange on the Last Trading Day.

For the Company:

Due to the low liquidity in the trading of the Shares, and a high compliance cost for maintaining listing status, the Company's current listing platform no longer sufficiently serves as a source of funding for its long term growth, and the Company's ability to raise funds in the equity capital markets for future development and growth is severely limited. The Company has not conducted any equity fundraising activity since March 2017. As such, the Offeror believes that the administrative costs and management resources associated with maintaining the Company's listing status are no longer justified.

Considering the low liquidity as mentioned above and a high compliance cost for maintaining listing status (including regulatory compliance, disclosure and publication of financial statements), the Company's current listing platform lost its primary function of supporting the Group as a source of funding sufficiently for its long-term growth, and the cost and expenses outweigh the benefit from maintaining the listing status of the Company.

The Company believes that the successful implementation of the Proposal would provide the Company with flexibility in formulating and implementing a series of long-term growth strategies with more capital expenditure to improve the quality of buildings and services for the industrial park business by exploring use of artificial intelligence or new industry technologies, so as to enhance the management effectiveness and reduce the cost in the rental operation, development of the online literature business in a healthy and stable manner and increase the investment and attempts in mini-series.

INTENTION OF THE OFFEROR WITH REGARD TO THE GROUP

Following the implementation of the Proposal, the Offeror intends that the Group will continue to carry on its current business. The Offeror has no intention to make any major changes to the business of the Group, including any major redeployment of fixed assets or making any material change to the continued employment of employees of the Group, other than those in the ordinary course of business of the Group. The Offeror will continue to monitor the Group's performance and implement appropriate strategies for the Group and its business.

FINANCIAL ADVISER, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Offeror has appointed Gram Capital to act as its financial adviser in connection with the Proposal.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee is required to comprise all non-executive Directors who have no direct or indirect interest in the Proposal, the Scheme and the Option Offer other than as Shareholders and/or Option Holders.

Accordingly, an Independent Board Committee, which comprises all independent non-executive Directors: Mr. Chan Yiu Kwong, Ms. Wu Shihong and Mr. Gao Shenglin, has been established by the Board to make recommendation (i) to the Independent Shareholders as to whether the Proposal and the Scheme are, or are not, fair and reasonable and as to voting; and (ii) to the Option Holders as to whether the Option Offer is fair and reasonable and its views on acceptance of the Option Offer. As at the Announcement Date, 1,100,000 outstanding Share Options are held by Mr. Chan Yiu Kwong and 900,000 outstanding Share Options are held by Ms. Wu Shihong. The exercise of the outstanding Share Options in full by Mr. Chan Yiu Kwong and Ms. Wu Shihong on or before the Record Date will result in the issue of 2,000,000 new Shares in total (representing approximately 0.07% of the issued share capital of the Company as at the Announcement Date and approximately 0.07% of the issued share capital of the Company as enlarged by issue of such new Shares) to them. As at the Announcement Date, none of Mr. Chan Yiu Kwong and Ms. Wu Shihong has indicated that he/she will exercise any outstanding Share Options.

The Independent Financial Adviser will be appointed with the approval of the Independent Board Committee in due course to advise the Independent Board Committee on the Proposal, the Scheme and Option Offer. A further announcement will be made after the appointment of the Independent Financial Adviser.

WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished (with the equivalent number of new Shares being simultaneously issued and credited as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from the Effective Date.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

If the Scheme is not approved or does not become effective, or the Proposal otherwise lapses or is withdrawn, the listing of the Shares on the Stock Exchange will not be withdrawn. As the Option Offer is conditional upon the Scheme becoming effective, the Option Offer will lapse if the Scheme is not approved or does not become effective.

If the Scheme is not approved or otherwise lapses or is withdrawn, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with the Offeror in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may within 12 months from the date on which the Scheme is not approved or otherwise lapses or is withdrawn announce an offer or possible offer for the Company, except with the consent of the Executive.

OVERSEAS SHAREHOLDERS

The making and implementation of the Proposal to Scheme Shareholders who are not resident in Hong Kong may be affected by the Applicable Laws of the relevant jurisdictions. Any Scheme Shareholders who are not resident in Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements in their own jurisdictions.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from such shareholder in such jurisdiction.

Any acceptance by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers, including Gram Capital, the financial adviser to the Offeror, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the despatch or receipt of the Scheme Document by overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror or the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or the Company or their respective shareholders), the Scheme Document may not be despatched to such overseas Scheme Shareholders. For that purpose, the Company will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders.

As at the Announcement Date, save for Ever Novel, the addresses of all Shareholders shown in the register of members of the Company were inside Hong Kong.

TAXATION ADVICE

Scheme Shareholders and Option Holders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Proposal or the Option Offer. It is emphasised that none of the Offeror, persons acting in concert with the Offeror, the Company, Gram Capital or any of their respective directors, officers or associates (as defined in the Takeovers Code) or any other person involved in the Proposal or the Option Offer accepts responsibility for any taxation effects on, or liabilities of, any other persons as a result of their acceptance or rejection of the Proposal or the Option Offer.

DESPATCH OF THE SCHEME DOCUMENT

The Scheme Document including, among other things, (i) further details of the Proposal, the Scheme and the Option Offer; (ii) an explanatory statement as required under the Companies Act and the rules of the Grand Court; (iii) the expected timetable relating to the Proposal and the Option Offer; (iv) the recommendations of the Independent Board Committee; (v) the letter of advice from the Independent Financial Adviser; and (vi) the notices of the Court Meeting and the EGM, together with forms of proxy in relation thereto and a form of acceptance for the Option Offer, will be despatched to the Scheme Shareholders and the Option Holders as soon as practicable and in compliance with the requirements of the Takeovers Code and the Applicable Laws.

The Scheme Document will contain important information and the Independent Shareholders, the Scheme Shareholders or the Shareholders (as the case may be) are urged to read the Scheme Document carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the EGM.

DISCLOSURE OF DEALINGS

The respective associates (as defined in the Takeovers Code) of the Offeror and the Company, including shareholders holding 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of each of the foregoing, are hereby reminded to disclose their dealings in the relevant securities of the Company.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

GENERAL

As at the Announcement Date:

- (a) save as disclosed in the section headed “SHAREHOLDING STRUCTURE OF THE COMPANY” above, none of Mr. Liu, the Offeror or the Offeror Concert Parties owned or had control or direction over any voting rights and rights over Shares;
- (b) save as the 10,529,000 Share Options held by Mr. Liu, there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by Mr. Liu, the Offeror and the Offeror Concert Parties;
- (c) Mr. Liu, the Offeror and the Offeror Concert Parties had not received any irrevocable commitment to vote for or against the Scheme and/or to accept the Option Offer;
- (d) Mr. Liu, the Offeror and the Offeror Concert Parties had not entered into any derivative in respect of the securities in the Company;
- (e) there is no agreement or arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or shares of the Offeror or any Offeror Concert Parties which might be material to the Proposal;
- (f) there is no agreement or arrangement to which the Offeror or any of the Offeror Concert Parties is a party which relates to circumstances in which Mr. Liu, the Offeror may or may not invoke or seek to invoke a Condition to the Proposal;
- (g) there is no understanding, arrangement or agreement which constitutes a “special deal” (as defined in Rule 25 of the Takeovers Code) between any Shareholder, on the one hand, and (i) Mr. Liu, the Offeror, any Offeror Concert Party; or (ii) the Company or any of the subsidiaries or associated companies of the Company, on the other hand; and
- (h) save for the Cancellation Price payable under the Scheme, Mr. Liu, the Offeror or the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the cancellation and extinguishment of the Scheme Shares.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 28 May 2024 (Hong Kong time), pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 13 June 2024 (Hong Kong time).

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used herein shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code, and “persons acting in concert” shall be construed accordingly
“Announcement Date”	12 June 2024, being the date of this joint announcement
“Applicable Laws”	with respect to any person, any laws, rules, regulations, guidelines, directives, treaties, judgements, decrees, orders or notices of any Authority that is applicable to such person
“Approvals”	licenses, approvals, permits, consents, permissions, clearances and registrations
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Authority”	any relevant government, administrative or regulatory body, or court, tribunal, arbitrator or governmental agency or authority or department (including any relevant securities exchange) and whether supranational, national, regional or local
“Board”	the board of Directors
“Cancellation Price”	the cancellation price of HK\$0.36 per Scheme Share
“Companies Act”	the Companies Act (As Revised) of the Cayman Islands, as consolidated and revised from time to time
“Company”	A8 New Media Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Conditions”	the condition(s) for the implementation of the Proposal as set out in the section headed “Conditions of the Proposal and the Scheme” of this joint announcement

“Court Meeting”	a meeting of the Scheme Shareholders to be convened and held at the direction of the Grand Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Despatch Date”	the date of despatch of the Scheme Document
“Director(s)”	director(s) of the Company
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Act
“EGM”	an extraordinary general meeting of the Company to be held immediately after the conclusion or adjournment of the Court Meeting for the purpose of passing all necessary resolution(s) for, among other things, the implementation of the Scheme
“Ever Novel”	Ever Novel Holdings Limited, a limited liability company incorporated in the British Virgin Islands and its ultimate beneficial owner is Mr. Liu
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive Director
“Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the financial adviser to the Offeror in respect of the Proposal
“Grand Court”	the Grand Court of the Cayman Islands
“Grand Idea”	Grand Idea Holdings Limited, a limited liability company incorporated in the British Virgin Islands and its ultimate beneficial owner is Mr. Liu
“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 Board Committee”	the independent board committee of the Company comprising the following independent non-executive Directors: Mr. Chan Yiu Kwong, Ms. Wu Shihong and Mr. Gao Shenglin

“Independent Financial Adviser”	the independent financial adviser which will be appointed to advise the Independent Board Committee on the Proposal, the Scheme and the Option Offer
“Independent Shareholders”	all Shareholders, other than the Offeror and the Offeror Concert Parties
“Last Trading Day”	27 May 2024, being the last day on which Shares were traded on the Stock Exchange prior to the publication of this joint announcement
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 May 2025 (or any other date as may be agreed by the Offeror and the Company and as consented by the Executive)
“Mr. Liu”	Mr. Liu Xiaosong, the executive Director and the chairman of the Board
“Offeror”	LuxOrigo Investment Limited, a limited liability company incorporated in the British Virgin Islands and its ultimate beneficial owner is Mr. Liu
“Offeror Concert Party(ies)”	persons acting, or presumed to be acting, in concert with Mr. Liu or the Offeror (including but not limited to the Offeror Concert Parties Not Subject to the Scheme and Offeror Concert Parties Subject to the Scheme)
“Offeror Concert Parties Not Subject to the Scheme”	Mr. Liu, Ever Novel, Prime Century and Grand Idea
“Offeror Concert Parties Subject to the Scheme”	Mr. Liu Xiaofeng and Ms. Huang Qianqian
“Option Holder(s)”	holder(s) of the Share Option(s)
“Option Offer”	the offer to be made by or on behalf of the Offeror to the Option Holders (other than Mr. Liu)
“Option Offer Price”	in relation to any outstanding Share Option, the price at which the Option Offer will be made
“PRC”	the People’s Republic of China, but for the purpose of this joint announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan

“Prime Century”	Prime Century Technology Limited, a limited liability company incorporated in the British Virgin Islands and its ultimate beneficial owner is Mr. Liu
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme, on the terms and subject to the conditions as described in this joint announcement
“Record Date”	the record date for determining entitlements of the Scheme Shareholders under the Scheme and the Option Holders under the Option Offer
“Register”	the principal or branch register of members of the Company (as the case may be) in respect of the Shares
“Relevant Period”	the 12 months period immediately prior to and including the Last Trading Day
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	the scheme of arrangement to be proposed under section 86 of the Companies Act for the implementation of the Proposal
“Scheme Document”	the composite scheme document, which shall contain, among other things, further details of the Proposal, the Scheme and the Option Offer (together with the additional information specified in the section headed “Despatch of the Scheme Document” of this joint announcement), the accompanying proxy forms, notices of the Court Meeting and the EGM and a form of acceptance for the Option Offer, to be despatched by the Offeror and the Company to all Scheme Shareholders on the Despatch Date as required by the Takeovers Code
“Scheme Share(s)”	Share(s) other than those held by Offeror Concert Parties Not Subject to the Scheme
“Scheme Shareholder(s)”	the registered holders of the Scheme Shares as at the Record Date
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share Option(s)”	share option(s) granted under the Share Option Schemes from time to time. As at the Announcement Date, there are outstanding Share Options exercisable into 33,234,408 Shares
“Share Option Schemes”	the “Pre-IPO Share Option Scheme” and the “2008 Share Option Scheme” adopted by the Company in 2008 and the share option scheme of the Company adopted on 29 May 2018
“Share(s)”	ordinary share(s) of HK\$0.01 par value each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC as amended and supplemented from time to time
“trading day”	a day on which the Stock Exchange is open for dealing or trading in securities
“%”	per cent

By order of the board of directors of
LuxOrigo Investment Limited
Liu Xiaosong
Director

By order of the Board of
A8 New Media Group Limited
Liu Xiaosong
Chairman & Executive Director

Hong Kong, 12 June 2024

As at the Announcement Date, the sole director of Offeror is Mr. Liu Xiaosong.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors in their capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.

As at the Announcement Date, the executive Directors are Mr. Liu Xiaosong and Mr. Ji Bo, the independent non-executive Director are Mr. Chan Yiu Kwong, Ms. Wu Shihong and Mr. Gao Shenglin.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror in his capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.