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**Lajin Entertainment Network Group Limited**  
**拉近網娛集團有限公司\***

*(formerly known as China Star Cultural Media Group Limited 中國星文化產業集團有限公司\*)*

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 8172)**

**FURTHER ANNOUNCEMENT IN RELATION TO**  
**SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**  
**AND**  
**RESUMPTION OF TRADING**

Reference is made to the announcements of Lajin Entertainment Network Group Limited (the “**Company**”) dated 13 July 2015 (the “**First Announcement**”) and 14 July 2015 in respect among other things the Subscription. Capitalised terms used herein shall have the same meanings as those set out in the First Announcement unless stated otherwise.

**BUSINESS UPDATE**

Since the completion of the subscription (as described in the circular of the Company dated 18 February 2015) and the appointment of certain new directors on 19 March 2015, The Company (together with its subsidiaries, collectively the “**Group**”) in the previous months has been setting up the framework and is enlarging its scale of operation for the entertainment businesses, including the followings:

- (i) The Group has set up 3 offices in each of Beijing, Hong Kong and Seoul;
- (ii) The Group has rented a property in Beijing Economic Technological Area 北京經濟技術開發區 with an aggregate of approximately 5,700 square metres in size, as the base of operation for Movie/TV programme production, online platform operation centre, training centre & etc. The property is currently under renovation;

\* *For identification only*

- (iii) The Group has been enlarging its employee base by recruiting more high calibre personnel. As of 31 July 2015, the Group has 128 employees, spreading in the movie/TV division (23), events and shows division (21), online platform (45) & etc, of which 40 are considered as middle-ranking or senior management staff;
- (iv) The Group will release 1 movie in theatre in November 2015;
- (v) The Group is currently reviewing at least 6 movie investment proposals;
- (vi) The Group already has plan for 11 movie/TV programme productions by end of 2016.

## **USE OF PROCEEDS OF THE SUBSCRIPTION**

As stated in the First Announcement, the net proceeds of approximately HK\$628.5 million are intended to be applied as follows:

- (i) as to approximately HK\$208.5 million for the development of an online platform for the provision of music contents including songs, concerts, music programmes and other music related services; and
- (ii) as to approximately HK\$150 million for acquisition and investment in Korean entertainment companies engaged in production of entertainment programmes, musical programmes and artist agency services;
- (iii) as to approximately HK\$70 million for the establishment of a production base in the PRC for the development and production of media contents, and as a training centre for artists; and
- (iv) as to the remaining balance of approximately HK\$200 million for general working capital, as reserve for future acquisitions, and for possible acquisition of properties for office and production site.

Set out below are further details of the intended application of the net proceeds.

### **Online platform**

The Group plans to develop an integrated music related e-commerce platform (the “**Online Platform**”) where music industry professionals (including producers, artists and songwriters) as well as consumers and fans of music artists can interact and connect online and supply/acquire music related contents and services such as songs, music videos and concerts, and writing, production and promotion of music contents. It is expected that the first phrase of the platform can be launched by mid-2016.

## **Korean investments**

The Group has set up a branch office in Korea (“**Korea Branch**”) with the aim of sourcing Korean media contents. The Group also plans to invest (including acquisition and formation of joint ventures) in Korean entertainment companies engaged in the production of entertainment programmes, musical programmes and artist agency services. The Group has been in discussions regarding investments in two Korean production companies, one of which has expertise in producing TV programmes and runs an artist academy, and the other with expertise in producing music entertainment programmes and concerts. The Group will also form joint ventures companies with each of these 2 production companies to produce at least 4 proprietary programmes in total (mainly TV shows and music related programmes) every year. It is estimated that the total aforesaid investment would amount to approximately HK\$133 million and the terms of the investments are expected to be finalised by the third quarter of 2015.

## **Production base**

To cope with the Group’s expansion needs, the Company has rented a property in Beijing (the “**Property**”) which is currently undergoing renovations and will be used as the Group’s base for (i) production workshops and studio; (ii) online platform operation centre; and (iii) training centre for artists. The total budgeted costs for renovation and purchase of equipment is estimated to be approximately HK\$70 million and the production base is targeted to be operational in the last quarter of 2015.

## **Working capital and future acquisitions**

In view of the Group’s long term plan to engage in the production of TV programmes and movies, and the management of the online platform, as well as the artists development and training, the Group will consider acquiring the Property in the future if the asking price for the Property is reasonable. The owner of the Property has indicated a price for the Property in the range of RMB135 million (equivalent to approximately HK\$168.8 million). Any remaining funds will be used for other media and entertainment related acquisition opportunities and for general working capital of the Group.

## **USE OF PROCEEDS FROM PRIOR FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company on 19 March 2015 completed a subscription (the “**First Subscription**”) of new Ordinary Shares and new Preferred Shares to a group of investors (details of which were set out in the Company’s circular dated 18 February 2015 (the “**Circular**”).

As stated in the Circular, for the period up to 30 June 2015, the Group had planned to use approximately HK\$141 million of the net proceeds from the First Subscription, of which (i) approximately HK\$100 million was planned to be used for organizing an exhibition in relation to a mobile game (the “**Mobile Game Exhibition**”) and for holding three concert series in major cities in

the PRC; and (ii) approximately HK\$41 million was planned to be used for production of two movies (the “**Movies**”). As at the date of this announcement, the Group had only utilised approximately HK\$12 million of the net proceeds from the First Subscription, whereby approximately HK\$7.5 million was used in producing one of the Movies and approximately HK\$4.5 million was used for pre-operating expenses of the Korea Branch.

The Group did not manage to hold the Mobile Game Exhibition as the parties were unable to agree on certain commercial terms of the co-operation including the price and ownership of the relevant copyrights. In lieu of the Mobile Game Exhibition, the Group is planning to hold other events including exhibition basketball shows, hot air balloon festival, a marathon event and a car racing event in the PRC. The Group is in discussions with the relevant parties to hold the aforesaid events which if materialized these events (other than the marathon event) will be held by end of 2015 and the marathon event will be held in early 2016. As for the three concert series initially planned by the Group, the management of the Company had after the completion of the First Subscription reviewed the business plan and considered that strategically, it would be better for the Group to hold the concerts after the Online Platform becomes operational which is expected to be in second half of 2016 as the Group would be able to utilize the Online Platform to promote and broadcast the concerts through the Online Platform. Revenue generated from the concerts and the market impact of both the concerts and the usage of the Online Platform will be enhanced, thus maximising the potential benefits to the Group as a whole.

As stated above, the Group had planned to produce two Movies in the first half of 2015. As at the date of this announcement, production for one of the Movies has been completed and production costs and marketing costs of approximately HK\$32.7 million has been paid, of which HK\$25.2 million was paid out of the Group’s cash reserve and HK\$7.5 million was paid out of the net proceeds from the First Subscription. Such movie is expected to be released in theatres in November 2015. In addition, the Group is considering to invest in other movie projects. Three of them are anticipated to start production in 2015 and to be released in 2016.

Other than movies, the Group intends to establish a joint venture company with Ms. Shang Na (her background is stated below) of which the Group will own 51%. The joint venture is expected to produce 1 movie and 1 TV programme by end of 2015 and 3 movies and 6 TV programmes in 2016.

## **THE MANAGEMENT TEAM OF THE GROUP**

To ensure the successful implementation of our business plan, the Group has engaged the following senior managements who have the necessary experience and expertise to lead the expansion of the Group:

### **Ms. Wu Li — Executive Director of the Company**

Ms. Wu oversees the development, the operation and the branding of the Group’s entertainment businesses. Ms. Wu graduated from the University of Electronic Science and Technology of China ((中國)電子科技大學) with a Bachelor degree in English for Science and Technology and

has completed the Post Graduate Courses in Integrated Marketing Communications (IMC) in the Institute for China Business of The University of Hong Kong School of Professional and Continuing Education. Ms. Wu has over 14 years of experience in cultural and media sector and has extensive marketing experience, especially in product branding and promotion. From 2000 to 2006, she was a senior management in Jingwen Records Co., Ltd (京文唱片) (“Jingwen”), responsible for the production, promotion and copyrights management of audio and video products. She joined Beijing Hwellso Pharmaceutical Co., Ltd. (北京華素製藥股份有限公司) in 2006 and was the Brand Director and an assistant to the chairman of the company when she left the company in 2013. During the past, Ms. Wu has been involved in organizing and the management of (i) certain concerts series held in the PRC, of which over 10 shows were made; (ii) the first ever Chinese performance shows “PANDA!” in Las Vegas of which over 300 shows were made. She was also involved in the planning and marketing of certain famous music album for local artists as well as the video products of global brands such as Discovery Channel, Disney & etc in the PRC. Besides, Ms. Wu has extensive experience in sourcing and management of copyrights of and in providing integrated solutions to market the corresponding products.

**Mr. Xu Zhongmin — Chief Strategist, Group Senior Vice President**

Mr. Xu has extensive business connections and network in the entertainment industry in the PRC. He was the founder of Jingwen. Jingwen was a music producer and was used to be one of the largest music album distributors in the PRC which has fostered a number of famous artists including Han Hong (韓紅), Cui Jian (崔健) and Wang Feng (汪峰). It published and distributed albums of Mao Yamin (毛阿敏), Li Yundi (李雲迪), Lang Lang (朗朗) and other famous artists in the PRC. While Jingwen was developing the local original music, it introduced music albums and video contents from international producers and distributors including Warner Bros. Records, EMI, Universal Music, Universal Picture, Discovery Channel and National Geographic Channel. It extended its business to publication of books and investment in multi-media educational materials. Mr. Xu was also actively involved in the investment in TV programmes and artist management business and has been involved in producing concerts in the PRC and performance show PANDA! in Las Vegas, the United States of America.

**Ms. Shang Na — Group Vice President, CEO of Movie/TV business**

Since 2006, Ms. Shang has worked in Sohu, one of the most popular online platform in the PRC. She was the chief editor of Sohu’s entertainment channel 搜狐娛樂頻道 and Sohu Video 搜狐視頻. Ms. Shang has over 12 years of professional experience in the industry, from media to the internet and to film and television production. When she was with Sohu, she was responsible for content productions, distribution and oversight of operations of the Sohu Video Channel. Ms. Shang led a team of 300 members and helped increase the number of audience to over 80 million. She was involved in the production of various popular internet comedies in the PRC including Diors Man (屌絲男士) and Wonder Lady (極品女士), Diors Man alone has attracted over 2.42 billion hit rate for

the whole series. In addition to internet comedies, Ms. Shang also produced high-quality internet drama series and variety shows such as “Back in Time” (匆匆那年) (with hit rate over 1.5 billion for the entire series) and “隱秘而偉大”. She also contributed to the introduction of the Voice of China (season 2) (中國好聲音第二季) for live broadcasting via Sohu’s platform. The administration of the relevant copyrights in the new media platform is a brand new concept. The new media platform directly increases the overall revenues derived from programmes (including sponsorship and advertisements) as compared to traditional TV channels. Recently, Ms. Shang was also involved in the planning of the movie “A Hero or Not” (煎餅俠) which has achieved a huge box office success in the PRC.

#### **Mr. Li Hui — Group Vice President, Music business**

Mr. Li is the head of Music Division managing the Group’s sourcing and development of music contents, and the discovering of young talents. Mr. Li graduated from the North China University of Technology (北方工業大學) with a Bachelor of Science degree from the School of Economics and Management. Mr Li has over 20 years of experience in artist management, including discovering new talents, production and sourcing and distribution of music album and video contents. In 2006, Mr. Li founded an artist organization (【我們\_1919】藝術家中心) in Beijing. The centre is equipped with high quality studios and a live house which can accommodate 800 audiences for the performance of different music, dancing and acting artists. Prior to joining the Group, Mr. Li was involved in managing over 50 popular artists, marketing of over 1,000 music or video products. He was also the organizer and producer of different concerts, music festivals, and the music producer of the 1st Asian Para Games held in Guangzhou.

#### **Ms. Xu Qian — Group Vice President, Sports and Shows**

Ms. Xu leads the sports entertainment business including organizing sports related events and the associated entertainment shows and programmes. Ms. Xu has more than 20 years of experience in the media industry in the PRC. She has led the development of various publications and media related projects, including the Autonews China (汽車導報), The China Autosport Mag (中國賽車雜誌), the official media for the China Rally Championship (中國汽車拉力錦標賽 官方媒體), and Hot Travel (遊遍天下). Ms. Xu has been invited to various conference and automotive events all over the world. Through the aforesaid participation in key events, Ms. Xu has established international business connections in the industry including sponsors and organisers such as Formula One World Championship, World Drifting Championship, Dakar Rally and World Rally Championship and etc. and has contributed to bring these sports entertainment with new media concepts to the PRC. Locally she has also been the key long term media partners of the relevant local sports authority. Ms. Xu is creative at integrating new media with traditional sports event.

## **Mr. Wu Jianhui — Group Vice President, Online platform**

Mr. Wu graduated from the Huazhong University of Science and Technology (Hankou) with a degree in computer engineering. Mr. Wu has extensive experience in the development of Internet and mobile applications, and relevant operational experience. From 2007 to 2010, Mr. Wu was a senior product manager in “Yicha.cn” (specializing in the development of search engines and platforms for mobile devices) responsible for the product research and development. From 2010 to 2011, Mr. Wu joined “iqiyi.com” and was responsible for the development of mobile applications. Prior joining the Group in 2015, Mr. Wu was the product controller of “letv.com” and had contributed to the set-up of the mobile application team and live broadcasting team for letv.com. He was also the project manager for the development of the first internet smart TV for Letv. During his office, the number of mobile users of letv.com grew exponentially, ranking top 3 of the market. He had also been leading the team, using the new media platform, to participate in several large scale broadcasting events including but not limited to concerts and sports competitions and such new business model has brought positive impact to the whole industry.

In relation to our Korean operation, we are in discussion with a senior producer of one of the largest TV channel of Korea. Such experience person not only familiar with the Korean entertainment market, he also has extensive knowledge in the market of the PRC. We are confident that he will join our Group as CEO — Korean operation soon.

Apart from the above, the Group continues to look for qualified staff to join force with the Group’s existing management team to develop the Group’s entertainment business.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Ordinary Shares has been suspended since 9:00 a.m. on 13 July 2015 pending the publication of this announcement. An application has been made by the Company for the resumption in trading in the Ordinary Shares on GEM with effect from 9:00 a.m. on 6 August 2015.

By Order of the Board  
**Lajin Entertainment Network Group Limited**  
**Chan Kam Kwan Jason**  
*Company Secretary*

Hong Kong, 5 August 2015

*As at the date of this announcement, the executive director of the Company is Ms. Wu Li; the non-executive directors of the Company are Mr. Zou Xiao Chun and Mr. Zhou Ya Fei and the independent non-executive directors are Mr. Wang Ju, Mr. Ng Wai Hung and Mr. Lam Cheung Shing Richard.*

*This announcement, for which the directors of the Company (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will be published on the GEM website on the “Latest Company Announcement” page for at least 7 days from the date of publication and on the Company’s website at [www.chinastarcmg.com.hk](http://www.chinastarcmg.com.hk) (or with effect from 7 August 2015, [www.irasia.com/listco/hk/lajin/index.htm](http://www.irasia.com/listco/hk/lajin/index.htm).)*