



## Lajin Entertainment Network Group Limited

### 拉近網娛集團有限公司\*

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

**(Stock Code: 8172)**

#### **FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2022**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This announcement, for which the directors (the “Directors”) of Lajin Entertainment Network Group Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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 in this announcement misleading.*

\* For identification only

## UNAUDITED QUARTERLY RESULTS

The board of Directors (the “Board”) of Lajin Entertainment Network Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2022, together with the comparative unaudited figures for the corresponding periods in 2021 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the three months ended 31 March	
		2022 (Unaudited) <i>HK\$'000</i>	2021 (Unaudited) <i>HK\$'000</i>
	<i>Notes</i>		
Revenue	3	3,455	19,846
Cost of sales		<u>(1,338)</u>	<u>(16,517)</u>
Gross profit		2,117	3,329
Other income	4	402	119
Selling and distribution expenses		(69)	(188)
Administrative expenses		(13,529)	(9,547)
Share of loss of:			
Associates		<u>(402)</u>	<u>(1,632)</u>
Loss before tax	5	(11,481)	(7,919)
Income tax expense	6	<u>—</u>	<u>(3)</u>
Loss for the period		<u><u>(11,481)</u></u>	<u><u>(7,922)</u></u>

	<b>For the three months ended 31 March</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	<u>1,786</u>	<u>(316)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<u>1,786</u>	<u>(316)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<u><u>(9,695)</u></u>	<u><u>(8,238)</u></u>
Loss for the period attributable to:		
Owners of the parent	(10,094)	(7,231)
Non-controlling interests	<u>(1,387)</u>	<u>(691)</u>
	<u><u>(11,481)</u></u>	<u><u>(7,922)</u></u>
Total comprehensive loss for the period attributable to:		
Owners of the parent	(8,216)	(7,555)
Non-controlling interests	<u>(1,479)</u>	<u>(683)</u>
	<u><u>(9,695)</u></u>	<u><u>(8,238)</u></u>
Dividend	<u>—</u>	<u>—</u>
Loss per share		
– Basic and diluted	7 <u><u>(0.24) cent</u></u>	<u><u>(0.17) cent</u></u>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 11 June 2001 and continued in Bermuda on 16 March 2009. The Company's shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 March 2002.

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 3903A, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong respectively.

The unaudited condensed consolidated statement of profit or loss and other comprehensive income (the "Unaudited Condensed Consolidated Results") are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand ("HK\$'000") except otherwise indicated.

The Company's principal activity is investment holding and the principal activities of its subsidiaries and associates are provision of artiste management services, and investment in movies, TV programmes and internet contents.

### **2. BASIS OF PREPARATION AND CONSOLIDATION**

The Unaudited Condensed Consolidated Results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. In addition, the Unaudited Condensed Consolidated Results include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The measurement basis used in the preparation of the Unaudited Condensed Consolidated Results is the historical cost convention, as modified for the revaluation of certain financial instruments which are stated at their fair values.

The preparation of the Unaudited Condensed Consolidated Results in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

All significant intercompany transactions, balances and unrealised gain on transaction within the Group have been eliminated on consolidation.

The accounting policies and basis of preparation adopted in the preparation of the Unaudited Condensed Consolidated Results are consistent with those adopted in annual financial statements for the year ended 31 December 2021.

### 3. REVENUE

	For the three months ended 31 March	
	2022	2021
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
New media e-commerce business	2,749	13,924
TV and internet programme	344	4,458
Distribution agency fee	254	1,023
Sales of film rights	—	364
Artiste management	108	63
Others	—	14
	<u>3,455</u>	<u>19,846</u>

### 4. OTHER INCOME

	For the three months ended 31 March	
	2022	2021
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Bank interest income	27	91
Income on film investments	(13)	28
Rental income	388	—
	<u>402</u>	<u>119</u>

## 5. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	For the three months ended 31 March	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	3,128	2,816
Amortisation of other assets	9	6
Lease payment not included in the measurement of lease liabilities	493	151
Staff costs including directors' remuneration		
— Salaries and allowances	6,615	4,792
— Retirement benefits schemes contributions	605	457
	<u>7,220</u>	<u>5,249</u>

## 6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax and Korea corporate income tax has been made during the period as the Group did not generate any assessable profits arising in Hong Kong and Korea or the estimated assessable profit was wholly absorbed by tax losses bought forward during the period under review (2021: Nil).

During the period, the amount of the PRC enterprise income tax was paid in accordance with the rate at 25% of assessable profit, and the income tax paid was Nil (2021: HK\$3,455).

## 7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share is based on the loss attributable to ordinary equity holders of the parent for the three months ended 31 March 2022 of approximately HK\$10,094,000 (2021: loss attributable to ordinary equity holders of the parent of approximately HK\$7,231,000) and the weighted average of 4,209,131,000 shares in issue during the three months ended 31 March 2022 (2021: 4,209,131,000 shares).

As the Company's share options and preferred shares where applicable had an anti-dilutive effect to the basic loss per share calculation for the three months ended 31 March 2022, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted loss per share.

## 8. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent							Non-controlling interests	Total	
	Ordinary Share Capital	Share premium	Fair value reserve	Contributed surplus	Other reserve	Exchange reserve	Accumulated losses			Sub-total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2021 (audited)	42,090	1,138,909	(18,858)	28,294	14,055	(17,180)	(780,011)	407,299	(2,530)	404,769
Net loss for the period	—	—	—	—	—	—	(7,231)	(7,231)	(691)	(7,922)
Other comprehensive income for the period	—	—	—	—	—	(324)	—	(324)	8	(316)
Total comprehensive loss for the period	—	—	—	—	—	(324)	(7,231)	(7,555)	(699)	(8,238)
At 31 March 2021 (unaudited)	<u>42,090</u>	<u>1,138,909</u>	<u>(18,858)</u>	<u>28,294</u>	<u>14,055</u>	<u>(17,504)</u>	<u>(787,310)</u>	<u>399,744</u>	<u>(3,213)</u>	<u>396,531</u>
At 1 January 2022 (audited)	42,090	1,138,909	(20,006)	28,294	14,426	(6,495)	(911,270)	285,948	(11,251)	274,697
Net loss for the period	—	—	—	—	—	—	(10,094)	(10,094)	(1,387)	(11,481)
Other comprehensive income for the period	—	—	—	—	—	1,878	—	1,878	(92)	1,786
Total comprehensive loss for the period	—	—	—	—	—	1,878	(10,094)	(8,216)	(1,479)	(9,695)
At 31 March 2022 (unaudited)	<u>42,090</u>	<u>1,138,909</u>	<u>(20,006)</u>	<u>28,294</u>	<u>14,426</u>	<u>(4,617)</u>	<u>(921,364)</u>	<u>277,732</u>	<u>12,730</u>	<u>265,002</u>

## **DIVIDEND**

The Board does not recommend the payment of a dividend for the three months ended 31 March 2022 (2021: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

The revenue of the Group was approximately HK\$3,455,000 for the three months ended 31 March 2022 (2021: HK\$19,846,000), representing a decrease of 82.59% as compared with the three months ended 31 March 2021. The decrease was mainly due to the decrease in revenue from the Group's movies, TV programmes, internet content business and new media e-commerce business.

Cost of sales for the three months ended 31 March 2022 decreased to approximately HK\$1,338,000 (2021: HK\$16,517,000), which was mainly attributable to the decrease in cost from the Group's movies, TV programmes and internet content business and the decrease in cost of the new media e-commerce business. Administrative expenses were mainly staff costs, operating leases and other general administrative expenses of the Group incurred during the period under review. Administrative expenses increased to approximately HK\$13,529,000 from approximately HK\$9,547,000 in the corresponding period. It was mainly attributable to the increase in expenses on staff costs due to the increase in staff with the development of e-commerce new business of the Group.

Loss for the period attributable to owners of the parent was approximately HK\$10,094,000 (2021: HK\$7,231,000). The increase in loss was primarily due to the increase in administrative expenses.

### **Movies, TV Programmes and Internet Contents**

During the period under review, the revenue contributed by such segment was mainly attributable to the distribution agency fee of approximately HK\$254,000 (2021: HK\$1,023,000) and its income from TV and internet programmes of approximately HK\$344,000 (2021: HK\$4,458,000).

### **Artiste Management**

During the period under review, the revenue contributed by such segment was approximately HK\$108,000 (2021: HK\$63,000).

### **New Media E-commerce Business**

During the period under review, the revenue contributed by such segment was approximately HK\$2,749,000 (2021: HK\$13,924,000).



## BUSINESS REVIEW

### Movies, TV Programmes and Internet Contents

Considering the pandemic and the overall situation of the film and television industry, the Group has been carefully selecting high-quality film and television projects for cooperation and investment since last year to effectively control and reduce investment risks. At the same time, the Group fully upgraded the distribution business segment, and opened cooperation channels for TV platform distribution, rural cinema distribution, second-round omni-channel distribution and overseas distribution. At present, cooperation in various types of distribution is actively underway, and has further explored the value output of previous projects. Relying on internet film and TV contents such as internet movies, internet dramas and variety shows, the Group has further improved the construction of the internet film and TV ecological chain system of Lajin Entertainment in the industry.

In terms of film distribution, no online film has been scheduled for release in the first quarter of 2022 due to the production progress and censorship reasons of historical projects. However, in 2021, the projects in reserve such as “Tibet Adventurer” (《藏地奇兵》), “Detrimental” (《見怪》), “Di Renjie — Dragon Hidden in the Maze” (《狄仁杰之龍隱迷窟》) and “Dragon Sparrow Guards: Myrlochar” (《龍雀衛•噬魂蛛》)” achieved new progress, of which the preparation for marketing and distribution work is progressing in advance. Among them, “Tibet Adventurer” has passed the content review, and the thriller monster film “Detrimental”, created by a team who won the Hong Kong Film Awards, has basically been completed, and has entered the stage of submission for review and preparation for marketing and distribution; “Di Renjie — Dragon Hidden in the Maze” (renamed as “Dragon Hidden in the Maze”) has obtained the online filing number and entered the stage of distribution preparation; “Dragon Sparrow Guards: Myrlochar” is in the distributing stage. The above four projects are coordinated by the Group for marketing and distribution, and are expected to be launched in the second to third quarter. In addition, the Group also pays close attention to the revenue-distribution rules of the platform and changes in the market, timely adjusts the distribution strategy and perfects the overall distribution structure, so as to strive for more profit.

In terms of investment and production, the Group continued to follow the strategy of last year, strictly controlled the volume and scale of investment and invested with prudence. In the first quarter of 2022, Part II of the series of “Huangmiao Village — Taoist Priest Qianhe” (《黃廟村之千鶴道長》), upgraded by Tencent’s popular IP《黃廟村•地宮美人》 and produced by the same team, has also completed all preparatory work before filming in the first quarter and will start shooting as scheduled in April. The film is expected to be completed in the third quarter of the year and launched in the fourth quarter, which will hopefully be another blockbuster. The film, starring Fat Chung (鐘發), an experienced Hong Kong actor, is distributed by Lajin Pictures. As the subject matter is a fantasy folk style which is popular among various platforms and the public at this stage, and its script and production team are also well recognized by the industry, the film has certain potential for a blockbuster.

“Investment + distribution” became the main business model for internet movies. The involvement in the distribution business will, on the one hand, increase revenue and help recoup the investments timely; on the other hand, allow the Group to deepen project participation, not only strengthening its relationship with the platform, but also broadening the perspective of its investments in project production. As a result, the Group will have the priority in choosing high-quality projects, gradually build up a “C-end” (consumer) mindset, and accumulate resources and experience in marketing and other ends of the industry chain.

### **“Faithful Dog Hachiko” (《忠犬八公》)**

The Group produced and co-presented the Chinese version film “Faithful Dog Hachiko” (《忠犬八公》) (the original version: “Hachi: A Dog’s Tale” (《忠犬八公的故事》) with Kaneto Shindo as the scriptwriter, which is the authorized work of the Group). iQIYI Pictures is now the investor and presenter of the project, which has been produced and co-presented by the Group. It has been selected as one of the key projects of the “Films Presented by iQIYI” program, and has started filming on 18 March 2021. It was successfully completed as scheduled on May 20, and its post-production is about to be completed. The film has submitted for review and it will be set for nationwide release in the first half of 2022. The project was directed by Mr. Xu Ang and Ms. Ye Rufen, a famous executive producer from Taiwan, acted as the executive producer. The leading actor and actress are Feng Xiaogang (his representative work includes “Mr. Six” (《老炮兒》), etc.) and Chen Chong (her representative work includes “The Last Emperor” (《末代皇帝》) and “Sheep Without a Shepherd” (《誤殺》), etc.) respectively. With the excellent creators and leading actors, this film has become a work with high audience expectations in 2022. After the release of the film, the Group, as the presenter and producer, not only gained more mature experience in film production, but also deepened the closed-loop effect of film research and development, production, distribution and marketing.

### **“The Tibet Code” (《藏地密碼》)**

The Group has entered into a joint investment and development agreement with Tencent Pictures, Guoying Investment and Dimension Films to collectively produce the film series of “The Tibet Code” (《藏地密碼》) adapted from the best-selling novel of the same name. We have invited Mr. Huang Jianxin, a famous director, executive producer and producer, to be the executive producer of the first film of the “The Tibet Code” (《藏地密碼》) series, who acted as the executive producer of films including “The Warlords” (《投名狀》) and “The Taking of Tiger Mountain” (《智取威虎山》) and the producer of films such as “My People, My Country” (《我和我的祖國》), “Bodyguards and Assassins” (《十月圍城》) and “Operation Mekong” (《湄公河行動》). Mr. Huang Hai will lead the scriptwriter team for “The Tibet Code” (《藏地密碼》) whose scripting works include “The Devotion of Suspect X” (《嫌疑人X的獻身》), “Wu Kong” (《悟空傳》) and “Mystery of Antiques” (《古董局中局》). We are carrying out the project based on the market condition.

## **Artiste Management**

Although the COVID-19 pandemic in 2021 is still in a severe situation and the industry continues to be cautious in developing new film and television projects, the Group has cooperated with outstanding talent management teams in the industry during the year under review, and recruited numerous artists with potentials who have emerged in different projects, which has injected new impetus into the business of artiste management segment.

Leveraging its own resources and combining its various business segments, the Group will develop income sources for artists, increase exposure opportunities so as to bring returns and make contributions to the Group through various channels, such as providing customized performance opportunities, conducting online marketing and making use of e-commerce.

## **Music**

Lajin Music has augmented the copyright of a large number of high quality original music compositions through the efforts over the past few years, covering a variety of mainstream and non-mainstream music in styles of pop, rock, classical, folk, electronic, rap, etc.

The Group has developed a comprehensive music promotion and distribution network and commenced copyright operation in full swing: Lajin Music collaborated with various domestic mainstream music platforms, such as QQ Music, KuGou Music, Kuwo Music, NetEase Cloud Music, Xiami Music as well as TikTok and gradually opened overseas issuance channels. It also established strategic partnerships with nearly 100 radio stations and internet radio channels in China.

In mid 2020, Lajin Music initiated a “Searching for Chinese Root Music Program” as a major founder. The project is established based on the cultural foundation of the Chinese nation, blended with the most advanced production technology and media communication methods and the professionalism of the music industry, and plans to establish a copyright database of the most outstanding, best-selling, and symbolic root music signifying the Chinese cultural confidence. In addition, by adopting different media communication methods, the project will be promoted by integrating with music works, local culture, tourism resources and local products. Eventually, with the support of resources from various levels of government, the project will be established into a comprehensive, novel, and commercially closed-loop cultural project. However, due to the impact of the pandemic and the restrictions of pandemic prevention policies, people’s mobility was restricted, which makes the development of the Chinese Root Music Program difficult. Nonetheless, the content of the project is in line with the national policy and market direction, and is of special significance. It is expected to be promoted throughout the country after the pandemic easing and the adjustment of pandemic prevention policies.

## **New media e-commerce business**

In the first quarter of 2022, the impact of the pandemic has been continuing everywhere across mainland China. Demand for online services keeps growing, live-streaming shopping and contact-free delivery continued to become the norm for online shopping under the pandemic. According to the “China Online Live-streaming Industry Development Research Report 2021” (《2021年度中國在線直播行業發展研究報告》), the number of online live-streaming users is expected to exceed 660 million in 2022. Among them, live e-commerce has become the live-streaming category with the largest number of users in internet live-streaming after rapid development in the past few years. Consumers have gradually deepened their awareness of the interactive, social and entertainment characteristics of live-streaming, and their acceptance of internet live-streaming and live e-commerce has been further improved. The average daily view duration of live-streaming continues to increase, and the proportion of live e-commerce users in the overall Internet users has increased significantly. Consumption via live-streaming is recognized increasingly.

Since its establishment, the Group dedicated itself to the deployment of the pan-entertainment industry chain, continuously cultivating high-quality contents, and enhancing the entertainment, fun and branding elements of contents. The Group accurately studies and judges the form and direction of entertaining consumption in future, realizing a two-way empowerment by entertainment contents and the e-commerce industry.

In addition to the regular project “Pretty Plus” (《玩美普拉斯》) collaborated with Jingdong (京東), Lajin has continued to deepen its investment in the live e-commerce industry and deployed the strategy for influencer incubation, brand store broadcasting and “Sannong” (“三農”) (namely, agriculture, rural areas and farmers) sector during the first quarter. The contracted merchants have started store broadcasting successively. The influencers/hosts to be incubated are prepared for positioning, content script writing, speech training, video shooting and other work, and professional training has been conducted on the vertical type of influencers being nurtured, covering the industry and product knowledge of the “Sannong” segment. While deploying the strategy, Lajin will be ready to respond to the rapid changes in the industry, and will sort out, adjust and plan the e-commerce business in a timely manner.

## **CAPITAL STRUCTURE**

As at the date of this announcement, the Company has in issue a total of 4,209,131,046 ordinary shares.

## SHARE OPTION SCHEME

On 10 June 2014, the Company adopted a new share option scheme (“Share Option Scheme”) and terminated the share option scheme adopted by the Company on 6 March 2002. The purpose of the Share Option Scheme is to enable the Company to grant options to the eligible participants (“Participants”) in order to recognise and motivate the contribution of the Participants to the Group. The Share Option Scheme is effective for 10 years and will be expired in June 2024.

There was no option outstanding as at 31 March 2022.

## ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the three months ended 31 March 2022 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2022, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

### Long positions in ordinary shares of HK\$0.01 each of the Company

Name of substantial shareholder	Capacity	Notes	Interest in shares	Interest in underlying shares	Approximate percentage of the Company’s issued share capital
Jiaxuan Group Company Limited (“Jiaxuan”)	Beneficial owner	(i)	1,982,561,725	—	47.10%
Eagle King Investment Holding Limited	Interest of controlled corporation	(i)	1,982,561,725	—	47.10%
Mr. Wong Kwong Yu	Interest of controlled corporation	(i)	1,982,561,725	—	47.10%
Great Majestic Global Holdings Limited	Interest of controlled corporation	(i)	1,982,561,725	—	47.10%
Mr. Xu Zhong Min	Interest of controlled corporation	(i)	1,982,561,725	—	47.10%
CITIC Group Corporation	Interest of controlled corporation	(ii)	459,934,954	—	10.93%
CITIC Limited	Interest of controlled corporation	(ii)	459,934,954	—	10.93%
Famous Peak Investments Limited	Beneficial owner	(ii)	459,934,954	—	10.93%
First Charm Investments Limited	Beneficial owner	(iii)	311,545,414	—	7.40%
Mr. Ko Chun Shun, Johnson	Interest of controlled corporation	(iii)	311,545,414	—	7.40%

*Notes:*

- (i) Jiaxuan is owned as to 55% by Eagle King Investment Holding Limited (“Eagle King”) and as to 45% by Great Majestic Global Holdings Limited (“Great Majestic”). Mr. Wong Kwong Yu owns 100% of Eagle King and Mr. Xu Zhong Min owns 100% of Great Majestic.
- (ii) Famous Peak Investments Limited is a wholly-owned subsidiary of CITIC Investment (HK) Limited, being one of the wholly-owned subsidiaries of CITIC Limited. CITIC Group Corporation is the holding company of CITIC Limited.
- (iii) Mr. Ko Chun Shun, Johnson owns 100% of First Charm.

Save as disclosed above, as at 31 March 2022, the Company has not been notified by any persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

#### **DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

None of the Directors and chief executive, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 31 March 2022.

#### **COMPETING INTEREST**

As at 31 March 2022, none of the Directors, the substantial shareholders nor their respective associates had an interest in any business which competes or may compete with the business of the Group.

#### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the three months ended 31 March 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

#### **PROVISION OF INFORMATION IN RESPECT OF AND BY DIRECTOR(S)**

Updated information with regard to the change in the Director(s) of the Company is as set out below:

After the reporting date, Mr. Leung Wai Shun Wilson has been appointed as an Executive Director of the Group since 19 April 2022.



## **CORPORATE GOVERNANCE PRACTICES**

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved thereby instilling confidence to shareholders and the public.

The Company has complied with the code provisions in the Corporate Governance Code (the “CG Code”) and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules for the three months ended 31 March 2022, with the exception of CG Code Provisions A.2.1 (separation of roles of chairman and chief executive officer), A.4.1 (specific terms of non-executive directors) and A.6.7 (non-executive directors attending general meetings).

### **a. Chairman and Chief Executive Officer**

Under the CG Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As at the date of this announcement, both of the positions of Chairman and Chief Executive Officer of the Company were still left vacant. The Company will continue to look for the appropriate candidate to fill the vacancy as chairman and chief executive officer.

### **b. Terms of Non-Executive Directors**

Under the CG Code provision A.4.1, all non-executive directors should be appointed for a specific term, subject to re-election. The term of office for non-executive Directors is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company’s bye-laws. At each annual general meeting, one-third of the Directors for the time being, (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this code provision.

### **c. Non-Executive Directors Attending General Meetings**

Under the code provision A.6.7 of CG Code, non-executive directors and independent non-executive directors should attend general meetings. Certain non-executive Directors and independent non-executive Directors were unable to attend the annual general meeting and extraordinary general meeting of the Company due to other business commitments.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

During the three months ended 31 March 2022, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company's Directors confirmed they have complied with the required standards of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.

## **AUDIT COMMITTEE**

The audit committee consists of three members, namely Mr. Lam Cheung Shing, Richard (chairman of the audit committee), Mr. Zhou Ya Fei and Mr. Ng Wai Hung, all being independent non-executive Directors except for Mr. Zhou Ya Fei who is a non-executive Director of the Company. The primary duties of the audit committee are to review the Company's annual report and financial statements, quarterly reports and interim report and to provide advice and comment thereon to the Board. The audit committee will also be responsible for reviewing and supervising the financial reporting and internal control procedures of the Group.

The audit committee has reviewed the first quarterly report and results for the three months ended 31 March 2022 before proposing to the Board for approval.

By order of the Board  
**Lajin Entertainment Network Group Limited**  
**Leung Wai Shun Wilson**  
*Executive Director*

Hong Kong, 13 May 2022

*As at the date of this announcement, the executive directors are Ms. Zhai Shan Shan and Mr. Leung Wai Shun Wilson; the non-executive directors are Mr. Zou Xiao Chun, Mr. Zhou Ya Fei and Mr. Li Xue Song; and the independent non-executive directors are Mr. Ng Wai Hung, Mr. Lam Cheung Shing, Richard and Mr. Wang Ju.*