

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

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This report, for which the directors (the “Directors”) of Lajin Entertainment Network Group Limited (formerly known as China Star Cultural Media 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 report 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 report misleading.

UNAUDITED INTERIM RESULTS

The board of Directors (the “Board”) of Lajin Entertainment Network Group Limited (formerly known as China Star Cultural Media Group Limited) (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 June 2015, together with the comparative unaudited figures for the corresponding periods in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the three months ended		For the six months ended	
		30 June 2015	30 June 2014	30 June 2015	30 June 2014
		(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Turnover	5	280	1,918	1,280	2,866
Cost of sales		(224)	(1,413)	(974)	(2,103)
Gross profit		56	505	306	763
Other revenue and other income	6	215	177	281	314
Administrative expenses		(11,011)	(3,489)	(12,722)	(7,160)
Impairment loss recognised in respect of goodwill		—	(9)	—	(9)
Share of results of joint ventures		—	76	(1)	(647)
Gain arising on change in fair value of financial assets classified as held for trading investments		9,780	—	9,780	—
Gain on disposal of subsidiaries	15	—	5,205	—	5,261
(Loss)/profit before tax	7	(960)	2,465	(2,356)	(1,478)
Income tax expense	8	—	—	—	—
(Loss)/profit for the period		(960)	2,465	(2,356)	(1,478)

Notes	For the three months ended		For the six months ended	
	30 June 2015	30 June 2014	30 June 2015	30 June 2014
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Other comprehensive loss for the period: <i>Items that may be reclassified subsequently to profit or loss:</i> Exchange differences arising from the translation of foreign operations	(104)	—	(104)	—
Total comprehensive (loss)/income for the period	(1,064)	—	(2,460)	—
(Loss)/profit for the period attributable to:				
Owners of the Company	(960)	2,465	(2,356)	(1,478)
Non-controlling interests	—	—	—	—
	(960)	2,465	(2,356)	(1,478)
Total comprehensive (loss)/income for the period attributable to:				
Owners of the Company	(1,064)	2,465	(2,460)	(1,478)
Non-controlling interests	—	—	—	—
	(1,064)	2,465	(2,460)	(1,478)
Dividend	—	—	—	—
(Loss)/earnings per share	9			
— Basic and diluted	HK(0.06) cent	HK0.39 cent	HK(0.14) cent	HK(0.26) cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2015	At 31 December 2014
	<i>Notes</i>	(Unaudited) HK\$'000	(Audited) HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	1,200	8
Film rights and film in progress	11	33,282	592
Deposit paid for acquisition of property, plant and equipment		4,587	—
Interests in joint ventures		3	4
Total non-current assets		39,072	604
Current assets			
Held for trading investments		—	17,115
Deposits, prepayments and other receivables	12	15,636	2,502
Cash and cash equivalents		430,126	158,800
Total current assets		445,762	178,417

		At 30 June 2015	At 31 December 2014
	Notes	(Unaudited) HK\$'000	(Audited) HK\$'000
LIABILITIES			
Current liabilities			
Accruals and other payables		2,177	1,357
Receipts in advance		1,541	2,875
Amount due to a joint venture		3	3
Amount due to a shareholder	13	23,039	—
Total current liabilities		26,760	4,235
Net current assets		419,002	174,182
Total assets less current liabilities		458,074	174,786
Net assets		458,074	174,786
EQUITY			
Share capital	14	23,548	9,198
Reserves		434,526	165,588
Equity attributable to owners of the Company		458,074	174,786
Non-controlling interests		—	—
Total equity		458,074	174,786

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital- Ordinary shares (Note 14) HK\$'000	Share capital- Preferred shares (Note 14) HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Contributed surplus HK\$'000	Convertible loan notes reserve HK\$'000	Accumulated losses HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 January 2014 (Audited)	5,056	—	47,383	—	28,294	4,265	(10,805)	74,193	9	74,202
Loss for the period	—	—	—	—	—	—	(1,478)	(1,478)	—	(1,478)
Other comprehensive income for the period	—	—	—	—	—	—	—	—	—	—
Total comprehensive loss for the period	—	—	—	—	—	—	(1,478)	(1,478)	—	(1,478)
Release of non-controlling interests upon disposal of subsidiaries	—	—	—	—	—	—	—	—	(9)	(9)
Placing of new shares	4,000	—	103,000	—	—	—	—	107,000	—	107,000
Share issue expenses	—	—	(3,806)	—	—	—	—	(3,806)	—	(3,806)
At 30 June 2014 (Unaudited)	9,056	—	146,577	—	28,294	4,265	(12,283)	175,909	—	175,909
At 1 January 2015 (Audited)	9,198	—	150,700	—	28,294	—	(13,406)	174,786	—	174,786
Loss for the period	—	—	—	—	—	—	(2,356)	(2,356)	—	(2,356)
Other comprehensive loss for the period:										
Exchange differences arising from the translation of foreign operations	—	—	—	(104)	—	—	—	(104)	—	(104)
Total comprehensive loss for the period	—	—	—	(104)	—	—	(2,356)	(2,460)	—	(2,460)
Subscription of shares	13,798	13,798	272,649	—	—	—	—	300,245	—	300,245
Conversion from preferred shares to ordinary shares	552	(552)	—	—	—	—	—	—	—	—
Share issue expenses	—	—	(14,497)	—	—	—	—	(14,497)	—	(14,497)
At 30 June 2015 (Unaudited)	23,548	13,246	408,852	(104)	28,294	—	(15,762)	458,074	—	458,074

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Net cash generated from/(used in) operating activities	23,982	(9,527)
Net cash used in investing activities	(38,357)	(4,309)
Net cash generated from financing activities	285,748	103,194
Net increase in cash and cash equivalents	271,373	89,358
Cash and cash equivalents at the beginning of the reporting period	158,800	48,780
Effect of foreign exchange rate changes	(47)	—
Cash and cash equivalents at the end of the reporting period	430,126	138,138
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents	430,126	138,138

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 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 Room 3903B, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong respectively.

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") 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 joint ventures are provision of artist management services, and film production and distribution.

2. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2014, except as described below.

In the current period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's accounting period beginning on 1 January 2015.

2. **Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) (continued)**

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 19 (Amendments)	Defined Benefits Plans: Employee Contributions

The application of the new and revised HKFRSs has had no significant effect on the Interim Financial Statements.

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the current accounting period.

3. **Basis of preparation**

The Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by HKICPA and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”).

The Interim Financial Statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2014.

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of Interim Financial Statements 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.

4. Segment information

Information reported to the directors of the Company, being the chief operating decision maker (“CODM”), for the purpose of resource allocation and assessment of segment performance focuses on the types of goods and services delivered or provided. In respect of the “artist management” and “film production and distribution” operations, the information reported to the CODM is further broken down into the different sales channels. No operating segments identified by the CODM have been aggregated in arriving at the reportable segment of the Group.

The Group’s reportable and operating segments under HKFRS 8 are as follows:

- (i) Artist management Service income from provision of artist management
- (ii) Film production and distribution Investment in, production of, sale and distribution of films

a. Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable segment.

	Artist management for the six months ended 30 June		Film production and distribution for the six months ended 30 June		Condensed consolidated for the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Segment revenue						
Revenue from external customers	1,280	2,866	—	—	1,280	2,866
Segment results						
Segment profit (loss)	306	(815)	—	(11)	306	(826)
Unallocated other revenue and other income					209	—
Unallocated corporate expenses					(12,650)	(5,257)
Loss from operating activities					(12,135)	(6,083)
Gain arising on change in fair value of financial assets classified as held for trading investments					9,780	—
Share of results of joint ventures					(1)	(647)
Impairment loss recognised in respect of goodwill					—	(9)
Gain on disposal of subsidiaries					—	5,261
Loss before tax					(2,356)	(1,478)
Income tax expense					—	—
Loss for the period					(2,356)	(1,478)

4. Segment information (continued)

b. Geographical segment

	Hong Kong		The People's Republic of China ("PRC")		Others		Condensed consolidated	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2015	2014	2015	2014	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	1,280	989	—	1,877	—	—	1,280	2,866
	At 30 June 2015	At 31 December 2014	At 30 June 2015	At 31 December 2014	At 30 June 2015	At 31 December 2014	At 30 June 2015	At 31 December 2014
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
*Non-current assets	33,287	600	4,587	—	1,195	—	39,069	600

* Non-current assets excluded those interests in joint ventures.

5. Turnover

	For the three months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Artist management	280	1,918	1,280	2,866

6. Other revenue and other income

	For the three months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Bank interest income	143	117	146	188
Consultancy fee income	63	60	126	126
Sundry income	9	—	9	—
	215	177	281	314

7. (Loss)/profit before tax

(Loss)/profit from operations has been arrived at after charging:

	For the three months ended 30 June		For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	2	1	3	132
Written off of property, plant and equipment	—	1,579	—	1,579
Minimum lease payments under operating leases on land and buildings	720	—	720	1,122
Staff costs including directors' remuneration				
— Salaries and allowance	6,164	781	7,213	3,051
— Retirement benefit scheme contribution	413	19	435	83

8. Income tax expense

No provision of Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong or the estimated assessable profit was wholly absorbed by tax losses bought forward during the period under review. (2014: nil).

9. (Loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the loss attributable to owners of the Company for the three months ended 30 June 2015 of approximately HK\$960,000 (2014: profit attributable to owners of the Company of HK\$2,465,000) and loss attributable to owners of the Company for the six months ended 30 June 2015 of approximately HK\$2,356,000 (2014: loss attributable to owners of the Company of HK\$1,478,000) and weighted average of 1,717,565,000 shares in issue during the three months ended 30 June 2015 (2014: 636,418,957 shares) and the weighted average of 1,717,565,000 shares in issue during the six months ended 30 June 2015 (2014: 571,395,582 shares).

For the three months and six months ended 30 June 2014, diluted (loss)/earnings per share was not presented as the conversion of all outstanding convertible loan notes would have anti-dilutive effects.

10. Property, plant and equipment

During the six months period ended 30 June 2015, the Group acquired items of property, plant and equipment with a cost of approximately HK\$1,195,000 (for the six months period ended 30 June 2014: nil).

11. Film rights and Film in progress

During the six months period ended 30 June 2015, the Group paid approximately HK\$32,690,000 for the film in progress (for the six months period ended 30 June 2014: nil).

12. Deposit, prepayments and other receivables

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Deposits paid	3,890	2,073
Prepayments	11,746	416
Other receivables	—	13
	15,636	2,502

13. Amount due to a shareholder

The amount is unsecured, interest free and repayable on demand.

14. Share capital

	Number of shares		Amount	
	At 30th June 2015 (Unaudited) '000	At 31st December 2014 (Audited) '000	At 30th June 2015 (Unaudited) HK\$'000	At 31st December 2014 (Audited) HK\$'000
Ordinary shares of HK\$0.01 each				
Authorised:				
At the beginning of the reporting period	3,000,000	3,000,000	30,000	30,000
Increase in capital (Note a)	5,000,000	—	50,000	—
At the end of the reporting period	8,000,000	3,000,000	80,000	30,000
Issued and fully paid:				
At the beginning of the reporting period	919,869	505,649	9,198	5,056
Subscription of shares (Note a)	1,379,805	—	13,798	—
Conversion from preferred shares to ordinary shares (Note b)	55,192	—	552	—
Conversion of new convertible notes (Note c)	—	14,220	—	142
Placement of shares (Note d and e)	—	400,000	—	4,000
At the end of the reporting period	2,354,866	919,869	23,548	9,198

14. Share capital (continued)

	Number of shares		Amount	
	At 30th June 2015	At 31st December 2014	At 30th June 2015	At 31st December 2014
	(Unaudited) '000	(Audited) '000	(Unaudited) HK\$'000	(Audited) HK\$'000
Preferred shares of HK\$0.01 each				
Authorised:				
At the beginning of the reporting period	—	—	—	—
Increase in capital (Note a)	2,000,000	—	20,000	—
At the end of the reporting period	2,000,000	—	20,000	—
Issued and fully paid:				
At the beginning of the reporting period	—	—	—	—
Subscription of Shares (Note a)	1,379,805	—	13,798	—
Conversion from preferred Shares to ordinary Shares (Note b)	(55,192)	—	(552)	—
At the end of the reporting period	1,324,613	—	13,246	—

Notes:

- a) On 24 November 2014, the Company and certain subscribers (“Subscribers”) entered into a subscription agreement (“Subscription Agreement”) (as amended by the supplemental agreement dated 16 February 2015), pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 2,759,609,727 subscription shares, comprising 1,379,804,865 new ordinary shares and 1,379,804,862 new preferred shares at an issue price of HK\$0.20 per subscription share (the “Subscription”). The aggregate subscription price amounts to approximately HK\$551,922,000.

14. Share capital (continued)

Notes: (continued)

(a) (continued)

On 16 March 2015, a special general meeting was held and special resolution was passed to approve the increase in authorised share capital of the Company. The authorised share capital of the Company was increased from HK\$30,000,000 to HK\$100,000,000 by (i) the creation of an additional 5,000,000,000 ordinary shares and (ii) the creation of 2,000,000,000 new preferred shares, such that the authorised share capital of the Company was HK\$100,000,000 divided into 8,000,000,000 ordinary shares and 2,000,000,000 preferred shares.

The Subscription was completed on 19 March 2015, pursuant to the Subscription Agreement, 1,379,804,865 new ordinary Shares have been duly allotted and issued as fully paid to the Subscribers and 1,379,804,862 new preferred Shares have been duly allotted and issued as partly paid to the Subscribers. Accordingly, immediately after completion, there were 2,299,674,774 ordinary shares and 1,379,804,862 preferred shares in issue. The total net proceeds raised from the subscription amounts to approximately HK\$535 million, of which, as of 30 June 2015, HK\$285.7 million has been received by the Company.

The holders of the preferred shares are not entitled to attend or vote at any general meeting of the Company and none of the preferred shares shall receive any dividend out of the funds of the Company available for distribution.

As disclosed in the circular dated 18 February 2015, the net proceeds of approximately HK\$535 million will be used for (i) investment in Korean media resources; (ii) organising exhibitions, performance shows and concerts; (iii) the investment and production of TV programmes and movies; and (iv) the establishment of an online platform to provide media contents on the Internet.

Each preferred share is convertible into one ordinary share (subject to adjustment) by the preferred shareholder serving the conversion notice to the Company within the conversion period, without the payment of any additional consideration after the preferred shares have been fully paid according to the terms set out in the Subscription Agreement.

- b) On 15 June 2015, one of the Subscribers has fully paid 55,192,194 preferred shares. The allotment and issue of the ordinary shares have been completed as at 15 June 2015 with the notice to convert all of its preferred shares into ordinary shares and the full payment of subscription price fully paid.

14. Share capital (continued)

Notes: (continued)

- c) On 16 October 2014, new convertible notes with principal amount of HK\$6,200,000 was converted into 14,220,183 ordinary shares at a conversion price of HK\$0.436 per share.
- d) On 17 June 2014, the Company completed the second tranche placing of 300,000,000 ordinary shares of HK\$0.01 each at a placing price of HK\$0.28 per share with the net proceeds from the placing amount to approximately HK\$81,019,000.
- e) On 15 April 2014, the Company completed the first tranche placing of 100,000,000 ordinary shares of HK\$0.01 each at a placing price of HK\$0.23 per share with the net proceeds from the placing amount to approximately HK\$22,175,000.

15. Disposal of subsidiaries

On 31 March 2014, the Group disposed of the entire equity interests in nine wholly owned subsidiaries to an independent third party at a cash consideration of HK\$24.40.

Details of the assets and liabilities at the date of disposal are set out as follows:

	(Unaudited) HK\$'000
Trade receivables	1
Deposits, prepayments and other receivables	9
Amount due from a shareholder	10
Cash and cash equivalents	6
Accruals and other payables	(73)
Amount due to the ultimate holding company	(5,205)
	<hr/>
Net liabilities disposed of	(5,252)
	<hr/>
Gain on disposal of subsidiaries:	
Cash consideration received	—
Net liabilities disposed of	5,252
Non-controlling interests	9
	<hr/>
	5,261
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Net cash outflow arising on disposal:	
Cash consideration received	—
Less: Cash and cash equivalents disposed of	(6)
	<hr/>
	(6)
	<hr/>

16. Acquisition of subsidiary

On 14 April 2014, the Group entered into a sale and purchase agreement with China Star Entertainment Holding Limited for acquiring the entire equity interest in and the shareholder's loan due by China Star Movie Limited at a cash consideration of HK\$4,340,000. The acquisition was completed on 17 April 2014.

Acquisition related costs of approximately HK\$5,000 have been excluded from consideration transferred and have been recognised as an expense in the condensed consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition:

	(Unaudited) HK\$'000
Trade receivables	21
Deposits, prepayments and other receivables	6,171
Cash and cash equivalents	36
Accruals and other payables	(1,888)
Amount due to an immediate holding company	(9,002)
	(4,662)
Shareholder's loan	9,002
	(4,662)
Total consideration, satisfied by cash	4,340
Net cash outflow arising on acquisition:	
Cash consideration paid	4,340
Less: Cash and cash equivalents acquired	(36)
	4,304

17. Fair value measurement

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Interim Financial Statements approximate their fair values.

18. Capital commitments

Capital Expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Film in progress	6,242	—

As at 30 June 2015, the Group did not have other significant capital commitments.

19. Operating lease commitment

The Group leases office premises under operating lease arrangement. Leases for office premises are negotiated for the terms ranging from 1 to 6 years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	At 30 June 2015 (Unaudited) HK\$'000	At 31 December 2014 (Audited) HK\$'000
Within one year	9,764	—
In the second to fifth years, inclusive	28,775	—
After five years	4,537	—
	43,076	—

20. Significant related party transactions

In addition to the transactions and balances detailed elsewhere in Interim Financial Statements, the Group had the following material transactions with related parties during the period:

During the period under review, the Group entered into the following transactions with its related companies:

	For the six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Rental expenses paid to a related company (Note a)	—	1,110
Acquisition of a subsidiary from a related company (Note b)	—	4,340

Note:

- (a) Rental expense paid to the related company, in which is subsidiary of an entity and the Group is an associate of that entity. The transaction is a continuing connected transaction as defined under Chapter 20 of the GEM Listing Rules, details of which please refer to the announcement dated 30 April 2012.
- (b) Acquisition of a subsidiary from a related company, which has common chairman and executive director. The transaction is a connected transaction as defined under Chapter 20 of the GEM Listing Rules, details of which please refer to the announcement dated 14 April 2014.

21. Event after the reporting period

On 10 July 2015, the Company entered into the subscription agreement with CITIC Investment (HK) Limited, an indirect wholly owned subsidiary of CITIC Limited (a company whose issued shares are listed on the main board of the Stock Exchange (Stock Code: 267)) (the "Subscriber") pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for 459,934,954 subscription shares at the subscription price of HK\$1.3681 per subscription share. The gross proceeds from the subscription is approximately HK\$629.2 million. Please refer to the Company's announcement dated 13 July 2015 for the details of subscription. The Subscription is expected to be completed by end of August 2015.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (2014: Nil).

CHANGE IN DIRECTORS AND SECRETARY

On 19 March 2015, Ms. Wu Li has been appointed as an executive Director, Mr. Zou Xiao Chun has been appointed as a non-executive Director, and Mr. Ng Wai Hung and Mr. Lam Cheung Shing Richard have been appointed as independent non-executive Directors. Ms. Wu Li has also been appointed as the authorized representative and compliance officer respectively effective on 2 April 2015 and 30 June 2015.

On 26 March 2015, Mr. Chan Kam Kwan Jason has been appointed as the Company Secretary of the Company following Mr. Leung Wai Man's resignation. Mr. Chan has also been appointed as the authorized representative on the same date.

On 2 April 2015, Ms. Li Yee Mei has resigned as an executive director and Mr. Yip Tai Him and Mr. Law Yiu Sang, Jacky have resigned as independent non-executive directors. On the same day, Mr. Zhou Ya Fei has been appointed as a non-executive director of the Company.

On 30 June, 2015, Mr. Leung Wai Man has resigned as an executive director, authorized representative and the compliance officer of the Company and Mr. Fung Wai Ching has resigned as independent non-executive director. On the same day, Mr. Wang Ju has been appointed as independent non-executive director of the Company and Ms. Wu Li, an executive director of the Company, has been appointed on the same date as the authorized representative and the compliance officer of the Company.

CHANGE OF COMPANY NAME

On 27 April 2015, the Company proposed to change the English name of the Company from “China Star Cultural Media Group Limited” to “Lajin Entertainment Network Group Limited” and the Chinese name of the Company “拉近網娛集團有限公司” will be adopted to replace “中國星文化產業集團有限公司” for identification purpose only. An announcement and a circular were published dated 27 April 2015 and 13 May 2015 respectively for the abovementioned purpose in which reference can be made. Special shareholders’ resolution was obtained on 12 June 2015 in the general meeting of the Company. The change of Company name took effect on 3 July 2015. The Certificate of Incorporation on Change of name was issued by the Registrar of Companies in Bermuda on 9 July 2015 certifying the change of Company name. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 29 July 2015. The change of company name will not affect any rights of the holders of securities of the Company. All existing certificates of securities in issue bearing the former name of “China Star Cultural Media Group Limited” will continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, delivery and registration purposes. There will not be any arrangement for exchange of the existing certificates of securities for new certificates bearing the new name of the Company. Thereafter, any new certificates of securities will be issued under the new name of the Company.

CHANGE OF STOCK SHORT NAME

With effect from 7 August 2015, the Shares will be traded on the Stock Exchange under the new stock short name of “LAJIN ENT” in English and “拉近網娛” in Chinese, instead of “CHINASTARCMG” in English and “中國星文化產業” in Chinese respectively. The stock code of the Company remains as 8172.

CHANGE OF COMPANY WEBSITE

The website of the Company will be changed to www.irasia.com/listco/hk/lajin/index.htm with effect from 7 August 2015 to reflect the Change of Company Name.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Artist Management

During the period under review, the revenue contributed by such segment was approximately HK\$1,280,000 (2014: HK\$2,866,000), representing a decrease of approximately 55.3% due to the tough business competition as compared with the period ended 30 June 2014.

The gross profit margin decreased to approximately 23.9% (2014: 26.6%). The stable gross profit margin in such segment was in line with the management's expectation.

Pending Litigation

On 30 May 2011, China Star Management Limited, an indirect wholly-owned subsidiary of the Company, issued a Writ of Summons to claim against Tang's Workshop Limited ("Tang's Workshop") for the sum of HK\$127,500, being the fees charged for the services rendered and material supplied to Tang's Workshop. At the date of this report, the litigation has yet to be settled.

Financial Review

The revenue of the Group was approximately HK\$1,280,000 for the six months ended 30 June 2015 (2014: HK\$2,866,000), and it was generated from the provision of artist management and film distribution, representing a decrease of 55.3% as compared with the six months ended 30 June 2014. Administrative expenses were mainly the staff costs, operating leases and other general administrative expenses of the Group incurred during the period under review.

Administrative expenses increased by 77.7% to approximately HK\$12,722,000 from approximately HK\$7,160,000 in prior period. It was mainly attributed from the expenses on operating leases amounted to approximately HK\$720,000 (2014: HK\$1,122,000) and salaries and allowances amounted to approximately HK\$7,213,000 (2014: HK\$3,051,000).

During the period under review, loss for the period attributable to owners of the Company was approximately HK\$2,356,000 (2014: loss of HK\$1,478,000), which was mainly attributed from the administrative expenses amounted to approximately HK\$12,722,000 (2014: HK\$7,160,000) and the share of losses of joint ventures amounted to HK\$1,000 (2014: losses of HK\$647,000).

Future Plans

The English name of the Company is being changed from “China Star Cultural Media Group Limited” to “Lajin Entertainment Network Group Limited”, and “拉近網娛集團有限公司” is being adopted to replace “中國星文化產業集團有限公司” as the Chinese name of the Company for identification purpose only.

The Group intends to expand its existing operations and focus in 3 major areas, namely music, TV/movies, Entertainment Show and Sports Events. We plan to provide an interactive online-entertainment platform that can bring closer the distance between fans and celebrities to enhance interaction and we believe that enormous business opportunities can be created with a large connected group of continuing users. This latest development of the Company is one of the reasons that the Company has its name changed to “Lajin”, in Chinese meaning “to bring closer”, which adequately describes our ultimate goal to “bring closer” the distance between fans and celebrities.

Strategic focuses

Music

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.

TV/Movies

The Group will produce and invest in a greater variety of TV/Movies.

The Group will release 1 movie in theatre in November 2015. In the meantime, the Group is currently reviewing at least 6 movie investment proposals; and already has plan for 11 movie/TV programme productions by end of 2016.

Entertainment Shows and Sports Events

With sports entertainment, we aim to add element of fun and entertainment within the realm of sports. The Group will actively participate in holding entertainment shows and sports events, and will consider to hold concerts as well, which can be broadcasted via the online-platform.

Others

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.

LIQUIDITY AND FINANCIAL RESOURCES

At 30 June 2015, the Group had total assets of approximately HK\$484,834,000 (31 December 2014: HK\$179,021,000), including cash and cash equivalents of approximately HK\$430,126,000 (31 December 2014: HK\$158,800,000). During the period under review, the Group financed its operation with internally generated cash flows and issues of new shares.

CAPITAL STRUCTURE

Reference is made to the circular of the Company dated 18 February 2015, capitalized terms used shall have the same meanings as those defined in the circular unless the context stated otherwise.

On 24 November 2014, the Company and the Subscribers (including Jiaxuan, Vision Path, First Charm and REORIENT Global) entered into the Subscription Agreement pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 2,759,609,727 Subscription Shares, comprising 1,379,804,865 new Ordinary Shares and 1,379,804,862 new Preferred Shares at an issue price of HK\$0.20 per Subscription Share. The net proceeds per Subscription Share upon completion of the Subscription and payment in full of the Subscription Price represent a net price of approximately HK\$0.19 per Subscription Share.

The Directors are of the view that taking into account the experience, expertise and business network in the PRC, in particular the entertainment industry in the PRC, that our substantial shareholder would bring in, the Subscription represents a valuable opportunity for the Group to recruit a solid strategic corporate investor . The Directors consider that entering into the Subscription Agreement represents a good opportunity to (i) raise a substantial amount of additional funds for the Company; (ii) improve the financial position and liquidity of the Group; (iii) provide the Company with the financial flexibility necessary for the Group's future business development and the capability to capture any prospective investment opportunities as and when they arise; and (iv) strengthen the Group's capability to develop the PRC market. The Directors are confident that the Subscribers will bring in additional resources and investment opportunities to the Company which are beneficial to the Company and the Shareholders as a whole.

As disclosed in the circular dated 18 February 2015, the net proceeds of approximately HK\$535 million will be used for investment in Korean media resources including scripts, film directors, artists and copyrights, and artist management and training; for organising exhibitions, performance shows and concerts; for the investment and production of TV programmes and movies; and for the establishment of an online platform to provide media contents on the Internet.

On 16 March 2015, a special general meeting was held and independent shareholders' approval in relation to the subscription and the increase in authorised share capital have been sought. The authorised share capital of the Company was increased from HK\$30,000,000 to HK\$100,000,000 by (i) the creation of an additional 5,000,000,000 ordinary shares and (ii) the creation of 2,000,000,000 new preferred shares, such that the authorised share capital of the Company was HK\$100,000,000 divided into 8,000,000,000 ordinary shares and 2,000,000,000 preferred shares. The completion of the subscription has taken place on 19 March 2015. Pursuant to the subscription agreement, 1,379,804,865 new ordinary shares (with a nominal value of HK\$13,798,048.65) of the Company have been duly allotted and issued as fully paid to the subscribers, at an issue price of HK\$0.2 per share, and 1,379,804,862 new preferred shares (with a nominal value of HK\$13,798,048.62) have been duly allotted and issued to the subscribers as 5% partly paid.

On 15 June 2015, 55,192,194 of the preferred shares have been converted into ordinary shares of the Company upon receipt of the outstanding payment from one of the subscribers, REORIENT Global, amounted to HK\$10,486,517.

As at the date of this report, there are a total of 1,324,612,668 preferred shares outstanding. Assuming all preferred shares are fully paid up and converted, a further 1,324,612,668 new ordinary shares of the Company will be issued (subject to adjustment). The Subscribers have been granted a whitewash waiver, waiving the obligation of the Subscribers to make a general offer under Rule 26 of the Takeovers Code upon conversion of such preferred shares.

The total net proceeds raised from the subscription amounts to approximately HK\$535 million, of which, as of 30 June 2015, HK\$285.7 million has been received by the Company.

As at the date of this report, the Group had only utilised approximately HK\$12 million of the net proceeds from the above 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.

As at 30 June 2015, the company has in issue a total of 2,354,866,968 ordinary shares, and 1,324,612,668 convertible preferred shares.

GEARING RATIO

The gearing ratio, expressed as percentage of total liabilities over total assets, was approximately 5.5% (31 December 2014: 2.4%). The change in gearing ratio was mainly derived from the increase of current liabilities in accruals and other payables from approximately HK\$1,357,000 to HK\$2,177,000 and amount due to a shareholder from nil to HK\$23,039,000 as compared with that in prior year. At the same time, the increase of film rights and films in progress from HK\$592,000 to HK\$33,282,000, deposits, prepayments and other receivables from HK\$2,502,000 to HK\$15,636,000 and cash and cash equivalents from HK\$158,800,000 to HK\$430,126,000 also provide the contributed the change in the Company's gearing ratio.

CHARGE ON THE GROUP'S ASSETS

At 30 June 2015, the Group did not have any charge on its assets.

FOREIGN EXCHANGE RISKS

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need rise.

COMMITMENTS

At 30 June 2015, the Group had capital commitments of approximately 6,242,000 (2014: Nil).

CONTINGENT LIABILITIES

At 30 June 2015, the Group had no material contingent liabilities (2014: Nil).

EMPLOYEES

At 30 June 2015, the Group had 105 employees, including approximately 99 employees in PRC and 6 employees in Hong Kong and other countries. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme.

SIGNIFICANT INVESTMENT

The Group did not hold any significant investment during the period ended 30 June 2015.

MATERIAL ACQUISITION AND DISPOSAL OF LISTED SECURITIES

On 19 May 2015, the Group disposed of listed shares of China Jiu hao Health Industry Corporation Limited (“Jiu hao Health Shares”) on the market through the trading platform of the Stock Exchange, at the price of HK\$1.10 per Jiu hao Health Share for a gross proceeds of HK\$26,895,000 (excluding transaction costs) (the “Disposal”). As a result of the Disposal, the Group has recognized a gain of HK\$9,780,000 which is calculated on the basis of the difference between the fair value of Jiu hao Health Shares (i.e. HK\$17,115,000) and the consideration of the Disposal (i.e. HK\$26,895,000) (excluding transaction costs). The Group intends to use the proceeds of the Disposal for general working capital.

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

At 30 June 2015, none of the Director, or chief executive of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)), which would have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO); or which were required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 of the GEM Listing Rules.

SHARE OPTION SCHEME

On 10 June 2014, the Company adopted a new share option scheme (“New Share Option Scheme”) and terminated the share option scheme adopted by the Company on 6 March 2002. The purpose of the New 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 scope of the Participants was determined to provide flexibility for the Company to encourage and reward a broad range of the Participants to contribute to the development of the Group. The Board is of the view that the Participants (including employees, directors, supplier, consultants, distributors, agents, customers, partners, joint venture partners, promoter, service providers and advisers to the Group) are persons who may contribute to the growth and development of the Group through their services or investments. The Directors are of the view that the New Share Option Scheme will serve to motivate the Participants to continue to optimise their performance and efficiency for better serving the Group in the future, as well as to attract and retain or otherwise maintain ongoing business or investment relationship with the Participants depending on many factors such as their interest in the shares, their business/working relationship with the Group, and their contribution that has or may have been made to the Group etc.

The details of the New Share Option Scheme were set out in the circular of the Company dated 8 May 2014. During the period under review, no share options had been granted, exercised, cancelled or lapsed under the New Share Option Scheme.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the share option schemes and employee award plan, at no time during the six months ended 30 June 2015 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

At 30 June 2015, 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 (Note iv)	Total interests in shares	Approximate percentage of the Company's issued share capital
Jiaxuan Group Company Limited	Beneficial owner	(i)	965,863,405	965,863,404	1,931,726,809	82%
Eagle King International Limited	Interest of controlled corporation	(i)	965,863,405	965,863,404	1,931,726,809	82%

Name of substantial shareholder	Capacity	Notes	Interest in Shares	Interest in underlying shares (Note iv)	Total interests in shares	Approximate percentage of the Company's issued share capital
Mr. Wong Kwong Yu	Interest of controlled corporation	(i)	965,863,405	965,863,404	1,931,726,809	82%
Great Majestic Global Holdings Limited	Interest of controlled corporation	(i)	965,863,405	965,863,404	1,931,726,809	82%
Ms. Ma Qing	Interest of controlled corporation	(i)	965,863,405	965,863,404	1,931,726,809	82%
Vision Path Limited	Beneficial owner	(ii)	206,970,730	206,970,729	413,941,459	17.6%
Ms. Yu Nan	Interest of controlled corporation	(ii)	206,970,730	206,970,729	413,941,459	17.6%
First Charm Investments Limited	Beneficial owner	(iii)	151,778,535	151,778,535	303,557,070	12.9%
Mr. Ko Chun Shun Johnson	Interest of controlled corporation	(iii)	151,778,535	151,778,535	303,557,070	12.9%

Notes:

- (i) Pursuant to the Subscription Agreement between the Company (as the issuer), Jiaxuan Group Company Limited (“Jiaxuan”), Vision Path Limited (“Vision Path”), First Charm Investments Limited (“First Charm”) and Reorient Global Limited (“Reorient Global”) (together being the “Subscribers”) dated 24 November 2014, which has been completed on 19 March 2015), Jiaxuan has subscribed for 965,863,405 ordinary shares and 965,863,404 convertible preferred shares of the Company. 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 Ms. Ma Qing owns 100% of Great Majestic.
- (ii) Pursuant to the Subscription Agreement as mentioned in note (i), Vision Path has subscribed for 206,970,730 ordinary shares and 206,970,729 convertible preferred shares of the Company. Ms. Yu Nan owns 100% of Vision Path.

- (iii) Pursuant to the Subscription Agreement as mentioned in note (i), First Charm has subscribed for 151,778,535 ordinary shares and 151,778,535 convertible preferred shares of the Company. Mr. Ko Chun Shun, Johnson owns 100% of First Charm.
- (iv) The underlying shares represent the preferred shares as mentioned in Note (i) to (iii) above. Assuming such preferred shares are fully paid up and converted, a total of 1,324,612,668 new ordinary shares of the Company will be issued accordingly (subject to applicable adjustments). The Subscribers have been granted a whitewash waiver, waiving the obligation of the Subscribers to make a general offer under Rule 26 of the Takeovers Code upon conversion of such preferred shares.

Save as disclosed above, at 30 June 2015, 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.

COMPETING INTEREST

At 30 June 2015, 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 six months ended 30 June 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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 and Corporate Governance Report (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules for the six months ended 30 June 2015, with the exception of CG Code Provisions A.2.1 (separation of roles of chairman and chief executives) and A.4.1 (specific terms of non-executive Directors).

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 of the date of this report, 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 the 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 meeting

Under the Code provision A.6.7 of CG Code, non-executive Directors should attend general meetings. Certain non-executive directors were unable to attend the annual general meeting and special general meeting of the Company held on 12 June 2015 due to other business commitments.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2015, 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 non-executive Directors or independent non-executive Directors. 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 accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the management team of the Company. The audit committee has reviewed the interim report and results for the six months ended 30 June 2015 before proposing to the Board for approval.

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

Hong Kong, 14 August 2015

As at the date of this report, the executive Directors is Ms. Wu Li, the non-executive Directors 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.