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## **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)**

## **DISCLOSEABLE TRANSACTION**

### **SALE AND PURCHASE AGREEMENT**

The boards of directors of Lajin Entertainment announces that on 24 April 2017, Lajin Hu Yu has entered into the Sale and Purchase Agreements with a number of vendors, in relations to the acquisition of 38% of the registered share capital in Xin Mei Xing Xiu for a total consideration of RMB3,040,000 (equivalent to approximately HK\$3,435,000). Before the Acquisition, Lajin Hu Yu already owns 32% of the registered share capital in Xin Mei Xing Xiu and after the Acquisition Xin Mei Xing Xiu will become a 70% owned subsidiary of the Group.

### **GEM LISTING RULES IMPLICATIONS FOR LAJIN ENTERTAINMENT**

As one or more of the applicable percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for Lajin Entertainment under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 19 of the GEM Listing Rules.

## **BACKGROUND**

On 1 November 2016, Lajin Hu Yu had entered into a sale and purchase Agreement and a subscription agreement for the acquisition of a total of 32% of the registered share capital in Xin Mei Xing Xiu, details of which are as follow:

- (i) Lajin Hu Yu has acquired 15% of the then registered share capital of Xin Mei Xing Xiu from Beijing Zhao Yi Investment Management Company (Limited Partners)(“Beijing Zhao Yi”) 北京翌一投資管理中心(有限合夥) for a total consideration of RMB900,000 (approximately HK\$1,017,000); and

\* *For identification purposes only*

(ii) Lajin Hu Yu has subscribed for 25% new shares in the then share capital of Xin Mei Xing Xiu for a total consideration of RMB1,500,000 (approximately HK\$1,695,000)

After (i) and (ii) above, Lajin Hu Yu has become owner of 32% of the registered share capital of Xin Mei Xing Xiu (as enlarged by the new issue of 25% as described in (ii) above)

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The terms of the Sale and Purchase Agreement are set out below:

### Date:

24 April 2017

### Parties:

#### Purchaser

Lajin Hu Yu

Vendors	% in share capital	Consideration
Beijing Shi Shang Mei Kong Wen Hua Chuan Bo Limited ("Mei Kong") 北京時尚美空網絡文化傳播股份有限公司	33.6%	RMB2,688,000
Beijing Zhao Yi	2.4%	RMB192,000
Liu Qiang 劉強	2%	RMB160,000
Total	<u>38%</u>	<u>RMB3,040,000</u>

Mei Kong is a company engaged in agency business for models, artists, photographers, cosmeticians etc. Lajin Hu Yu currently owns 7.7% shareholding in Mei Kong. Beijing Zhao Yi is a company engaged in investment and consultancy businesses. Other than disclosed herein, to the best of the knowledge, information and belief of the directors of Lajin Entertainment, and having made all reasonable enquiries, all the vendors mentioned herein, and other shareholders of Xin Mei Xing Xiu are Independent Third Parties.

## Consideration

30% of the total consideration shall be paid within 10 business days after the signing of the Sale and Purchase Agreements. The remaining 70% of the total consideration shall be paid within 10 business days after all the registration of the change of shareholders with local authority and the transfer of ownership is completed.

## Basis of determining the Consideration

The consideration of the Acquisition was determined through arm's length negotiations between Lajin Hu Yu and the vendors on a commercial basis with reference to the business prospect of Xin Mei Xing Xiu, the expertise of its management team and its artists and production resources.

In view of the above, the directors of Lajin Entertainment consider that the consideration and the terms for the Acquisition are fair and reasonable, and the Acquisition is in the interests of Lajin Entertainment and its shareholders as a whole. Lajin Entertainment will settle the consideration by internal cash reserves.

## INFORMATION ABOUT 新美星秀

Xin Mei Xing Xiu is a PRC incorporated company established in October 2015. It is company engaged in the business of artist management, advertising and promotion, event management and production & etc. Its management team has extensive experience in the industry and have access to an abundant amount of resources including song and film producers, directors, artists, stylists, models and dancers.

Set out below is the unaudited consolidated management accounts of Xin Mei Xing Xiu for the years ended 31 December 2015 and 2016:

	For the year ended 31 December	
	2015	2016
	<i>RMB\$'000</i>	<i>RMB\$'000</i>
Revenue	—	<b>2,031</b>
Loss before and after tax	164	<b>2,853</b>

The unaudited consolidated net assets of the Xin Mei Xing Xiu as at 31 December 2016 was approximately RMB1,503,000 (approximately HK\$1,698,000).

## **REASONS FOR AND THE BENEFITS OF THE ACQUISITION FROM THE LAJIN ENTERTAINMENT GROUP'S PERSPECTIVE**

Lajin Entertainment is principally engaged in the media businesses including investment in movie, TV/internet programs and artist management. The acquisition of Xin Mei Xing Xiu provides a synergy to the existing businesses of the Group. The Group can also rely on the expertise of the management team of Xin Mei Xing Xiu and its resources to further diversify its business and the Acquisition can also enhance the efficiency of the usage of our existing facilities and resources.

## **GEM LISTING RULES IMPLICATIONS FOR LAJIN ENTERTAINMENT**

As one or more of the applicable percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for Lajin Entertainment under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements as set out in Chapter 19 of the GEM Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Acquisition”	the acquisition of 38% registered share capital in Xin Mei Xing Xiu by Lajin Hu Yu
“Associate(s)”	has the meaning as ascribed to it in the Listing Rules or the GEM Listing Rules (as the case may be)
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the company and are third parties independent of Lajin Entertainment and its connected persons in accordance with the Listing Rules or the GEM Listing Rules (as the case may be)

“Lajin Entertainment” or the “Company”	Lajin Entertainment Network Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on GEM (stock code: 08172)
“Group”	Lajin Entertainment and its subsidiaries
“Lajin Hu Yu”	Beijing Lajin Hu Yu Wen Hua Chuan Mei Limited, (北京拉近互娛文化傳媒有限公司), an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreements”	the sale and purchase agreements dated 24 April 2017 and entered into between Lajin Hu Yu and the vendors, in relation to the sale and purchase of the 38% registered share capital in Xin Mei Xing Xiu
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xin Mei Xing Xiu”	Beijing Xin Mei Xing Xiu Wen Hua Chuan Mei Limited (北京新美星秀文化傳媒有限公司)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

RMB 1 = approximately HK\$1.13

By order of the board of directors  
**LAJIN ENTERTAINMENT NETWORK GROUP LIMITED**  
**Wu Li**  
*Executive Director*

Hong Kong, 24 April 2017

*As at the date of this announcement, the executive directors of Lajin Entertainment are Ms. Wu Li and Mr. Chan Kam Kwan, Jason; the non-executive directors of Lajin Entertainment are Mr. Zou Xiao Chun, Mr. Zhou Ya Fei and Mr. Luo Ning; and the independent non-executive directors of Lajin Entertainment are Mr. Wang Ju, Mr. Ng Wai Hung and Mr. Lam Cheung Shing, Richard.*

*This announcement, for which the directors of Lajin Entertainment collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to Lajin Entertainment. The directors of Lajin Entertainment, 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 Lajin Entertainment’s website at [www.irasia.com/listco/hk/lajin/index.htm](http://www.irasia.com/listco/hk/lajin/index.htm).*