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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Lajin Entertainment Network Group Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

(1) GRANT OF GENERAL MANDATES TO ISSUE SHARES;
(2) RE-ELECTION OF DIRECTORS;
(3) PROPOSED ADOPTION OF
THE NEW SHARE OPTION SCHEME;
AND
(4) NOTICE OF AGM

A notice convening the annual general meeting of the Company to be held at 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 21 June 2024 at 10:00 a.m. is set out on pages 40 to 44 of this circular. A form of proxy for use at the annual general meeting is enclosed with this circular.

Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, Union Registrars Limited of Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 10:00 a.m. on Wednesday, 19 June 2024) before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof should you so wish.

This circular will remain on the “Latest Listed Company Information” page of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at <http://www.irasia.com/listco/hk/lajin/>.

* for identification purpose only

CHARACTERISTICS OF GEM

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Adoption Date”	being the date on which the New Share Option Scheme becomes unconditional
“AGM”	the annual general meeting of the Company to be convened and held at 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 21 June 2024 at 10:00 a.m. to consider and, if appropriate, to approve the resolutions contained in the notice of the AGM which are set out on pages 40 to 44 of this circular
“Amended Rules”	the amendments to the GEM Listing Rules relating to share schemes of listed issuer, which has taken effect on 1 January 2023
“associates”	have the same meaning as ascribed in the GEM Listing Rules
“Board”	the board of Directors, including all independent non-executive Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities
“Bye-laws”	the bye-laws of the Company as may be amended from time to time
“chief executive”	have the same meaning as ascribed in the GEM Listing Rules
“close associates”	have the same meaning as ascribed in the GEM Listing Rules
“Company”	Lajin Entertainment Network Group Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the Shares of which are listed on GEM
“connected person(s)”	have the same meaning as ascribed in the GEM Listing Rules
“core connected person(s)”	have the same meaning as ascribed in the GEM Listing Rules
“Directors”	the directors of the Company from time to time
“Eligible Participant(s)”	including (a) the Employee Participant(s); and (b) the Service Provider(s), provided that the Board may have absolute discretion to determine whether or not one falls within the above category

DEFINITIONS

“Employee Participant(s)”	the director(s) and employee(s) (whether full-time or part-time) of any member of the Group (including persons who are granted Options under the Share Option Scheme as inducement to enter into employment contracts with the Group)
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company on 10 June 2014
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate proposed to be granted to the Directors at the AGM to allot, issue and otherwise deal with additional Shares not exceeding 20% of the share capital of the Company in issue on the date of the passing of the relevant resolution
“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of the New Share Option Scheme
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) who is/are independent of the Company and its connected person(s)
“Latest Practicable Date”	29 May 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the AGM
“Offer”	an offer for the grant of an Option made in accordance with the terms of the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant(s)
“Option(s)”	any option(s) to be granted to Eligible Participant(s) to subscribe for new Share(s) under the New Share Option Scheme

DEFINITIONS

“Option Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained in the New Share Option Scheme
“Scheme Limit”	the total number of Shares in respect of which Shares may be granted pursuant to the New Share Option Scheme and any other share schemes of the Company
“Selected Participant(s)”	any Eligible Participant(s) approved for participation in the New Share Option Scheme and who has been granted any Option pursuant to the New Share Option Scheme
“Service Provider(s)”	person(s) who provide services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, which include any independent copyright owner, producer, licensor, licensee (including sub-licensee), artistes, distributor, contractor, supplier, agent, consultant or adviser to any member of the Group: (i) where the continuity and frequency of their services are akin to those of employees of the Group; or (ii) after stepping down from an employment or director position with the Group, who provide advisory services, consultancy services and/or other professional services to the Company on areas relating to the Group’s principal business activities from time to time including in (a) the artiste management segment; (b) the movies, TV programmes and internet contents segment; and/or (c) the new media segment that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group, for example, offering specific industry advice on the Group’s business and financial or commercial strategy, and provided that any placing agent or financial adviser providing advisory services for fundraising, mergers or acquisitions, and other professional services provider such as auditor or valuer who provide assurance or are required to perform their services with impartiality and objectivity are excluded from such category and the Board shall have absolute discretion to determine whether or not one falls within such category
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Share Option Scheme”	the Existing Share Option Scheme and/or the New Share Option Scheme, as the case may be
“Share Option Scheme Rules”	the rules set out therein relating to the New Share Option Scheme as amended from time to time
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Colin Xu
Mr. Leung Wai Shun Wilson

Non-executive Directors:

Mr. Zou Xiao Chun
Mr. Zhou Ya Fei
Mr. Li Xue Song

Independent non-executive Directors:

Mr. Wang Ju
Mr. Ng Wai Hung
Mr. Lam Cheung Shing Richard

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*

Unit 3903A Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

30 May 2024

To the Shareholders

Dear Sir or Madam,

**(1) GRANT OF GENERAL MANDATES TO ISSUE SHARES;
(2) RE-ELECTION OF DIRECTORS;
(3) PROPOSED ADOPTION OF
THE NEW SHARE OPTION SCHEME;
AND
(4) NOTICE OF AGM**

INTRODUCTION

At the forthcoming AGM, resolutions will be proposed to seek the Shareholders' approval for, among other things, (i) the granting of the General Mandate to the Directors; (ii) the re-election of Directors; and (iii) the adoption of the New Share Option Scheme.

The purpose of this circular is to provide you with information relating to the resolutions to be proposed at the AGM for (i) the granting of the General Mandate to the Directors; (ii) the re-election of Directors; (iii) the adoption of the New Share Option Scheme; and (iv) the notice of the AGM.

* for identification purpose only

LETTER FROM THE BOARD

GENERAL MANDATE

At the AGM, the Directors propose to seek the approval of the Shareholders to grant to the Directors the General Mandate.

At the AGM, an ordinary resolution will be proposed such that the Directors be given a general mandate (i.e. the General Mandate) to allot, issue and deal with unissued Shares or underlying shares of the Company (other than by way of rights or pursuant to a share option scheme for employees of the Company or Directors and/or any of its subsidiaries or pursuant to any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of whole or part of the dividend on Shares in accordance with the Bye-laws) or make or grant offers, agreements, options and warrants which might require the exercise of such power, of an aggregate amount of up to 20% of the issued Shares as at the date of granting of the General Mandate.

As at the Latest Practicable Date, the Company has an aggregate of 4,209,131,046 ordinary Shares in issue. Subject to the passing of the resolutions for the approval of the General Mandate and on the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the AGM, the Company would be allowed under the General Mandate to allot, issue and deal with a maximum of 841,826,209 Shares.

The General Mandate shall continue to be in force during the period from the date of passing of the resolutions for the approval of the General Mandate up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws, the Companies Act or any applicable laws of Bermuda to be held; or (iii) the revocation or variation of the General Mandate (as the case may be) by ordinary resolution of the Shareholders in general meeting, whichever occurs first (the “Relevant Period”).

RE-ELECTION OF DIRECTORS

According to Bye-law 87(1), at each annual general meeting one-third of the Directors for the time being, (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

In accordance with Bye-law 87(1), Mr. Leung Wai Shun Wilson, Mr. Zhou Ya Fei, and Mr. Zou Xiao Chun shall retire from office by rotation at the AGM. Being eligible, each of Mr. Leung Wai Shun Wilson, Mr. Zhou Ya Fei, and Mr. Zou Xiao Chun will offer themselves for re-election as Directors.

Details of the retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix I to this circular.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

Existing Share Option Scheme

The Existing Share Option Scheme was conditionally adopted by resolutions in writing passed by the Shareholders on 10 June 2014. Under the Existing Share Option Scheme, the Directors were authorised to grant options to the Directors, the directors of the Group's subsidiaries and employees of any member of the Group and any other persons (including consultants or advisers) as incentives or rewards in their contributions to the Group.

The Existing Share Option Scheme will expire on 10 June 2024.

As at the Latest Practicable Date, there were no outstanding share options granted under the Existing Share Option Scheme.

New Share Option Scheme

In light of the Amended Rules and the expiry of the Existing Share Option Scheme prior to the AGM, the Board proposes to seek approval by the Shareholders by way of ordinary resolution at the AGM to adopt the New Share Option Scheme. A summary of the principal terms of the Share Option Scheme Rules is set out in Appendix II hereto.

Purpose

The purpose of the New Share Option Scheme is to attract and retain the best available personnel of the Group, to attract and maintain business relationships with Eligible Participants, to provide additional incentive or rewards to the Eligible Participants for the contribution or potential contribution to the Group, and to promote the success of the business of the Group. The New Share Option Scheme will give the Eligible Participants an opportunity to have a personal stake in the Company and will help motivate the Eligible Participants in optimising their performance and efficiency and attract and retain the Eligible Participants whose contributions are important to the long-term growth and profitability of the Group.

The provisions of the Existing Share Option Scheme will remain in full force and effect to the extent necessary to give effect to the exercise of options granted (if any) prior to its expiry or otherwise as may be required in accordance with the rules of the Existing Share Option Scheme. The Board also confirms that it will not grant any further options under the Existing Share Option Scheme prior to the AGM.

LETTER FROM THE BOARD

Vesting Period

The Directors consider that the New Share Option Scheme, which will be valid for 10 years from the date of its adoption, will provide the Company with more flexibility in long-term planning of granting of the share options to the eligible participants (including any employee, officer or director of any member of the Group) in a longer period in the future.

Under the New Share Option Scheme, the vesting period of options shall not be less than 12 months in general. However, the Board (or the remuneration committee of the Company where it relates to grants of options to an Employee Participant who is a Director and/or senior manager of the Company) has discretion in allowing a shorter vesting period to an Employee Participant in the following circumstances:

- (a) grants of “make-whole” Option(s) to new joiners to replace the share options they forfeited when leaving the previous employers, which would provide talents with higher incentives in joining the Group for the Group’s further development;
- (b) grants to an Employee Participant whose employment is terminated due to death or occurrence of any out of control event, which allows flexibility for the Company to reward employees in exceptional circumstances to ensure fair treatment;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the Vesting Period may be shorter to reflect the time from which the Option would have been granted, which allows flexibility for the Company to reward employees in case of delays due to administrative or compliance reasons;
- (d) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months, which provides flexibility for the Company in granting Options; or
- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria, which allows flexibility for the Company to reward exceptional performers who fulfilled the performance targets in less than 12 months.

The Board is of the view that the discretion in allowing a shorter vesting period in each of the circumstances as detailed above is appropriate and in line with the requirements under the GEM Listing Rules and market practice. Such discretion gives the Company more flexibility to (i) provide higher incentives when attracting talents; (ii) reward exceptional performers with accelerated vesting; and (iii) grant Options in exceptional circumstances where justified, which is in line with the purpose of the New Share Option Scheme.

LETTER FROM THE BOARD

For the avoidance of doubt, the vesting period of the Options granted to the Employee Participants may be shortened upon the occurrence of triggering events set out in paragraphs 14 and 15 of Appendix II. The Board is of the view that a shorter vesting period in such events is appropriate due to the following reasons:

- (i) the specific circumstances disclosed are special and a shortened vesting period would only be triggered in those particular instances; and
- (ii) the purpose of the New Share Option Scheme is to, among others, grant the Options to the Eligible Participants who contribute or will contribute to the Group. The triggering of a shorter vesting period under the New Share Option Scheme in light of the ill health, retirement or death of the Grantee who is an employee or director of the Group is appropriate as the Company considers that such events should not negate his/her prior contributions to the Group prior to such events.

Moreover, the Board or the committee of the Board or person to which the Board has delegated its authority (as the case may be) have the authority to establish performance targets in relation to the granting of the Options. The Directors are of the view that the flexibility given to the Directors in relation to the vesting period and performance targets will place the Group in a better position to reward its employees and retain human resources that are valuable to the growth and development of the Group as a whole. None of the Directors is a trustee of the New Share Option Scheme or has a direct or indirect interest in such trustee (if any).

Currently there is no trustee arrangement for the New Share Option Scheme.

Eligible Participants

Eligible Participants under the New Share Option Scheme include (a) the Employee Participant(s) and (b) the Service Provider(s), provided that the Board may have absolute discretion to determine whether or not one falls within the above category, subject to compliance with Chapter 23 of the GEM Listing Rules.

LETTER FROM THE BOARD

Employee Participants

With respect to Employee Participants, the Board will consider, amongst others, their general working experience, time commitment (full-time or part-time), length of their service within the Group, working experience, responsibilities and employment conditions according to the prevailing market practice and industry standard, or where appropriate, contribution or potential contribution to the Group. In determining whether a person has contributed or will contribute to the Group, the Group will take into account, among other things, whether contribution has been made to or will be made to the Group in terms of operation, financial performance, prospects, growth, reputation and image of the Group.

Eligible Participants may include independent non-executive Directors. The Company is of the view that the independence and impartiality of the independent non-executive Directors would not be affected by any possible grant of the Options given:

- (i) the independent non-executive Directors must continue to comply with the independence requirement under Rule 5.09 of the GEM Listing Rules;
- (ii) approval by independent Shareholders will be required if any Option is to be granted to independent non-executive Directors or any of their respective associate(s) would result in the total number of new Shares issued and to be issued in respect of all Options granted (excluding any Options lapsed in accordance with the terms of the New Share Option Scheme) to such person in the period of twelve (12) months up to and including the date of the grant representing in aggregate over 0.1% of the Shares in issue; and
- (iii) before making any grants to any independent non-executive Director, the Board will be mindful of the recommended best practice E.1.9 of the Corporate Governance Code which recommends that issuers should generally not grant equity-based remuneration with performance-related elements to independent non-executive Directors.

As at the Latest Practicable Date, the Company has no plan to grant Options to any independent non-executive Director.

LETTER FROM THE BOARD

Service Providers

Set out below are the detailed description of each type of Service Providers and the specific criteria for determining the eligibility of each type of Service Providers under the New Share Option Scheme:

Type(s) of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
Supplier of products or services	Service Providers under this category are mainly suppliers of products or services (including, without limitations, copyright owners, producers, licensors, licensees (including sub-licensees), artistes, distributors), who/which support the Group's businesses from time to time including in (i) the artiste management segment; (ii) the movies, TV programmes and internet contents segment; and/or (iii) the new media segment that are desirable or necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group.	The Board will, on a case-by-case basis, take into account both qualitative and quantitative factors when determining the eligibility of such supplier, including but not limited to: (i) the nature, uniqueness, materiality and quality of the products or services provided to the Group; (ii) the value of the products or services provided by the relevant supplier;

LETTER FROM THE BOARD

Type(s) of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
	<p>The Group has collaborated with individuals or entities engaged in creative work such as artistes, producers and copyright owners as part of the Group's ordinary and usual course of business. Their continuing and recurring relationship with the Group allows the Group to effectively satisfy changing consumer preferences and tastes, compete for viewers' attention in a highly competitive media environment and ultimately deliver a satisfying entertainment experience and high-quality content. As a result, the general public develop a strong attraction and loyalty towards the media content and entertainers associated with the Group. The Group has also engaged other service or product providers necessary for completing the technical aspects and production side of media content. They are engaged instead of solely relying on the Group's employees as it (i) could be more cost-efficient as Service Providers have specialised expertise and equipment to complete work in an effective manner; and (ii) provides the Group with flexibility and scalability to adopt change in demand without having to hire or lay off employees. These collaborations are all essential for the Group's ongoing success in the entertainment industry.</p>	<p>(iii) the frequency of collaboration and length of business relationship with the Group;</p> <p>(iv) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties);</p> <p>(v) the background, reputation and track record of relevant supplier;</p> <p>(vi) the replacement cost of relevant supplier and/or the products/ services (including continuity and stability of supply or provision of such products or services);</p> <p>(vii) the potential and/or actual contribution to the business affairs of the Group (including an increase in revenue or profits or a reduction in costs attributable to or brought by the services supplied by relevant supplier); and</p> <p>(viii) the Group's future business plans for any further collaboration with such supplier, and the long-term support that the Group may receive accordingly.</p>

LETTER FROM THE BOARD

Class of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
<p>Contractor, agent, consultant and adviser</p>	<p>Service Providers under this class are mainly independent contractors, agents, consultants and advisers who provide advisory services, consultancy services, and/or other professional services to the Group on areas relating to the Group's principal business activities from time to time including in (i) the artiste management segment; (ii) the movies, TV programmes and internet contents segment; and/or (iii) the new media segment that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group.</p> <p>The Group may seek advisory services and consultancy services from consultants or advisers with the expertise, professional qualifications and industry experience, which can bring positive impacts or strategic benefits to the Group's business growth and development in light of the Group's business plan from time to time.</p>	<p>The Board will, on a case-by case-basis, take into account both qualitative and quantitative factors when determining the eligibility of such contractor, agent, consultant and/or adviser, including but not limited to:</p> <ul style="list-style-type: none"> (i) individual performance of such contractor, agent, consultant and/or adviser; (ii) the knowledge, expertise, experience and network of such contractor, agent, consultant and/or adviser in the relevant industry; (iii) the frequency of collaboration and length of business relationship with the Group; (iv) the background, reputation and track record of such contractor, agent, consultant and/or adviser; (v) the replacement cost of such contractor, agent, consultant and/or adviser;

LETTER FROM THE BOARD

Class of Service Providers	Contributions of the Service Providers	Criteria for determining eligibility under the New Share Option Scheme
	<p>Given the variety of media and platforms available, different market players generally possess specific strengths and weaknesses in relation to certain media and platforms. With the ongoing evolution of traditional media like TV and movies, as well as the emergence of new media platforms on the internet, it is crucial for the Group to engage advisers and consultants who have extensive experience in the entertainment industry, a deep understanding of emerging opportunities, and specialized knowledge in areas that the Group aims to further develop. These individuals play a vital role in enabling the Group to leverage market trends effectively or mitigate their impact. Furthermore, such consultants or advisers often have a robust network of contacts and business connections, greatly facilitating the Group's business plan and contributing to its overall growth.</p>	<p>(vi) the potential and/or actual contribution to the business affairs of the Group (including an increase in revenue or profits or a reduction in costs attributable to or brought by the services supplied by such contractor, agent, consultant and/or adviser); and</p> <p>(vii) the Group's future business plans for any further collaboration with such contractor, agent, consultant and/or adviser, and the long-term support that the Group may receive accordingly.</p>

LETTER FROM THE BOARD

The inclusion of Service Providers in the proposed category provides the Group with flexibility to provide equity incentives (instead of monetary consideration). Remunerating the Service Providers with equity incentives can strengthen their relationship with the Group and contribute to the development of the Group. Thus, such remuneration aligns with the purpose of the New Share Option Scheme. In view of the above, the Board (including the independent non-executive Directors) is of the view that (i) the Service Providers' continuing and recurring engagement and cooperation with the Group would benefit the Group on a frequent and successive basis in its ordinary and usual course of business; (ii) the inclusion of Service Providers as Eligible Participants is fair and reasonable and aligns with the purpose of the New Share Option Scheme and the long term interests of the Company and its shareholders. Furthermore, given that the businesses of the Group has relied on each of the proposed categories of the Service Providers in the past as explained above, the independent non-executive Directors is of the view that (i) the inclusion of each of the proposed categories of the Service Providers are in line with the Company's business needs and industry norm of providing equity based payment to stakeholders in order to align interests and incentivise performance and contribution, desirable and necessary from a commercial perspective; and (ii) the criteria for the selection of Eligible Participants and the terms of the grants align with the purpose of the New Share Option Scheme.

Duration

Subject to any early termination as may be determined by the Board pursuant to the New Share Option Scheme Rules, the New Share Option Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date.

Performance targets and clawback

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board on a case-by-case basis taking into account the nature of the duties of and services provided by the Eligible Participant(s) and set out in the offer letter of the grant of the relevant Option at the discretion of the Board, there is no performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme. The Directors are of the view that the flexibility given to the Directors in relation to the performance targets will place the Group in a better position to reward its employees and retain human resources that are valuable to the growth and development of the Group as a whole. If performance targets are imposed upon grant of Options, the Board will have regard to the purpose of the New Share Option Scheme in assessing such performance targets, with reference to factors including but not limited to, as and when appropriate, sales performance (e.g. revenue), operating performance (e.g. profits, operation efficiency in terms of cost control), financial performance (e.g. profits, cash flow, earnings, market capitalisation, return on equity) of the Group, corporate suitability parameter (e.g. timeliness and accuracy in handling customer feedback, team work capabilities, adherence to corporate culture) and discipline and responsibility (e.g. punctuality, integrity, honesty or compliance with internal business procedures), the satisfaction of which shall be assessed and determined by the Board at its sole discretion.

Save as set out in paragraphs 12 to 17 to Appendix II of this circular or otherwise determined by the Board on a case-by-case basis and set out in the offer letter of the grant of the relevant Option, there is no other clawback mechanism for the Company to recover or withhold any Options granted to any Eligible Participant.

LETTER FROM THE BOARD

Conditions Precedent

The New Share Option Scheme is conditional upon:

- (a) the GEM Listing Committee granting the approval for the listing of, and permission to deal in any new Shares which may fall to be allotted and issued by the Company upon the exercise of Options that may be granted under the New Share Option Scheme;
- (b) the passing of a resolution at the AGM to approve the adoption of the New Share Option Scheme and to authorise the Directors to grant Options to Eligible Participants and to allot and issue Shares pursuant to the exercise of any Option granted under the New Share Option Scheme.

Scheme Limit and Service Provider Sublimit

The maximum number of Shares which may be allotted and issued in respect of all Options to be granted under the New Share Option Scheme and the options and awards to be granted under any other share scheme(s) shall not in aggregate exceed 10% of the entire issued share capital of the Company as at the Adoption Date without the Shareholders' approval (the "**Scheme Limit**").

Based on 4,209,131,046 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company before the AGM, the maximum number of Shares which may be allotted and issued in respect of all Options to be granted under the New Share Option Scheme, respectively, and the options and awards to be granted under any other share scheme(s) of the Company is 420,913,104 Shares.

Within the Scheme Limit, the maximum number of Shares which may be issued in respect of all Options which may be granted at any time under the New Share Option Scheme, respectively, together with the options and awards which may be granted under any other share schemes for the time being of the Company to the Service Providers shall not exceed 21,045,655 Shares, being 0.5% of the issued share capital of the Company as at the Adoption Date (the "**Service Provider Sublimit**").

The basis for determining the Service Provider Sublimit includes the potential dilution effect arising from grants to the Service Providers, the importance of striking a balance between achieving the purpose of the New Share Option Scheme and protecting Shareholders from the dilution effect from granting the Options to the Service Providers, the actual or expected increase in the Group's revenue or profits which is attributable to the Service Providers and the extent of use of Service Provider(s) in the Group's business, as well as to ensure sufficient amount of awards would be available to be granted to the Employee Participants. Considering the fact that (i) the individual limit under Rule 23.03D(1) of the GEM Listing Rules is 1%; (ii) the sublimit of 0.5% would not lead to excessive dilution of the existing Shareholders' shareholdings; (iii) due to the hiring practice and organisational structures of the Group, certain Service Providers, in particular, the independent contractors, agents, consultants and/or advisers, which provide services akin to employees of the Group, may not be able to serve as full-time or part-time employees of

LETTER FROM THE BOARD

the Group; and (iv) the Service Providers have contributed to the long-term a growth of the Company's business, and that the New Share Option Scheme could incentivise Service Providers who/which supply reliable and high-quality services to the Group on a long-term basis, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable. The Service Provider Sublimit is subject to separate approval by the Shareholders at the AGM.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder had any material interest in the proposed adoption of the New Share Option Scheme. Accordingly, no Shareholder is required to abstain from voting on the resolution approving the adoption of the New Share Option Scheme at the AGM.

The Company will, where applicable, comply with the applicable requirements under Chapter 23 of the GEM Listing Rules in respect of the operation of the New Share Option Scheme.

Value of the Options

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date prior to the approval of the New Share Option Scheme given that the variables which are crucial for the calculation of the value of such Option cannot be determined. The variables which are critical for the determination of the value of such Options include the subscription price payable for the Shares upon the exercise of the Options, whether or not Options will be granted under the New Share Option Scheme, and if so, the number of Options to be granted and the timing of the granting of such Options, the period during which the subscription rights may be exercised and any other conditions that the Board may impose with respect to the Options and whether or not such Options if granted will be exercised by the holders of the Option. In any event, the exercise price must be at least the higher of: (a) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive Business Days immediately preceding the Offer Date; and (c) the nominal value of the Share on the Offer Date. Accordingly, the Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical and speculative assumptions. As such, the Directors believe that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

As at the Latest Practicable Date, other than the Existing Share Option Scheme, the Company currently does not have any other share schemes.

LETTER FROM THE BOARD

AGM

A notice convening the AGM to be held at 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 21 June 2024 at 10:00 a.m. is set out on pages 40 to 44 of this circular. Ordinary resolutions will be proposed at the AGM to approve, among other things, (i) the granting of the General Mandate to the Directors; (ii) the re-election of Directors; and (iii) adoption of the New Share Option Scheme.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the Hong Kong branch share registrar of the Company, Union Registrars Limited of Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 10:00 a.m. on Wednesday, 19 June 2024) before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

All the resolutions proposed to be approved at the AGM will be taken by poll and an announcement will be made by the Company after the AGM on the results of the AGM.

PRECAUTIONARY MEASURES FOR THE AGM

In order to protect the life safety and health of shareholders and other attendees attending the meeting in person, the Company will implement the following precautionary measures at the AGM venue:

- (i) The Company encourages all shareholders and other attendees to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats.
- (ii) No refreshment will be served, and there will be no corporate gift.

In addition, the Company reminds all shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the AGM as their proxy to vote on the relevant resolution(s) at the AGM instead of attending the AGM in person.

LETTER FROM THE BOARD

If any shareholder chooses not to attend the meeting in person but has any question about the Company or about any resolution, he/she is welcome to send such question or matter in writing to our registered office or to our email at info@lajin.com. If any shareholder has any question relating to the meeting, please contact Union Registrars Limited, the Company's Hong Kong branch share registrar as follows:

Union Registrars Limited

Suites 3301-04, 33/F, Two Chinachem Exchange Square,

338 King's Road, North Point, Hong Kong

Email: info@unionregistrars.com.hk

HK Tel: (852) 2849 3399

Fax: (852) 2849 3319

RESPONSIBILITY STATEMENT

This circular, for which the Directors 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 the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

CLOSURE OF REGISTER OF MEMBERS

The AGM is scheduled to be held on Friday, 21 June 2024. For the purpose of determining shareholders' eligibility to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 18 June 2024 to Friday, 21 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited of Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Monday, 17 June 2024.

RECOMMENDATION

The Directors considers (i) the granting of the General Mandate to the Directors; (ii) the re-election of Directors; and (iii) the proposed adoption of the New Share Option Scheme are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

GENERAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions to be proposed at the AGM.

Application will be made to the GEM Listing Committee for the approval of the listing of, and permission to deal in the Shares which may fall to be issued and allotted pursuant to the exercise of any Option that may be granted under the New Share Option Scheme.

As at the Latest Practicable Date, the Board had no concrete plans to grant any Options under the New Share Option Scheme including any plan or intention to grant Option to any Eligible Participant(s) under the New Share Option Scheme in the next 12-month period after obtaining the Shareholder's approval in the AGM.

The Company has sought legal advice in respect of the New Share Option Scheme and understands that whilst the New Share Option Scheme are not restricted to executives and employees of the Group, the adoption of the New Share Option Scheme would not constitute offer to public and prospectus requirements under Companies (Winding Up and Miscellaneous Provisions) Ordinance are not applicable.

DOCUMENTS ON DISPLAY

A copy of the Share Option Scheme Rules will be published on the websites of the Stock Exchange and the Company for display for a period of not less than 14 days before the date of the AGM and the Share Option Scheme Rules will be made available for inspection at the AGM.

COMPETING INTERESTS

None of the Directors, controlling Shareholders or any of their respective close associates has any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group as at the Latest Practicable Date.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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

APPENDIX I PARTICULARS OF DIRECTORS FOR RE-ELECTION

Detail of the Directors who will retire from office at the AGM and being eligible, will offer themselves for re-election at the AGM, are set out below:

Mr. Leung Wai Shun Wilson, aged 50, has over 25 years of experience in the field of auditing, accounting and finance. Mr. Leung was appointed as an executive Director with effect from April 2022. Mr. Leung held various senior positions in different organisations, including in an international accounting firm and listed companies in Hong Kong. During the period from March 2012 to October 2014, Mr. Leung was appointed as a director of Yueshou Environmental Holdings Limited (currently known as China Gem Holdings Limited) (stock code: 1191). During the period from October 2015 to November 2016, Mr. Leung served as the company secretary of another listed company in Hong Kong. Mr. Leung was the chief financial officer of Zhong Ao Home Group Limited (stock code: 1538) during the period from November 2016 to October 2017 prior to joining the Company. Mr. Leung is also the company secretary and authorised representative of the Company. Mr. Leung is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Pursuant to the terms of the service contract entered into between the Company and Mr. Leung, Mr. Leung's term of appointment as an executive Director is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws. Mr. Leung is entitled to a basic annual salary of RMB1,080,000 per annum, which has been determined by the Board with reference to his duties, responsibilities, performance and results of the Group and the prevailing market rate.

Save as disclosed above, Mr. Leung did not (i) hold any other positions in the Group, (ii) have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company, (iii) have any interests in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date, or (iv) hold any directorship in any other listed company (whether in Hong Kong or overseas) in the last three years.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders in connection with the re-election of Mr. Leung as an executive Director nor is there any other information required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules.

Mr. Zhou Ya Fei, aged 55, graduated from the Beijing Institute of Technology with a master's degree. Prior to joining the Group, he was the Chief Financial Officer of GOME Appliance Co., Ltd. from 2000 to 2004, and subsequently remained his position as the Chief Financial Officer for GOME Retail Holdings Limited (Stock Code: 493) from 2004 to 2008 after the asset injection, and has been the executive vice president of GOME Holding Group Company Limited (incorporated in Beijing) since 2009. Mr. Zhou has over 30 years of experience in PRC accounting, finance and tax consulting. He is a registered accountant (non-practising) and a registered tax agent (non-practising) in the PRC. Mr. Zhou has been appointed as an executive director of GOME Finance Technology Co., Ltd (Stock Code: 628) since March 2021. Mr. Zhou was appointed as a non-executive Director with effect from April 2015 and he currently serves as member of both audit committee and nomination committee of the Company.

Pursuant to the terms of the letter of appointment entered into between the Company and Mr. Zhou, Mr. Zhou's term of appointment as a non-executive Director is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws. Mr. Zhou does not receive any fixed remuneration for his duties performed as a non-executive Director.

Save as disclosed above, Mr. Zhou did not (i) hold any other positions in the Group, (ii) have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company (iii) have any interests in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date, or (iv) hold any directorship in any other listed company (whether in Hong Kong or overseas) in the last three years.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders in connection with the re-election of Mr. Zhou as a non-executive Director nor is there any other information required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules.

Mr. Zou Xiao Chun, aged 54, graduated from the Department of Law of Nanchang University (南昌大學法律專業專科) in June 1990 and was granted the Chinese Lawyers Qualification Certificate (中國律師資格證書) in July 1991. Mr. Zou was also granted the Chinese Tax Advisers Qualification Certificate (中國稅務師資格證書) in September 1995 and the Pass Certificate for the National Notary Public Qualification Examination (國家公證員資格考試合格證書) in December 1995. Furthermore, Mr. Zou was qualified as an industrial economist (工業經濟師) in October 1996. Mr. Zou has been a practising lawyer for 30 years and has practiced in legal areas relating to capital markets in the PRC for 20 years. Mr. Zou is currently a member of the remuneration committee of the Company. In June 2006, Mr. Zou founded Beijing John & Law Firm (北京市中逸律師事務所) and he still serves as a founding partner of this firm. Between December 2008 and March 2011, Mr. Zou was a director and vice chairman of Beijing Centergate Technologies (Holding) Co., Limited (北京中關村科技發展(控股)股份有限公司) (a company listed on the Shenzhen Stock Exchange) and since May 2012, has been re-appointed as a director of such company.

Since 2011, Mr. Zou has been appointed as a member of the Executive Committee of GOME Holding Group Company Limited (國美控股集團有限公司), a company owned or controlled by Mr. Wong Kwong Yu. Between June 2011 and June 2014, Mr. Zou was a director and managing Director of Sanlian Commercial Co., Limited (三聯商社股份有限公司) (a company listed on the Shanghai Stock Exchange). Since December 2010, Mr. Zou has been an executive director of GOME Retail Holdings Limited (together with its subsidiaries, the "GOME Group"), a company listed on the main board of the Stock Exchange and controlled by Mr. Wong Kwong Yu. From December 2010 to December 2013, Mr. Zou also served as the Vice President and then the Senior Vice President of the GOME Group. From December 2013 to December 2019, Mr. Zou became the director and chairman of YouWan Technology (Beijing) Co., Limited (優萬科技(北京)股份有限公司) (a company listed on National Equities Exchange and Quotations). For the period from December 2018 to February 2024, Mr. Zou was appointed as the managing Director of Beijing YiPing Capital Management Co., Limited and Jian Dao Zhong Chuang Investment Co., Limited.

APPENDIX I PARTICULARS OF DIRECTORS FOR RE-ELECTION

Since December 2018, Mr. Zou has been appointed as the independent non-executive Director of Beijing Worldia Diamond Tools Co., Ltd (沃爾德金剛石工具股份有限公司) (a company listed on the STAR Market of the Shanghai Stock Exchange). From March 2015, Mr. Zou has been appointed as the non-executive director of the Company.

Pursuant to the terms of the letter of appointment entered into between the Company and Mr. Zou, Mr. Zou's term of appointment as a non-executive Director is subject to retirement by rotation and re-election at the annual general meeting of the Company pursuant to the Bye-laws. Mr. Zou does not receive any fixed remuneration for his duties performed as a non-executive Director.

Save as disclosed above, Mr. Zou did not (i) hold any other positions in the Group, (ii) have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company (iii) have any interests in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date, or (iv) hold any directorship in any other listed company (whether in Hong Kong or overseas) in the last three years.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders in connection with the re-election of Mr. Zou as a non-executive Director nor is there any other information required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules.

The following is a summary of the principal terms of the New Share Option Scheme to be approved and adopted by ordinary resolution at the AGM, but such summary does not form part of, nor was it intended to be, part of the New Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

1. PURPOSE

The purpose of the New Share Option Scheme is to attract and retain the best available personnel of the Group, to attract and maintain business relationships with Eligible Participants, to provide additional incentive or rewards to the Eligible Participants for the contribution or potential contribution to the Group, and to promote the success of the business of the Group. The New Share Option Scheme will give the Eligible Participants an opportunity to have a personal stake in the Company and will help motivate the Eligible Participants in optimising their performance and efficiency and attract and retain the Eligible Participants whose contributions are important to the long term growth and profitability of the Group.

2. ADMINISTRATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the New Share Option Scheme or its interpretation or application or effect shall (save as otherwise provided in the New Share Option Scheme and in the absence of manifest error) be final and binding on all persons who may be affected thereby. For the avoidance of doubt, subject to compliance with the requirements of the GEM Listing Rules and the provisions of the New Share Option Scheme, the Board shall have the right to (i) interpret and construe the provisions of the New Share Option Scheme; (ii) determine the persons who will be offered Options under the New Share Option Scheme, and the number of Shares and the subscription price of the Shares, in relation to such Options; (iii) make such appropriate and equitable adjustments to the terms of Options granted under the New Share Option Scheme as it may deem necessary; and (iv) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of the New Share Option Scheme.

3. ELIGIBLE PARTICIPANTS AND THE BASIS OF ELIGIBILITY OF THE PARTICIPANTS OF THE NEW SHARE OPTION SCHEME

Eligible Participants for the New Share Option Scheme include:

- (a) Employee Participant(s) including the director(s) and employee(s) (whether full-time or part-time) of any member of the Group (including persons who are granted Options under the New Share Option Scheme as inducement to enter into employment contracts with the Group); and

- (b) Service Provider(s) including person(s) who provide products or services to any members of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long term growth of the Group, which include any independent copyright owner, producer, licensor, licensee (including sub-licensee), artistes, distributor, contractor, supplier, agent, consultant or adviser to any member of the Group: (i) where the continuity and frequency of their services are akin to those of employees of the Group; or (ii) after stepping down from an employment or director position with the Group, who provide advisory services, consultancy services and/or other professional services to the Company on areas relating to the Group's principal business activities from time to time including in (i) the artiste management segment; (ii) the movies, TV programmes and internet contents segment; and/or (iii) the new media segment that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group, for example, offering specific industry advice on the Group's business and financial or commercial strategy, and provided that any placing agent or financial adviser providing advisory services for fundraising, mergers or acquisitions, and other professional services provider such as auditor or valuer who provide assurance or are required to perform their services with impartiality and objectivity are excluded from such category,

provided that the Board may, from time to time, at its absolute discretion select any Eligible Participant to be a Selected Participant.

In determining the basis of eligibility of each Eligible Participant, the Board would like into account of (i) the experience of the Eligible Participant on the Group's business; (ii) the length of service of the Eligible Participant with the Group (if the Eligible Participant is an Employee Participant); (iii) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Eligible Participant has established with the Group (if the Eligible Participant is a Service Provider); and (iv) the amount of support, assistance, guidance, advice, efforts and contributions the Eligible Participant has exerted and given towards the success of the Group and/or the amount of potential support, assistance, guidance, advice, efforts and contributions the Eligible Participant is likely to be able to give or make towards the success of the Group in the future.

With respect to Employee Participants, the Board will consider, amongst others, their general working experience, time commitment (full-time or part-time), length of their service within the Group, working experience, responsibilities and employment conditions according to the prevailing market practice and industry standard, or where appropriate, contribution or potential contribution to the Group. In determining whether a person has contributed or will contribute to the Group, the Group will take into account, among other things, whether contribution has been made to or will be made to the Group in terms of operation, financial performance, prospects, growth, reputation and image of the Group.

For Service Providers, the factors in assessing whether such Service Provider is eligible to participate in the New Share Option Scheme include, in particular: (i) the individual performance of relevant Service Providers; (ii) the length of business relationship with the Group; (iii) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (iv) track record in the quality of services provided to and/or cooperation with the Group; and (v) the scale of business dealings with the Group with regard to factors such as the actual or expected change in the Group's revenue or profits which is or may be attributable to the Service Provider.

Further, with respect to the eligibility of each category of the Service Providers, the Board will, on a case by case basis, specifically consider the following factors:

(1) Supplier of products and services

Service Providers under this category are mainly suppliers of products or services (including, without limitations, copyright owners, producers, licensors, licensees (including sub-licensees), artistes, distributors), who/which support the Group's businesses from time to time including in (i) the artiste management segment; (ii) the movies, TV programmes and internet contents segment; and/or (iii) the new media segment that are desirable or necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group.

The Board will, on a case by case basis, take into account both qualitative and quantitative factors when determining the eligibility of such supplier, including but not limited to: (1) the nature, reliability and quality of the products or services supplied; (2) the value of the products or services provided by the relevant supplier; (3) the frequency of collaboration and length of business relationship with the Group; (4) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (5) the background, reputation and track record of the relevant supplier; (6) the replacement cost of such supplier and/or the products/services (including continuity and stability of supply or provision of such products or services); and (7) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such supplier could bring positive impacts to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by the products or services supplied and/or provided by such supplier.

(2) Independent contractor, agent, consultant and adviser

Service Providers under this category are mainly independent contractors, agents, consultants and advisers who provide advisory services, consultancy services and/or other professional services to the Group on areas relating to the Group's principal business activities from time to time including in (i) the artiste management segment; (ii) the movies, TV programmes and internet contents segment; and/or (iii) the new media segment that are desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group by way of introducing new customers or business opportunities to the Group and/or applying their specialised skills and/or knowledge in the abovementioned fields.

The Board will, on a case by case basis, take into account both qualitative and quantitative factors when determining the eligibility of such contractor, agent, consultant and/or adviser, including but not limited to: (1) individual performance of the relevant contractor, agent, consultant and/or adviser; (2) their knowledge, experience and network in the relevant industry; (3) the frequency of collaboration and length of business relationship with the Group; (4) the materiality and nature of the business relationship with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third parties); (5) the background, reputation and track record of the relevant contractor, agent, consultant and/or adviser; (6) the potential and/or actual contribution to the business affairs of the Group, in particular, whether such contractor, agent, consultant and/or adviser could bring positive impacts to the Group's business, such as an increase in revenue or profits or a reduction in costs attributable to or brought by services provided by such contractor, agent, consultant and/or adviser; (7) the replacement cost of such contractor, agent, consultant and/or adviser (including continuity and stability of provision of the necessary services); and (8) other factors, including but not limited to the capability, expertise, technical know-how and/or business connections of the relevant contractor, agent, consultant and/or adviser, and/or the synergy between the relevant contractor, agent, consultant and/or adviser and the Group.

4. GRANT AND ACCEPTANCE OF OPTIONS

The Board shall, subject to the terms of the New Share Option Scheme and the GEM Listing Rules, be entitled (but shall not be bound) at any time and from time to time on any Business Day within a period of ten (10) years commencing on the Adoption Date to make an Offer to such Eligible Participant as it may in its absolute discretion select, and subject to such conditions as the Board may think fit, to subscribe for such number of Shares (being a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof) as the Board may, subject to paragraph (7) below, determine the subscription price pursuant to paragraph (6) below, provided that no such grant shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or the Directors of any applicable securities laws and regulations in any jurisdiction.

An Offer shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine either generally or on a case-by-case basis specifying the number of Shares and the Option Period in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his or her Personal Representative(s)) for a period of twenty-one (21) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination Date or the termination of the New Share Option Scheme.

An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant with the number of Shares in respect of which the Offer is accepted as stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company.

Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

5. VESTING PERIOD

Save for the circumstances prescribed below, an Option must be held by the Grantee for at least twelve (12) months before the Option can be exercised.

The Board (or the remuneration committee of the Company where it relates to grants of Options to an Employee Participant who is a Director and/or senior manager of the Company) may at its discretion grant a shorter vesting period to an Employee Participant in the following circumstances:

- (a) grants of “make-whole” Option(s) to new joiners to replace the share options they forfeited when leaving the previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to death or occurrence of any out of control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;

- (d) grants of Options with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months; or
- (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

6. EXERCISE OF OPTIONS AND SUBSCRIPTION PRICE OF SHARES

An Option may be exercised in whole or in part by the Grantee (or, as the case may be, his Personal Representative(s)) giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each of such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within twenty-eight (28) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by his or her Personal Representative, to the estate of the Grantee) credited as fully paid and instruct the share registrar of the Company to issue to the Grantee (or his or her Personal Representative(s)) a share certificate for the Shares so allotted.

Holders of the Options are not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided in paragraph 23 to this Appendix or under the relevant laws or the memorandum of association and the Bye-laws in effect from time to time.

The subscription price for Shares to be subscribed under the New Share Option Scheme may be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of:

- (a) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day;
- (b) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive Business Days immediately preceding the Offer Date; and
- (c) the nominal value of the Share on the Offer Date.

Where a relevant Option is to be granted under paragraph (8) or (9), for the purposes of the sub-paragraph (a) and (b) above, the date of the Board meeting at which the grant was proposed shall be taken to be the Offer Date for such relevant Option, and the provisions as set above shall apply *mutatis mutandis*.

7. MAXIMUM NUMBER OF SHARES AVAILABLE FOR ISSUE

- (a) Subject to the GEM Listing Rules, the total number of Shares which may be issued in respect of all Options which may be granted at any time under the New Share Option Scheme together with options and awards which may be granted under any other share schemes for the time being of the Company shall not exceed such number of Shares as equals to 10% of the issued share capital of the Company as at the Adoption Date, unless Shareholders' approval has been obtained pursuant to sub-paragraphs (c) and (d) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be regarded as utilised for the purpose of calculating the Scheme Limit and the Service Provider Sublimit.

- (b) Subject to the limit mentioned in (7)(a) above, within the Scheme Limit, the total number of Shares which may be issued in respect of all Options which may be granted at any time under the New Share Option Scheme together with options and awards which may be granted under any other share schemes for the time being of the Company to Service Providers shall not exceed such number of Shares as equals to 0.5% of the issued share capital of the Company as at the Adoption Date (i.e. the Service Provider Sublimit).

- (c) The Company may seek approval of the Shareholders in general meeting to refresh the Scheme Limit and/or the Service Provider Sublimit under the New Share Option Scheme after three (3) years from the Adoption Date (or the date of Shareholders' approval for the last refreshment), provided that the limit so refreshed must not exceed 10% of the relevant class of Shares in issue as at the date of passing the relevant resolution. The Company must send a circular to the Shareholders containing such information as required under the GEM Listing Rules. Any refreshment of the Scheme Limit and/or the Service Provider Sublimit to be made within three (3) years from the Adoption Date (or the date of Shareholders' approval for the last refreshment) shall be subject to independent Shareholders' approval pursuant to Rule 23.03C(1) of the GEM Listing Rules.

- (d) The Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Limit provided that the Options in excess of the Scheme Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. For the purpose of seeking approval of Shareholders under this sub-paragraph (d), the Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the GEM Listing Rules. The number and terms (including the subscription price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the subscription price.

8. GRANT OF OPTIONS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY OF THEIR ASSOCIATES

Any grant of Options to a Director, a chief executive of the Company or substantial Shareholder (as defined under the GEM Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of an Option).

Where Options are proposed to be granted to an independent non-executive Director or a substantial Shareholder (as defined in the GEM Listing Rules) or any of their respective associates and if such grant would result in the Shares issued and to be issued in respect of all options granted and to be granted (excluding any options lapsed in accordance with the terms of the relevant schemes) to such person in any twelve (12) month period up to and including the date of grant representing in aggregate over 0.1% of the total issued Shares, such further grant of Options must be approved by Shareholders in a general meeting of the Company with such Grantee, his/her associates and all core connected persons of the Company abstaining from voting in favour of the proposed grant at such general meeting. Parties that are required to abstain from voting in favour at the general meeting pursuant to Rule 23.04(1) of the GEM Listing Rules may vote against the resolution at the general meeting of the Company, provided that their intention to do so has been stated in the relevant circular to the Shareholders. Any vote taken at the general meeting to approve the grant of such Options must be taken on a poll and comply with the requirements under the GEM Listing Rules.

A circular must be prepared by the Company explaining the proposed grant, containing, among other matters, (i) details of the number and terms of the Options to be granted to each Eligible Participant, which must be fixed before Shareholders' approval; (ii) the views of the independent non-executive Directors (excluding any independent non-executive Director who and whose associate is a Grantee) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting; and (iii) information as may be required by the Stock Exchange from time to time.

Shareholders' approval in a general meeting is also required for any change in the terms of Options granted to an Eligible Participant who is a substantial Shareholder (as defined in the GEM Listing Rules) or an independent non-executive Director, or any of their respective associates.

9. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

Where any grant of Options to an Eligible Participant would result in the Shares issued and to be issued in respect of all options granted to such Eligible Participant (excluding any options lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate over 1% of the Shares in issue, such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and options previously granted to such Eligible Participant in the twelve (12)-month period), the purpose of granting Options to the Eligible Participant, an explanation as to how the terms of the Options serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the subscription price) of Options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

10. TIME OF EXERCISE OF OPTIONS

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination of the New Share Option Scheme.

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Option which must be satisfied before an Option may be exercised. Save as determined by the Board on a case-by-case basis taking into account the nature of the duties of and services provided by the Eligible Participant(s) and set out in the offer of the grant of the relevant Option at the discretion of the Board, there is no performance target which must be achieved before an Option can be exercised under the terms of the New Share Option Scheme. Save as set out in paragraphs 12 to 17 or otherwise determined by the Board on a case-by-case basis and set out in the offer letter of the grant of the relevant Option, there is no other clawback mechanism for the Company to recover or withhold any Options granted to any Eligible Participant.

11. RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

Grant of Options may not be made:

- (a) after inside information (having the meaning defined in the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong) has come to the knowledge of the Company until (and including) the trading day after it has been announced pursuant to the requirements of the GEM Listing Rules; and

- (b) during the period commencing from one (1) month immediately preceding the earlier of:
 - (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for approving the Company's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
 - (ii) the deadline for the Company to publish its results for any year or half-year or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcements (or during any period of delay in publishing results announcements).

For the avoidance of doubt, in compliance with the GEM Listing Rules, a Director must not deal in any securities of the Company (and no Options may be granted to a Director) on any day on which its financial results are published and:

- (i) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results,

unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in Rule 5.67 of the GEM Listing Rules.

12. RIGHTS ARE PERSONAL TO GRANTEES

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or any part thereof granted to such Grantee to the extent not already exercised.

13. RIGHTS ON CESSATION OF EMPLOYMENT OR DIRECTORSHIP

If the Grantee of an Option is an employee or a director of the Group and ceases to be an Eligible Participant by reason of voluntary resignation or dismissal or upon expiration of his or her term of directorship (unless immediately renewed upon expiration), or by termination of his or her employment or directorship on any one or more of the grounds that he or she has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute) or any other ground(s) on which the Group would be entitled to terminate the Grantee's employment or directorship pursuant to any applicable law before exercising the Option in full, his or her Option (to the extent not already exercised) will lapse on the date of cessation or termination and not be exercisable.

14. RIGHTS ON DEATH

If the Grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full, and where the Grantee is an employee or a director of the Group, none of the events referred to in paragraph (13) above as ground for termination of his or her employment or directorship arises, his or her Personal Representative(s) may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the terms of the New Share Option Scheme within a period of twelve (12) months following the date of death, or up to the expiration of the Option Period, whichever is earlier, failing which it will lapse. If any of the events referred to in paragraphs (18) to (20) below occurs during such period, his or her Personal Representative(s) may exercise the Option pursuant to paragraphs (18) to (20) respectively.

15. RIGHTS ON ILL-HEALTH OR RETIREMENT

If the Grantee of an Option is an employee or a director of the Group ceases to be an Eligible Participant by reason of ill-health or retirement as an employee in accordance with his or her contract of employment before exercising the Option in full, he or she may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the terms of the New Share Option Scheme within a period of three (3) months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the Grantee is actually at work with the Group whether salary is paid in lieu of notice or not. If any of the events referred to in paragraphs (18) to (20) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (18) to (20) respectively.

16. RIGHTS ON CESSATION FOR OTHER REASONS

If the Grantee of an Option who is an employee or a director of the Group ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs (13) to (15) above, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment with the Group.

17. RIGHTS ON BREACH OF CONTRACT

If the Grantee of an Option who is a Service Provider ceases to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the Group, or termination of his/her/its engagement or appointment, in the absolute determination of the Board or the Board in its sole and absolute opinion believes such Grantee has become a competitor of the Group, or the Grantee has become bankrupt or has become insolvent or has made any arrangement or composition with his/her/its creditors generally, has committed any serious misconduct, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Group into disrepute), the Options (to the extent not already exercised) shall lapse on the date of the Board's determination and not be exercisable.

Note: Paragraphs 13, 15 and 16 do not apply to a Grantee who is not an employee or a director of the Group. Unlike employees or directors who are employed or appointed on a continuous basis, the relationship between the Group and the Grantees who are not employees or directors are based on different contracts which may or may not be consecutive or continuous in nature and may be on a project or order basis.

18. RIGHTS ON A GENERAL OFFER

In the event of a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner being made to all Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders during the Option Period of the relevant Option, the Grantee (or his or her Personal Representative(s)) shall be entitled to exercise the Option in full (to the extent vested and not already exercised) at any time within one (1) month after the date on which such offer becomes or is declared unconditional, or within one (1) month after the record date for entitlements under the scheme of arrangement, as the case may be.

19. RIGHTS ON WINDING UP

In the event a notice is given by the Company to its Shareholders to convene a special general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each Shareholder give notice thereof to all Grantees and any Grantee or his or her Personal Representative(s) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price in respect of the relevant Option (such notice shall be received by the Company no later than two (2) Business Days prior to the proposed general meeting) exercise the Option (to the extent vested and not already exercised) either to its full extent or to the extent that he or she may specify in his or her notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the Grantee credited as fully paid.

20. RIGHTS ON RECONSTRUCTION, COMPROMISE OR ARRANGEMENT

If a compromise or arrangement between the Company and the Shareholders or its creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to the Shareholders or creditors to summon a meeting to consider such a scheme or arrangement and the Options (to the extent vested and not already exercised) shall become exercisable in whole or in part on such date until the earlier of (i) two (2) months after that date or (ii) at any time not later than two (2) Business Days prior to the date of the meeting directed to be convened by the court for the purposes of considering such a scheme or arrangement (the “Suspension Date”), accompanied by a remittance of the full amount of the aggregate subscription price for the Shares in respect of which the notice is given exercise the Option (to the extent vested and not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee or his or her Personal Representative(s) which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof. With effect from the Suspension Date, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapse and terminated.

21. CANCELLATION OF OPTIONS

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Where the Company cancels Options and makes a new grant to the same Grantee, such new grant may only be made under the New Share Option Scheme with available unissued Options within the limit approved by the Shareholders pursuant to paragraph (7). The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Limit and the Service Provider Sublimit.

22. EFFECT OF ALTERATIONS TO SHARE CAPITAL

In the event of any alteration in the capital structure of the Company by way of capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the number or nominal amount of Shares subject to the New Share Option Scheme or any Option granted under the New Share Option Scheme so far as such Option remains unexercised; and/or (ii) the subscription price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any Grantee certify in writing to be in their opinion fair and reasonable (other than in the case of capitalisation issue), provided that any such adjustment shall be made on the basis that the Grantee shall have the same proportion of the issued

share capital of the Company to which he or she would have been entitled to had he or she exercised all the Options held by him or her immediately prior to such event and the aggregate subscription price payable by the Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value and the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment. Save in the case of capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements.

23. RANKING OF SHARES

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the “Exercise Date”) and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof.

24. DURATION OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, and expiring at the close of business on the date which falls ten (10) years after the Adoption Date, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

25. ALTERATIONS TO THE TERMS OF THE NEW SHARE OPTION SCHEME

Save for the provisions prescribed below, the New Share Option Scheme may be altered in any respect by a resolution of the Board or administrator of the New Share Option Scheme without the approval of Shareholders in general meeting.

- (a) The provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting.
- (b) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.

- (c) Any change to the authority of the Directors or the administrator of the New Share Option Scheme to alter the terms of New Share Option Scheme must be approved by the Shareholders in a general meeting.
- (d) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

26. CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme is conditional upon:

- (a) the GEM Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in any new Shares which may fall to be allotted and issued by the Company upon the exercise of the Options that may be granted under the New Share Option Scheme; and
- (b) the passing of ordinary resolutions at the AGM approving the adoption of the New Share Option Scheme.

27. LAPSE OF OPTIONS

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the date on which the Grantee commits a breach of paragraph (12);
- (c) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (13) to (20); and
- (d) the date of the commencement of the winding-up of the Company.

28. TERMINATION

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted but not yet exercised prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

29. MISCELLANEOUS

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 23 of the GEM Listing Rules. The Company will comply with the relevant statutory requirements and the GEM Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company. Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (22) above shall be referred to the decision of the Company's auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby.

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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)

NOTICE IS HEREBY GIVEN that an annual general meeting of Lajin Entertainment Network Group Limited (the “Company”) will be held at 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 21 June 2024 at 10:00 a.m. for the purposes of considering and, if thought fit, passing the following ordinary business with or without amendments as ordinary resolutions of the Company:

1. To receive and consider the audited consolidated financial statements and the reports of the directors (the “Directors”) and auditors of the Company for the year ended 31 December 2023;
2.
 - (a) To re-elect Mr. Leung Wai Shun Wilson as an executive Director;
 - (b) To re-elect Mr. Zhou Ya Fei as a non-executive Director;
 - (c) To re-elect Mr. Zou Xiao Chun as a non-executive Director; and
 - (d) To authorise the board of Directors to fix the Directors’ remuneration;
3. To re-appoint BDO Limited as the auditors of the Company and to authorise the board of Directors to fix their remuneration;

To, as special business, consider and, if thought fit, pass the following resolutions as ordinary resolutions:

* *for identification purpose only*

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ORDINARY RESOLUTIONS

4. “THAT:

- (a) subject to paragraph (c) below, pursuant to the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued shares of the Company (the “Shares”) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the previous share option scheme of the Company; or (iii) any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws (the “Bye-laws”) of the Company; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
 - (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
 - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

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- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company, the Companies Act 1981 of Bermuda (as amended) (the “Companies Act”) or any other applicable laws of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong).”

5. **“THAT:**

- (a) Subject to and conditional upon the Stock Exchange granting the listing of, and permission to deal, such number of Shares which may fall to be issued and allotted pursuant to the exercise of any options which may be granted under the new share option scheme of the Company (the “New Share Option Scheme”), the principal terms of which are set out in the printed documents marked “A” now produced to the meeting and for the purpose of identification signed by the Chairman hereof, the rules of the New Share Option Scheme be and are hereby approved and adopted to be the New Share Option Scheme; and that the Directors be and are hereby authorised to grant options to allot, issue and deal in the Shares as maybe required to be allotted and issued upon the exercise of any option granted thereunder and to take all such steps as may be necessary or desirable to implement the New Share Option Scheme.

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- (b) Subject to and conditional upon the passing of resolution (a) above and the New Share Option Scheme taking effect, the total number of Shares which may be issued and allotted by the Company for the purpose of the New Share Option Scheme pursuant to the resolution numbered (a) above, together with any issue of Shares upon exercise of all options and awards to be granted under the New Share Option Scheme and any other schemes of the Company (collectively, the “Share Schemes”), shall not exceed 10% of the total number of issued Shares as at the date of the passing of this resolution, and the approval in resolution (a) above shall be limited accordingly.
- (c) Subject to and conditional upon the passing of resolution (a) above and the New Share Option Scheme taking effect, the total number of Shares which may be awarded to all Service Providers pursuant to all Share Schemes shall not exceed 0.5% of the total number of issued Shares as at the date of the passing of this resolution, and the approval in resolution (a) shall be limited accordingly.”

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

Hong Kong, 30 May 2024

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*
Unit 3903A Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

Notes:

1. For the purpose of determining shareholders' eligibility to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 18 June 2024 to Friday, 21 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Union Registrars Limited of Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Monday, 17 June 2024.
2. A member of the Company entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or, if he is a holder of more than one share, more proxies to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the annual general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

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3. A form of proxy for use at the annual general meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the Hong Kong branch share registrar and transfer office of the Company, Union Registrars Limited of Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours (i.e. 10:00 a.m. on Wednesday, 19 June 2024) before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the annual general meeting or any adjournment thereof, should he so wish and in such event, the proxy form shall be deemed to be revoked.
4. In the case of joint holders of shares, any one of such holders may vote at the annual general meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the annual general meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
5. If tropical cyclone warning signal no. 8 or above is hoisted, "extreme condition" caused by super typhoons or a black rainstorm warning signal is in force at 7:00 a.m. on Friday, 21 June 2024, the meeting will be postponed and further announcement for details of alternative meeting arrangements will be made. The meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.

As at the date of this notice, the executive directors of the Company are Mr. Colin Xu 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.

This notice, for which the Directors 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 the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this notice 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 notice inaccurate or misleading.

This notice will remain on the "Latest Listed Company Information" page of the Stock Exchange website at www.hkexnews.hk for at least 7 days from the date of its publication and on the website of the Company at <http://www.irasia.com/listco/hk/lajin/>.