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)

DECISION OF THE STOCK EXCHANGE ON GEM LISTING RULE 17.26

This announcement is made by Lajin Entertainment Network Group Limited (the "**Company**") pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**GEM Listing Rules**") and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 15 August 2025, the Company received a letter from the Stock Exchange (the "**Letter**") notifying the Company of its decision that the Company has failed to maintain a sufficient level of operations and assets of a sufficient value to support its operations under Rule 17.26 of the GEM Listing Rules to warrant the continued listing of its shares and that trading in the Company's shares will be suspended on 27 August 2025 under Rule 9.04(3) of the GEM Listing Rules (the "**Decision**") unless the Company applies for a review of the Decision in accordance with the rights of the Company under Chapter 4 of the GEM Listing Rules.

The Stock Exchange considers the following factors as set out in the Letter in arriving at the Decision.

On operation

The Company's operational scale has significantly diminished over the past years. Total revenue peaked at RMB68.3 million in 2021 but fell to HK$5.3 million in 2024. The Entertainment Business has experienced a substantial decline in revenue, recording losses in four out of the past five years, with only a few movie projects in the pipeline and no plan for expansion. The Company has shifted its focus on developing the New Media Business. This segment first began with e-commerce business through live-streaming in 2020, then changed to the APP and PASS Cards business in late 2022, generating minimal annual revenue through the sale of music PASS cards. Now, the Company seeks to expand this segment through cultural tourism PASS Cards and customised APP and PASS Cards services. However, these initiatives are preliminary and projected revenue is unsupported by credible customer demand. Overall, the Stock Exchange does not consider the Company's businesses to be of substance, viable and sustainable for the following reasons:

Entertainment Business

The Entertainment Business has diminished to a very low level of operation. It recorded a substantial decrease in revenue and has sustained continued losses. The situation does not appear to be a temporary downturn, and the Stock Exchange does not consider this business is viable and sustainable for the following reasons:

(i) the scale of operation has significantly declined over the years, with revenue of HK$31.7 million in 2021 dropping to HK$3.8 million in 2024. Despite the increase in segment revenue in 2023, the situation did not recur as it was contributed by one-off production income. This segment has sustained losses in four out of the past five years. The carrying amount of film rights and films and TV programmes under production substantially reduced by 90.8% from HK$149.5 million in 2020 to HK$13.7 million in 2024. The deteriorating trend does not appear to be temporary;

(ii) the Company has only two movie projects under the pipeline and two projects under discussion, all at the preliminary stage with production yet to commence and most with no expected timeline for release. No revenue is anticipated from the two pipeline projects in 2025 or 2026. The forecasted revenue of RMB1.0 million in 2025 is very small, while the forecasted revenue of RMB9.1 million in 2026 is entirely based on one project that is still under discussion. Even if the forecasted revenue in 2026 could be achieved, such amount remains to be small; and

(iii) the Company lacks funding to finance new projects and has not provided any detailed plan or otherwise demonstrated the prospects of substantially improving the operating scale of this business.

New Media Business

The New Media Business began with e-commerce business through live-streaming services in 2020, which essentially ceased in 2022. In late 2022, the Company commenced the APP and PASS Cards business and generated minimal revenue from sales of music PASS Cards of HK$0.4 million in 2023 and HK$1.2 million in 2024. The Company expected to generate annual revenue of HK$0.3 million only from sale of music PASS Cards for both 2025 and 2026. In May 2025, the Company launched the sale of cultural tourism PASS Cards for themed projects and the provision of customised APP and PASS Cards services targeting individuals and corporates in the PRC. The Company seeks to expand the New Media Business through the new initiatives under the APP and PASS Cards business. However, the Stock Exchange does not consider that the New Media Business is viable and sustainable, and of substance for the following reasons:

(i) the current business model of the APP and PASS Cards business is new, bears little relevance to the previous e-commerce business or the Entertainment Business, and has a limited historical track record to support its viability and sustainability;

(ii) the plan is preliminary at an early stage of development. Since the trial launch in May 2025, the revenue generated from the cultural tourism PASS Cards is minimal (RMB0.6 million). The cooperation agreement with Alipay remains unfinalised and the Company has not clearly demonstrated how Alipay would promote its products or provided a credible business strategy to leverage Alipay's network. While the Company has entered into some cooperations with tourist attraction and museum operators, these arrangements do not involve binding purchase commitments. Furthermore, majority of the prospective projects are still under discussion, with no certainty as to whether and when they will materialise. This raises concerns about the credibility and achievability of the Company's revenue forecast;

(iii) the Company further seeks to expand its business by providing customised APP and PASS Cards services. Yet, the revenue of RMB3.8 million from the two secured contracts is still small. The Company's plan for this initiative is preliminary with other projects still under discussion; and

(iv) the projected revenue growth for the New Media Business of RMB16.5 million in 2025 and RMB39.5 million in 2026 is not supported by a clear basis and lacks concrete details. With only a few confirmed orders and limited contract size, the forecast is largely based on the management's assumption about sales targets and made in absence of binding sales agreements or credible customer demands.

Artiste Management Business

The Artiste Management Business has maintained a small scale of operation. The Company did not provide any plan to improve this business.

Overall, despite the projected revenue growth, the Company is still expected to incur a net loss in 2025 and achieve only a marginal net profit of RMB0.1 million in 2026 based on the revised profit forecast. The projected revenue remains insufficient to cover the corporate expenses or support the Company's continued operation.

On assets

The Company incurred a net loss of HK$37.8 million and net cash used in operating activities of HK$20.3 million for the year ended 31 December 2024 whilst the Company only had cash and cash equivalents amounted to HK$7.6 million. Its auditor included an emphasis of matter paragraph in its report, drawing attention to the material uncertainty related to the Company's ability to continue as a going concern. In light of this and together with the concerns on the above, the Stock Exchange is not satisfied that the Company has sufficient assets to support its operations.

Under Chapter 4 of the GEM Listing Rules, the Company has the right to request for the Decision to be reviewed by the GEM Listing Committee within 7 business days of receipt of the Decision (i.e. on or before 26 August 2025). The Company is in the process of seeking advice from its external adviser and will consider whether to make a request for the Decision to be referred to the GEM Listing Committee for review. Trading in the Company's shares will be suspended after the expiry of seven business days from the date of the Decision (i.e. 27 August 2025), unless the Company applies for a review of the Decision. Pending the decision as to whether or not to request for a review of the Decision, trading in the shares of the Company will continue.

Pursuant to the Letter, in the event that the trading of the shares of the Company is suspended by the Stock Exchange, the Company must re-comply with Rule 17.26 of the GEM Listing Rules, fulfill any resumption guidance that may be set by the Stock Exchange and be in full compliance with the GEM Listing Rules to the Stock Exchange's satisfaction before the trading of the Company's shares is allowed to resume. Under Rule 9.14A(1) of the GEM Listing Rules, the Stock Exchange may cancel the listing of the Company's shares if trading remains suspended for a continuous period of 12 months.

Even if a request is made, shareholders of the Company (the "**Shareholders**") and potential investors of the Company are reminded that the outcome of the review of the Decision by the GEM Listing Committee is uncertain.

Further announcement(s) will be made by the Company as and when appropriate and in accordance with the requirements of the GEM Listing Rules. Shareholders who have any queries about the implication of the Decision are advised to obtain appropriate professional advice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 18 August 2025

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

This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification only*