

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



柠萌影视

Linmon Media Limited

檸萌影視傳媒有限公司

(An exempted company incorporated in the Cayman Islands with limited liability)

(Stock Code: 9857)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Linmon Media Limited (the “**Company**”, together with its subsidiaries (including consolidated affiliated entities of the Company), the “**Group**”) hereby announces the audited consolidated annual results of the Group for the year ended 31 December 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period of 2022, as follows:

FINANCIAL PERFORMANCE HIGHLIGHTS

	For the year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	1,221,752	951,469
Cost of sales	<u>(740,154)</u>	<u>(577,484)</u>
Gross profit	<u>481,598</u>	<u>373,985</u>
Gross profit margin	39.4%	39.3%
Other income and gains	121,661	140,298
Selling and distribution expenses	(92,960)	(105,624)
Administrative expenses	(206,243)	(280,947)
Other expenses	(16,316)	(22,715)
Finance costs	(2,443)	(4,098)
Share of profits and losses of associates	201	(1,765)
Changes in fair value of convertible redeemable preferred shares	<u>—</u>	<u>(789,063)</u>

FINANCIAL PERFORMANCE HIGHLIGHTS (CONTINUED)**For the year ended 31 December**

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT/(LOSS) BEFORE TAX	285,498	(689,929)
Income tax expenses	<u>(71,870)</u>	<u>(42,105)</u>
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>213,628</u>	<u>(732,034)</u>
Add:		
Share-based payments	13,793	30,163
Listing expenses	–	54,598
Changes in fair value of convertible redeemable preferred shares	<u>–</u>	<u>789,063</u>
Adjusted net profit	<u>227,421</u>	<u>141,790</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2023, the Group adhered to quality and long-termism, hit a new high in the quality of original drama series, deepened comprehensive budget management, and achieved progressive results in cost control and expense reduction. It accelerated the promotion of diversified business layout, established its overseas business platform “Linmon International”, and achieved overseas localized content production. For film business, the Group achieved breakthrough in new projects which has been launched and completed. It also developed strategic brand customer resources, and achieved a rapid growth in the artiste management business. The Group speeded up the expansion of multi-form short drama series business, and successfully established a industry-leading position in short drama series segment, with increased revenue contribution from short drama series, artiste management business and other new businesses. Moreover, it implemented IP derivative development, explored the application of AI in its production process, and actively established an empowering organization, resulting in effective performance growth ultimately.

In 2023, the Group achieved operating revenue of RMB1.22 billion, representing a year-on-year increase of 28.4%, and adjusted net profit of RMB227 million, representing a year-on-year increase of 60.4%.

Hitting a new high in the quality of original drama series through iterating and upgrading category system

In 2023, the Group concentrated on developing of premium original drama series, refined and iterated its category system, and streamlined its productivity funnel to achieve of productivity upgrade, with more than 1,000 episodes of long-form drama series projects in its rolling reserves. We thoroughly implemented cost reduction and efficiency enhancement, successfully produced and broadcast three premium original drama series, hitting a new high in the quality of drama series compared to previous years:

- Original drama series “Nothing But You” (《愛情而已》): a brand new urban romance drama series, which was broadcast on CCTV-8, Tencent Video and other platforms, and holds a rating of 8.2 on Douban.com and 150,000 people participated in the rating, the peak of popularity of urban romance. It was selected into the Collection of Excellent Shanghai-produced TV Series for the New Era at the Magnolia Shanghai-produced TV Series Research and Evaluation. It was awarded the Annual Public Favorite Work of Weibo TV & Internet Video Summit 2023 Conference.
- Original drama series “The Heart” (《問心》): a masterpiece of new domestic medical drama series, which have been broadcast on CCTV-8, Tencent Video and other platforms. New Peak of popularity for domestic medical drama series, and the latest rating on Douban.com raised to 8.5 with strong prolonged effect. It was selected as one of the 2023 China Drama Series by the National Radio and Television Administration, and won the Annual Excellent TV Series Award of the 2nd China TV Series Annual Ceremony.

- Original drama series “A Journey to Love” (《一念關山》): a pop-up for the original eastern ancient costume series drama, which was broadcasted on iQIYI, Zhejiang STV and other platforms, with a popularity score of over 10,000 within 6 days after its broadcasting on iQIYI platform, ranking the TOP1 in terms of popularity score on iQIYI on the first day of broadcasting in 2023, and occupying the TOP1 on CSM71 in terms of viewership for the same time slot. It was selected as one of the 2023 Annual Excellent Network Audiovisual Works by the National Radio and Television Administration and won the awards of the Annual Drama at the 2023 Weibo Night.

During the year, the Group newly launched and completed original drama series of “My Boss” (《你也有今天》) and “In Between” (《半熟男女》). As at the date of this announcement, original drama series “My Boss” (《你也有今天》) has been broadcasted in January 2024, ranking the TOP1 in terms of overseas premiere for Viu platform in Indonesia, Malaysia, Singapore, Philippines station, etc. Original drama series “In Between” (《半熟男女》) is currently under post-production, whereas original drama series “Moonlit Reunion” (《子夜歸》) is also currently under shooting since January 2024.



“Nothing But You” (《愛情而已》)



“The Heart” (《問心》)



“A Journey to Love” (《一念關山》)



“My Boss” (《你也有今天》) “In Between” (《半熟男女》) “Moonlit Reunion” (《子夜歸》)

In December 2023, the Group released its list of drama series for 2024, unveiling 16 works officially. The series were divided into five major segments based on their story essence: reality, suspense, urban romance, ancient costume production and infinite innovation. The Group reconstructed the category of its content to meet the standards of its core users on various platforms, centered on the content strategy of “connecting the new audiences with super content” to achieve all-segments layout, and realized full coverage of audiences and targeted users, thereby establishing an emotional connection through its work as a bond with its audiences.

Establishing an industry-leading position in short drama series, and accelerating domestic and overseas multi-dimensional development

In 2023, the Group seized the opportunities in short drama series market, expanded short drama series business in multiple dimensions, and produced a number of blockbuster products, successfully establishing its industry-leading position in short drama series segment. The Group also explored multi-dimensional commercialization channels, such as business cooperation and user fee payment. In 2023, the Group’s total revenue from short drama series related business was RMB32.23 million, increasing by over 12 times year on year:

- Domestic short drama series: in 2023, the Group broadcasted a total of 8 short drama series and 16 unit stories on Douyin short video platform, with a total viewership of over 2,400 million times, and a total of over 140 million thumbs-up. The fans of our Douyin account increased by more than 3 million. The viewership of several short drama series, such as “Twenty Nine” (《二十九》), “Beneath the Headlines” (《流量背後》), “Twenty Nine” (《二十九》) Season 2 and “Save My Whole Family” (《救救我全家》), consecutively occupied the TOP1 of short drama series list on Douyin short video platform, securing profitable business cooperation as well. In particular, “Twenty Nine” (《二十九》) has become a phenomenal blockbuster short drama series in 2023, with a total viewership of over 1,170 million times, and the total viewership of the clips of relevant topics has reached over 1,450 million times, which was at the highest level among the short drama series on Douyin short video platform. It ranked the TOP1 of the viewership list of short drama series on Douyin for four consecutive weeks, and topped the number of fans increased on Douyin on the day of launch.



“Twenty Nine” (《二十九》)



“Beneath the Headlines”
(《流量背後》)



“Twenty Nine” Season 2
(《二十九》第二季)



“Save My Whole Family”
(《救救我全家》)

- Overseas short drama series: in 2023, the Group launched and accelerated the production and distribution of overseas short drama series, and created its own overseas short drama series platform. It leveraged on overseas localized shooting resources to initially build a production and distribution system for overseas short drama series, and applied AI and other new technology in script development, role selection and other production process at the same time. As at the date of this announcement, the Group has released 2 overseas short drama series.

Overseas distribution maintaining high growth, with effective expansion of overseas localized production

In 2023, the Group comprehensively advanced the diversified development of its overseas businesses, and built “Linmon International”, an overseas business platform. In conjunction with overseas distribution, it achieved global simultaneous broadcasting of domestic original drama series at an industry-leading distribution price. The Group’s revenue from overseas distribution for the year increased by 89.1% on a year-on-year basis. It also promoted the production and distribution of several overseas localized drama series with all efforts:

- Construction of overseas business platform: in 2023, the Group established “Linmon International”, an overseas business entity platform, which mainly focused on the overseas distribution of drama series, production and distribution of overseas localized content, and the commercial operations in respect of overseas IP, and actively expanded business opportunities in Greater Mandarin, Thai and Indonesian markets. In December, the Group released its 2024 new film list of Linmon International at the ATF TV Festival in Singapore, which attracted wide attention from international market and media;
- Overseas broadcasting of several popular drama series: in 2023, several popular drama series, including “Nothing But You” (《愛情而已》), “The Heart” (《問心》) and “A Journey to Love” (《一念關山》), were broadcast on overseas first-tier platforms at an industry-leading distribution price. In particular, “Nothing But You” (《愛情而已》) was broadcast simultaneously on 17 platforms including Netflix, covering more than 100 countries and regions, and ranking the Top10 among the drama series list on Netflix in Taiwan Region, China, and Top2 among the monthly list on Astro platform in Malaysia. “A Journey to Love” (《一念關山》) consecutively occupied the Top1 on iQIYI International North America and Taiwan, and Top2 on iQIYI Thailand, the distribution price of which hit a record high in overseas distribution of ancient costume drama of the Group. As at the date of this announcement, the Group has distributed contents in Chinese to over 190 countries and regions around the world;
- Acceleration of overseas localized production: on the one hand, the Group accelerated the overseas remake of its own IP. For example, the Thai version of “Nothing But Thirty” (《三十而已》) started shooting officially in Bangkok in 2023, and has been completed as at the date of this announcement. The Thai version of “Under the Skin” (《獵罪圖鑑》) is also currently under production. On the other hand, the Group has explored the development of overseas original content by co-developing and producing a number of localized contents with groups such as GDH in Thailand, KANTANA in Thailand and MNC in Indonesia.

Expanding strategic brand resources for content marketing, with a rapid growth in artiste management business

In 2023, the Group actively transformed its development pattern for content marketing business from resource-oriented to customer demand-oriented. By effectively leveraging on the advantages of its full-chain marketing system, the Group strengthened the development of strategic brand resources, and expanded the artiste management business in conjunction with the broadcasting of popular original drama series to achieve rapid growth in segment revenue.

- Development of strategic brand resources: in the year, the Group actively developed strategic brand resources based on comprehensive marketing to upgrade its service system, and provided brand customers with full-chain comprehensive marketing services, including drama series placement, IP marketing, artiste management business, TVC shooting and social media distribution, achieving annual frame cooperation with a number of strategic brand customers. At the same time, it actively explored the opportunities for cooperation with external drama series, and secured business agency contracts for several top-tier drama series.
- Remarkable growth of artiste management business: in 2023, through effective interaction with broadcasting of original drama series, the Group entered into artiste management business cooperation for businesses. The annual contract amount of artiste management business was more than RMB40 million, representing a year-on-year increase of more than 2.5 times in segment revenue for our artiste management business.

Implementing exploration of IP derivative development

In 2023, the Group accelerated the development of IP derivative, and explored the derivatives and commercialization of drama series IP in the fields of musical, audio books, game, etc.

In March 2023, on the first anniversary of the broadcasting of “Under the Skin” (《獵罪圖鑑》), its musical, audio book and peripheral derivative products under the same name were officially launched. The musical received high praise from the market, with an initial rating of 9.3 on Damai platform during its first show. It subsequently went on tour in Beijing, Wuhan and other cities in China. Upon release of its audio book on the Himalaya platform, the broadcast completion rate and quality rating were both higher than most of other albums of the same level on the platform. The game version of “Under the Skin” (《獵罪圖鑑》) is also under active development.

The peripheral derivative products of “Nothing But You” (《愛情而已》), such as soft side-products and audio book, have also been released simultaneously with the broadcasting of drama series.

The peripheral derivative products, such as co-branded Hanfu, physical OST album of film and television original soundtrack, online novel and audio book of “A Journey to Love” (《一念關山》) have also been launched successively with the series broadcast.

DEVELOPMENT OUTLOOK

Looking forward to 2024, the Group will continue to adhere to long-termism, take the creation of premium original drama series as the core task, effectively implement product category strategy, increase the scale of production capacity with its every effort, further deepen cost reduction and efficiency enhancement, and build an empowering organization in a systematic manner. As the starting point, the Group will explore the multidimensional application of AI and other new technologies throughout the production process. It will accelerate the development of innovative businesses, hasten the iteration of domestic and overseas short drama series businesses across multiple sectors, and further strengthen its position as a top brand to effectively achieve commercial transformation. Moreover, the Group will develop its overseas business in a vertical and in-depth way, strive to maintain rapid growth in overseas distribution, and steadily improve localized production scale. For content marketing business, the Group will deepen the expansion of strategic brand resources and artiste management business. For film business, it will realize the release of its first cinema film, explore artiste management business, and endeavor to achieve sustained increase in revenue from new businesses.

EMPLOYEES

As of 31 December 2023, the Group had 180 employees, who were primarily based in Shanghai, Beijing and Hangzhou.

The Group maintains high recruitment standards and recruits our employees based on a number of factors, including their level of knowledge, years of industry experience, education background and their conformity with our values. The Company is committed to establishing a competitive and fair remuneration and benefits system. In order to effectively motivate our business development through remuneration incentives and ensure that our employees receive competitive remuneration packages, we continuously refine our remuneration and incentive policies through market research and peers benchmarking. We conduct performance evaluation for our employees regularly to provide feedback on their performance. Meanwhile, the Company offers our employees with internal and external training opportunities to enhance their expertise and skills, thereby fulfilling the Company's development needs.

The Group maintains diversified composition of employees, and achieves workforce diversity (including the management team) in terms of gender, age, ethnicity, cultural and educational background, professional experience, skills and knowledge, etc. As of 31 December 2023, the number of female employees of the Group accounted for approximately 71.7% of the total number of employees, continuously maintaining gender diversity of employees.

FINANCIAL REVIEW

Revenue

Geographical information

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Chinese Mainland	1,182,938	930,941
Other countries/regions	38,814	20,528
Total revenue	<u>1,221,752</u>	<u>951,469</u>

For the year ending 31 December 2023, our revenue generated from markets outside Chinese mainland increased by RMB18.3 million, or 89.08%, as compared to the same period of the full year ended 2022. This portion of our revenue has achieved rapid growth for two consecutive years, which is in line with our overseas expansion strategy and our goal of launching quality dramas to a wider range of people in different regions.

Types of business	<i>Unit: RMB million</i>			
	For the year ended 31 December			
	2023	2022	Change	Change%
Related to long-form drama series	1,174.4	944.6	229.8	24.3%
Related to short drama series	32.2	2.4	29.8	1,241.7%
Others	15.2	4.5	10.7	237.8%
Total	<u>1,221.8</u>	<u>951.5</u>	<u>270.3</u>	<u>28.4%</u>

The Group's revenue increased by 28.4% from RMB951.5 million for the year ended 31 December 2022 to RMB1,221.8 million for the year ended 31 December 2023, primarily due to the increase in the number of episodes of the Group's long-form drama series and the rapid growth of our overseas business. In addition, the short drama series and artiste management business also contributed to the Group's revenue increase.

Revenue Related to Long-form Drama Series

The Group's revenue related to long-form drama series increased by 24.3% from RMB944.6 million for the year ended 31 December 2022 to RMB1,174.4 million for the year ended 31 December 2023, mainly due to (i) a total of 3 long-form drama series were broadcasted, including "Nothing But You" (《愛情而已》), "The Heart" (《問心》) and "A Journey to Love" (《一念關山》), in 2023 with 116 episodes, representing an increase of 11 episodes from a total of 105 episodes in 2022, including "Beyond" (《超越》), "Under the Skin" (《獵罪圖鑑》), "Nobody Knows" (《膽小鬼》) and "Twenty Your Life On II" (《二十不惑2》); and (ii) overseas distribution revenue from long-form drama series continued to achieve rapid growth in 2023, increasing by approximately 89.1% from 2022 to RMB38.8 million.

Revenue Related to Short drama series

Revenue related to short drama series increased by 1,241.7% from RMB2.4 million for the year ended 31 December 2022 to RMB32.2 million for the year ended 31 December 2023, mainly due to (i) the Group has been deeply rooted in the short drama series, actively expanded the scale of its production capacity, continued to iterate and upgrade the internal strength of quality content production, created the industry-leading position of the short drama series and produced a number of blockbuster short drama series; and (ii) the Group continued to explore multi-dimensional paths for the commercialization of short drama series in 2023.

Revenue from Other Businesses

Revenue from other businesses increased by 237.8% from RMB4.5 million for the year ended 31 December 2022 to RMB15.2 million for the year ended 31 December 2023, mainly due to the rapid growth in new businesses, such as the artiste management business in 2023.

Cost of Sales

The Group's cost of sales increased by 28.2% from RMB577.5 million for the year ended 31 December 2022 to RMB740.2 million for the year ended 31 December 2023, which was mainly due to the increase in the number of drama series broadcast in 2023.

Gross Profit and Gross Profit Margin

Gross Profit

Unit: RMB million

Types of business	For the year ended 31 December			
	2023	2022	Change	Change%
Related to long-form drama series	466.3	372.4	93.9	25.2%
Related to short drama series	8.1	(0.5)	8.6	1,720.0%
Others	7.2	2.1	5.1	242.9%
Total	<u>481.6</u>	<u>374.0</u>	<u>107.6</u>	<u>28.8%</u>

Gross Profit Margin

Types of business	For the year ended 31 December		
	2023	2022	Change%
Related to long-form drama series	39.7%	39.4%	0.3%
Related to short drama series	25.2%	(20.8%)	46.0%
Others	47.7%	46.7%	0.7%
Total	<u>39.4%</u>	<u>39.3%</u>	<u>0.1%</u>

As a result of the foregoing, the Group's gross profit increased by 28.8% from RMB374.0 million for the year ended 31 December 2022 to RMB481.6 million for the year ended 31 December 2023, and the Group's gross profit margin increased from 39.3% for the year ended 31 December 2022 to 39.4% for the year ended 31 December 2023, which remained basically unchanged.

Other Income and Gains

Other income decreased by 13.3% from RMB140.3 million for the year ended 31 December 2022 to RMB121.7 million for the year ended 31 December 2023, primarily due to (i) a decrease of RMB54.5 million in foreign exchange gains recognized for the year ended 31 December 2023 as a result of the change in foreign exchange rate; (ii) an increase of RMB19.7 million in interest income for the year ended 31 December 2023; and (iii) an increase of RMB16.3 million in government subsidies for the year ended 31 December 2023.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by 11.9% from RMB105.6 million for the year ended 31 December 2022 to RMB93.0 million for the year ended 31 December 2023, primarily due to a decrease in the number of broadcast of drama series.

Administrative Expenses

The Group's administrative expenses decreased by 26.6% from RMB280.9 million for the year ended 31 December 2022 to RMB206.2 million for the year ended 31 December 2023, primarily due to (i) a decrease of RMB54.0 million in listing expenses in 2023; and (ii) a decrease of RMB14.0 million in share-based payment expenses recognized in 2023 compared to the same period in 2022 based on employee incentive plans granted in previous years.

Finance Costs

The Group's finance costs primarily consist of accrued interest expenses on lease liabilities and interest expenses on discounted notes receivable. Finance costs decreased by 41.5% to RMB2.4 million for the year ended 31 December 2023, as compared to RMB4.1 million for the year ended 31 December 2022, primarily because expenses on additional discounted notes decreased from RMB2.4 million as of 31 December 2022 to RMB0.2 million in 2023.

Share of Profits and Losses of Associates

The Group recognized share of losses of associates of RMB1.8 million for the year ended 31 December 2022 and share of profits of associates of RMB0.2 million for the year ended 31 December 2023, which were primarily related to the Group's investments in Beijing Ark Reading Technology Co., Ltd. (北京方舟閱讀科技有限公司) and Shanghai Senmeijie Culture Media Co., Ltd. (上海森美介文化傳媒有限公司).

Income Tax Expenses

The Group's income tax expenses increased by 70.8% from RMB42.1 million for the year ended 31 December 2022 to RMB71.9 million for the year ended 31 December 2023. Such year-on-year increase was due to an increase in its taxable income for the year ended 31 December 2023 as compared to the same period of 2022.

Adjusted Net Profit

Unit: RMB million

	For the year ended 31 December	
	2023	2022
Profit/(loss) for the year	213.6	(732.0)
Add:		
Share-based payments	13.8	30.2
Listing expenses	–	54.5
Changes in fair value of convertible redeemable preferred shares	–	789.1
	<u>227.4</u>	<u>141.8</u>
Adjusted net profit		
	<u>227.4</u>	<u>141.8</u>
Adjusted earnings per share – basic (RMB yuan)*	<u>0.63</u>	<u>0.57</u>

* Adjusted earnings per share is calculated by adjusted net profit divided by weighted average number of ordinary shares during the year.

The Group's adjusted net profit increased by 60.4% from RMB141.8 million for the year ended 31 December 2022 to RMB227.4 million for the year ended 31 December 2023. Such increase was mainly attributable to (i) a significant increase in the viewership of the Group's long-form drama series in 2023 as compared to 2022, and a significant increase in overseas distribution; (ii) the effectiveness of the overall budget management, which enabled the effective control of costs; and (iii) the profit increase from new businesses, such as short-form dramas series and artiste management business.

The "adjusted net profit" is not defined under the Hong Kong Financial Reporting Standards (HKFRSs). It is defined by the Group as the net profit adjusted by adding back (i) changes in fair value of convertible redeemable preferred shares; (ii) share-based payments expenses; and (iii) listing expenses incurred (collectively, the "Adjusted Items"). The Group believes that such non-HKFRSs measure can eliminate the potential impact of certain Adjusted Items and facilitate the comparison of operating performance from period to period and from company to company. As the Company completed its listing in August 2022, the aforesaid Adjusted Items (i) and (iii) were no longer occurred in 2023.

Trade and Notes Receivables

The Group's trade and notes receivables increased by 68.0% from RMB355.6 million for the year ended 31 December 2022 to RMB597.3 million for the year ended 31 December 2023. Such year-on-year increase was primarily due to an increase in accounts receivable from the drama series broadcasted in the second half of 2023.

Trade Payables

The Group's trade payables increased by 41.8% from RMB40.4 million for the year ended 31 December 2022 to RMB57.3 million for the year ended 31 December 2023. Such year-on-year increase was due to the ongoing settlement of production and promotion expenses from the drama series broadcasted in the second half of 2023.

Liquidity, Financial and Capital Resources

We have historically funded our cash needs principally from cash generated from operations, and to a lesser extent, equity financing. We adopt a prudent financial management policy to ensure that the Group maintained a stable and healthy financial position. Taking into account the financial resources available to the Group, including the Group's cash and cash equivalents on hand, cash generated from operations and available financing, and the net proceeds from the issuance of ordinary shares in connection with the initial public offering, and after prudent and careful consultation and enquiry, the Directors are of the view that the Group has sufficient working capital to meet the Group's present operating needs.

As at 31 December 2023, the Group had net current assets of RMB2,732.8 million, as compared to net current assets of RMB2,475.0 million as at 31 December 2022. The Group's current ratio increased from 5.6 as at 31 December 2022 to 6.1 as at 31 December 2023. The increase in net current assets was mainly due to the increase in accounts receivable and collection within six months from the drama series broadcasted in the second half of 2023.

As at 31 December 2023, the Group's total equity attributable to owners of the Company amounted to RMB2,574.5 million, as compared to RMB2,390.5 million as at 31 December 2022. The increase was mainly attributable to the Group's income from undistributed profits accumulated from the operating profit in 2023.

Unit: RMB million

	For the year ended 31 December		
	2023	2022	Change%
Net cash generated from/(used in) operating activities	353.9	(199.0)	(277.8%)
Net cash used in from investing activities	(296.9)	(284.9)	4.2%
Net cash (used in)/generated from financing activities	(89.3)	329.1	(127.1%)
Net decrease in cash and cash equivalents	(32.3)	(154.8)	(79.1%)
Cash and cash equivalents at beginning of year	742.8	825.0	(10.0%)
Exchange gain on cash and cash equivalents	5.7	72.6	(92.1%)
Cash and cash equivalents at end of year	716.2	742.8	(3.6%)

Operating Activities

For the year ended 31 December 2023, the Group's net cash inflow from operating activities was RMB353.9 million, representing an increase of 277.8% as compared to a net outflow of RMB199.0 million for the year ended 31 December 2022. Such increase was mainly due to the successive collection of new large accounts receivable in 2023, while continuing to strengthen the collection of historical accounts receivable.

Investing Activities

For the year ended 31 December 2023, net cash outflow from investing activities was RMB296.9 million, as compared to a net outflow of RMB284.9 million for the year ended 31 December 2022, which was basically unchanged, which was mainly because the Group used short-term idle funds to purchase principal-guaranteed wealth management products, etc., to improve the return on capital.

Financing Activities

For the year ended 31 December 2023, net cash outflow from financing activities was RMB89.3 million, representing a decrease of 127.1% as compared to a net inflow of RMB329.1 million for the year ended 31 December 2022. The decrease was mainly due to the Group did not engage in any public offering in 2023.

Gearing Ratio

The gearing ratio (calculated by dividing total debts by total assets) was 27.8% for the year ended 31 December 2023, which has no material difference as compared to 27.2% as at 31 December 2022.

Foreign Exchange and Exchange Rate Risk

Currently, the Group's operations are mainly carried out in China, so the Group's foreign exchange risk exposure arises from changes in bank foreign exchange balances and exchange rates of other currencies involved in relevant businesses. For the year ended 31 December 2023, the Group did not incur any material foreign currency exchange losses in its operations. The management of the Group will continue to monitor the Group's foreign exchange exposure and consider taking prudent measures as and when appropriate to mitigate the adverse impact of exchange fluctuation.

Significant Investments Held

There were no significant investments held by the Group as at 31 December 2023. In order to enhance the return on capital, the Group utilized its idle funds to subscribe for wealth management products. During the Reporting Period and up to the date of this announcement, there was no subscription of wealth management products from a single financial institution by the Group that is required to be disclosed under Chapter 14, 14A or paragraph 32(4A) of Appendix D2 (*the previous Appendix 16, which has been renumbered as Appendix D2 since 31 December 2023*) of the Listing Rules.

Contingent Liabilities

As at 31 December 2023, the Group did not have any significant contingent liabilities.

Future Plans for Significant Investments or Capital Assets

There were no future plans of the Group for significant investments or capital assets as at 31 December 2023.

Hedging Activities

There were no hedging activities of the Group as at 31 December 2023.

Subsequent Events After the Reporting Period

There were no significant events that would have a material impact on the Group's business operation subsequent to the Reporting Period and up to the date of this announcement.

USE OF PROCEEDS FROM LISTING

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 August 2022 (the “**Listing Date**”) with the issuance of 15,139,300 new shares. After deducting the underwriting commission in connection with the global offering and other expenses payable by the Company in connection with the global offering, the net proceeds from listing amounted to approximately HK\$311.8 million. These proceeds will be utilised in accordance with the allocation plans as disclosed in the section headed “Net Proceeds from the Global Offering” of the announcement of offer price and allotment results of the Company dated 9 August 2022. Meanwhile, as disclosed in the announcement of the Company dated 21 June 2023 (the “**Announcement**”), the Board has resolved to re-allocate part of the unutilised net proceeds for original drama series production. The balance of unutilised net proceeds as at 31 December 2023 was approximately HK\$46.8 million.

The proceeds from listing have been and will continue to be applied in accordance with the relevant plans disclosed above, namely:

Item	Percentage (%)	Proceeds from listing for related purpose	Net proceeds (HK\$ million)			Expected timeline for net proceeds unutilised
			Proceeds unutilised as at 1 January 2023	Net proceeds utilised during the Reporting Period	Net proceeds unutilised as at the end of the Reporting Period	
IP pool expansion	10	31.2	5.1	5.1	–	
– IP purchase	5	15.6	–	–	–	
– Writer recruitment	2	6.2	5.1	5.1	–	
– Recruitment of or collaboration with scriptwriters	3	9.4	–	–	–	
Drama series production and promotion	50	155.9	102.0	102.0	–	
– Original drama series production	45	140.3	102.0	102.0	–	
– Original drama series distribution and promotion	5	15.6	–	–	–	
Initiatives into emerging business opportunities	15	46.8	–	–	–	
Potential strategic investment and acquisition opportunities	15	46.8	46.8	–	46.8	By the end of 2024
Working capital and general corporate purposes	10	31.1	–	–	–	
Total	100	311.8	153.9	107.1	46.8	

The Company has deposited the net proceeds which are not immediately applied to the above purposes into interest-bearing accounts with licensed commercial banks or financial institutions in the PRC or Hong Kong. The Company will comply with the PRC laws in respect of foreign exchange registration and proceeds remittance.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.218 (including tax) per share for the year ended 31 December 2023. Such final dividend shall be subject to approval by the shareholders of the Company (the “**Shareholders**”) at the annual general meeting (the “**AGM**”) to be held on 20 June 2024, and will be paid on 19 July 2024 to the Shareholders whose names appear on the register of members of the Company on 5 July 2024.

AGM

The AGM of the Company will be held on Thursday, 20 June 2024. A notice convening the AGM will be published in the manner required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 17 June 2024 to 20 June 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 14 June 2024.

The register of members of the Company will also be closed from 2 July 2024 to 5 July 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to receive the final dividend, during which period no share transfers will be registered. In order to be eligible to receive the final dividend, all properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 28 June 2024.

CORPORATE GOVERNANCE PRACTICE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability. The Company has adopted the requirements and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 (*the previous Appendix 14, which has been renumbered as Appendix C1 since 31 December 2023*) to the Listing Rules. During the Reporting Period, the Company has complied with all applicable code provisions as set out in the CG Code, except for the deviation from code provision C.2.1 of the CG Code.

Code provision C.2.1 of the CG Code provides that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual. The roles of chairman of the Board and president of the Company (similar to the chief executive officer position as defined in the Listing Rules taking responsibility for the overall management of the Company) are currently performed by Mr. Su Xiao (“**Mr. Su**”). In view of Mr. Su’s substantial contribution to the Group since our establishment and his extensive experience, the Board considers that having Mr. Su acting as both the Company’s chairman of the Board and president will provide strong and consistent leadership to the Group and facilitate the efficient execution of the Company’s business strategies. The Board considers it appropriate and beneficial to the Company’s business development and prospects that Mr. Su acts as both the Company’s chairman of the Board and president, and therefore currently does not propose to separate the functions of chairman of the Board and president.

While this would constitute a deviation from code provision C.2.1 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by the Board requires approval by at least a majority of the Directors, and our Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. Su and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the Board comprises experienced and high-calibre individuals who meet regularly to discuss issues affecting the operations of the Company, thus ensuring the balance of power and authority of the Board. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion among all of our Board members and senior managers. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and president is necessary.

The Group will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 (*the previous Appendix 10, which has been renumbered as Appendix C3 since 31 December 2023*) to the Listing Rules as its code of conduct for securities transactions by the Directors. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) which comprises one non-executive Director, namely Mr. Zhang Rong, and two independent non-executive Directors, namely Ms. Tang Songlian and Ms. Long Yu. Ms. Tang Songlian is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control system and risk management system of the Group, oversee the audit process, review and approve connected transactions, provide recommendations and advice to the Board and perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee, together with the Board, has reviewed the accounting principles and practices adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2023.

SCOPE OF WORK OF AUDITOR ON THE ANNUAL RESULTS ANNOUNCEMENT

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2023, but represents an extract from the consolidated financial statements for the year ended 31 December 2023 which have been audited by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF ANNUAL RESULTS AND 2023 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.linmon.cn, and the annual report of the Company for the year ended 31 December 2023 will be published on the above websites in due course.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	4	<u>1,221,752</u>	<u>951,469</u>
Cost of sales		(740,154)	(577,484)
Gross profit		481,598	373,985
Other income and gains	4	121,661	140,298
Selling and distribution expenses		(92,960)	(105,624)
Administrative expenses		(206,243)	(280,947)
Other expenses		(16,316)	(22,715)
Finance costs		(2,443)	(4,098)
Share of profits and losses of associates		201	(1,765)
Changes in fair value of convertible redeemable preferred shares		<u>—</u>	<u>(789,063)</u>
PROFIT/(LOSS) BEFORE TAX	5	285,498	(689,929)
Income tax expense	6	<u>(71,780)</u>	<u>(42,105)</u>
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>213,628</u>	<u>(732,034)</u>
Attributable to:			
Owners of the parent		<u>213,628</u>	<u>(732,034)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB yuan)	8	<u>0.59</u>	<u>(2.95)</u>
Diluted (RMB yuan)	8	<u>0.59</u>	<u>(2.95)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

		31 December 2023	31 December 2022
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		16,613	17,659
Right-of-use assets		68,349	45,129
Other intangible assets		3,113	4,836
Investments in associates		23,845	37,948
Deferred tax assets		67,508	48,195
Financial assets at fair value through profit or loss		54,183	51,051
Prepayments, other receivables and other assets		68,586	68,930
		<u>302,197</u>	<u>273,748</u>
Total non-current assets			
CURRENT ASSETS			
Inventories	9	471,032	683,931
Trade and notes receivables	10	597,258	355,558
Prepayments, other receivables and other assets		217,018	171,297
Financial assets at fair value through profit or loss		674,787	429,599
Time deposits		583,376	524,115
Restricted cash		5,667	101,230
Cash and cash equivalents		716,171	742,750
		<u>3,265,309</u>	<u>3,008,480</u>
Total current assets			
CURRENT LIABILITIES			
Trade payables	11	57,315	40,357
Other payables and accruals	12	400,428	471,551
Lease liabilities		18,298	15,980
Tax payable		56,435	5,614
		<u>532,476</u>	<u>533,502</u>
Total current liabilities			
NET CURRENT ASSETS		<u>2,732,833</u>	<u>2,474,978</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,035,030</u>	<u>2,748,726</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*31 December 2023*

		31 December 2023	31 December 2022
	<i>Note</i>	RMB'000	<i>RMB'000</i>
NON-CURRENT LIABILITIES			
Other payables and accruals	12	406,456	328,767
Deferred tax liabilities		2,329	–
Lease liabilities		51,702	29,489
Total non-current liabilities		460,487	358,256
Net assets		2,574,543	2,390,470
EQUITY			
Equity attributable to owners of the parent			
Share capital		59	59
Share premium		4,437,226	4,437,226
Reserves		(1,862,742)	(2,046,815)
Total equity		2,574,543	2,390,470

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 10 June 2021. The registered office of the Company is located of Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries were principally involved in the production, distribution and licensing of broadcasting rights of TV series ("**drama series**").

The shares of the Company were listed on the Stock Exchange on 10 August 2022.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities and any non-controlling interest; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Chinese Mainland	1,182,938	930,941
Other countries/regions	38,814	20,528
Total revenue	<u>1,221,752</u>	<u>951,469</u>

The revenue information above is based on the locations of the customers.

(b) All of the non-current assets of the Group were located in Chinese Mainland.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the years ended 31 December 2023 and 2022 is set out below:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Customer A	705,907	N/A*
Customer B	335,340	469,009
Customer C	<u>N/A*</u>	<u>163,636</u>

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the year.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	1,221,722	951,469
<i>Revenue from other sources</i>		
Net licensing fee received from investments in drama series under co-financing arrangements	<u>30</u>	<u>—</u>
Total	<u>1,221,752</u>	<u>951,469</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Types of goods or services		
Licensing of broadcasting rights of original drama series	1,137,951	888,674
Content marketing	62,356	57,263
Others*	<u>21,415</u>	<u>5,532</u>
Total	<u><u>1,221,722</u></u>	<u><u>951,469</u></u>

* Others mainly consist of sales of goods through online platform, artiste management services and licensing of drama elements.

Geographical markets

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Chinese Mainland	1,182,908	930,941
Other countries/regions	<u>38,814</u>	<u>20,528</u>
Total	<u><u>1,221,722</u></u>	<u><u>951,469</u></u>

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Timing of revenue recognition		
Goods transferred at a point in time	1,209,696	925,008
Services transferred over time	6,809	13,257
Services transferred at a point in time	<u>5,217</u>	<u>13,204</u>
Total	<u><u>1,221,722</u></u>	<u><u>951,469</u></u>

The following table shows the amounts of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Licensing of the broadcasting rights of original drama series	305,596	184,302
Content marketing	<u>21,876</u>	<u>6,211</u>
Total	<u><u>327,472</u></u>	<u><u>190,513</u></u>

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Licensing of broadcasting rights of original drama series

The performance obligation is satisfied at the point in time when the broadcasting rights are authorised and the customer can begin exhibiting or selling the drama series. Generally, upfront payment is received from customers for purchasing the broadcasting rights of relevant drama series when the contract is signed, and the remaining contract amount is generally due within three months to twelve months.

Content marketing

The performance obligation is satisfied at the point in time when the content marketing services are complete and accepted by the customers in accordance with the terms of the contract or over time in which the services are rendered to or consumed by the customer simultaneously. The payment is generally due within three months to twelve months.

Others

The performance obligation of sales of goods through online platform is satisfied upon delivery of the goods and payments are mainly on cash and credit card settlements.

The performance obligation of licensing of drama elements is satisfied at the point in time when the right to use the relevant intangible property in the drama series is transferred to the licensee and the contract amount is determinable. The payment is generally due within three months to nine months.

The performance obligation of revenue received from the artiste management service income is satisfied over the time of the service period and payment is generally due within three months to nine months.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	555,658	3,789,203
After one year	<u>1,351,944</u>	<u>1,373,025</u>
Total	<u><u>1,907,602</u></u>	<u><u>5,162,228</u></u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to licensing of the broadcasting rights of original drama series and content marketing, of which the performance obligations are to be satisfied within three years. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	2023 RMB'000	2022 <i>RMB'000</i>
Government grants		
– related to income (<i>note</i>)	46,324	29,985
Additional deduction for input value-added tax	3,615	5,980
Interest income on		
– cash and bank balances	18,071	9,732
– time deposits	29,196	15,976
Interest income arising from revenue contracts	–	1,811
Investment income from financial assets at fair value through profit or loss	409	7,641
Fair value gains:		
– Financial assets at fair value through profit or loss	9,895	–
Foreign exchange differences, net	13,553	68,070
Others	598	1,103
	<hr/>	<hr/>
Total other income and gains	<u>121,661</u>	<u>140,298</u>

Note:

The government grants mainly represent incentives awarded by the local governments to support the Group's operation. There were no unfulfilled conditions or contingencies attached to these government grants.

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
Cost of inventories sold (<i>note(a)</i>)		665,272	553,262
Listing expense		–	57,879
Depreciation of property, plant and equipment		5,752	3,029
Depreciation of right-of-use assets (<i>note(b)</i>)		19,435	21,899
Amortisation of other intangible assets (<i>note(c)</i>)		2,694	1,697
Additional deduction for input value-added tax		(3,615)	(5,980)
Government grants		(46,324)	(29,985)
Bank interest income		(47,267)	(25,708)
Interest income arising from revenue contracts		–	(1,811)
Lease payments not included in the measurement of lease liabilities		2,501	3,104
Auditor's remuneration		4,104	4,260
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages and salaries		89,473	99,077
Pension scheme contributions (<i>note(d)</i>)		6,698	6,271
Staff welfare expenses		13,316	10,621
Equity-settled share-based payment		11,990	26,191
Termination benefits		1,236	2,563
Total		122,713	144,723
Loss on disposal of items of property, plant and equipment		26	52
Foreign exchange differences, net		(13,533)	(68,070)
(Reversal of impairment)/			
impairment of trade receivables, net	<i>11</i>	(3,223)	8,688
Write-down of inventories to net realisable value (<i>note(e)</i>)		74,882	26,664
Impairment of investment in an associate (<i>note(f)</i>)	<i>9</i>	14,304	15,377
Fair value (gains)/losses, net:			
Financial assets at fair value through profit or loss		(9,895)	6,263
Financial liabilities under co-investment arrangements		1,428	609
Convertible redeemable preferred shares		–	789,063

Notes:

- (a) The cost of inventories sold includes RMB3,652,000 relating to equity-settled share-based payment during the year (2022: RMB274,000).
- (b) The depreciation of right-of-use assets is included in "Selling and distribution expenses", "Administrative expenses" and "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income and "Inventories" in the consolidated statement of financial position.

- (c) The amortisation of other intangible assets is included in “Administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.
- (d) There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.
- (e) Write-down of inventories to net realisable value is included in “Cost of sales” in the consolidated statement of profit or loss and other comprehensive income.
- (f) The impairment of investment in an associate is included in “Other expenses” in the consolidated statement of profit or loss and other comprehensive income.

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and its subsidiaries are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2022: 8.25%) and the remaining assessable profits are taxed at 16.5% (2022: 16.5%).

The provision for PRC corporate income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

As stipulated in Cai Shui [2011] No. 112, enterprises newly established in Xinjiang Kashgar/Horgos special economic areas during the periods from 2010 to 2020 can enjoy Corporate Income Tax (“CIT”) exemption for five years starting from the year under which the first revenue is generated. Horgos Linmon and Horgos Linmon Black Tea enjoyed the benefit under the Notice of the Ministry of Finance and the State Administration of Taxation on Income Tax Incentives for Newly-established Enterprises in Poverty Areas of Xinjiang (《新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄》). According to the Preferential Filing Record of CIT (《企業所得稅優惠事項備案表》), Horgos Linmon has obtained the approval from the State Administration of Taxation for local bureau’s CIT exemption from 1 January 2021 to 31 December 2025. Horgos Linmon Black Tea has registered with the State Administration of Taxation for local bureau’s CIT exemption from 1 January 2022 to 31 December 2026.

Shanghai Yuri Juzeng Culture Media Co., Ltd., Shanghai Ninghe Culture and Media Co., Ltd., Hangzhou Wuren Guanji Culture and Media Co., Ltd., Shanghai Ningchuan Culture and Media Co., Ltd., Shanghai Linmon Kaixin Film and Television Media Co., Ltd., Beijing Haoyou Benling Culture Media Co., Ltd., Hangzhou Jirong Culture Co., Ltd., Zhejiang Dongyang Linmon Kaixin Film and Television Media Co., Ltd. and Guangxi Nanning Xingling Information Technology Co., Ltd. are qualified as small and micro enterprises and are subject to preferential income tax rate of 2.5% for the first RMB1,000,000 of assessable profits and 10% for the assessable profits between RMB1,000,000 and RMB3,000,000 during the year.

- (a) The major components of the income tax expense of the Group during the year are analysed as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
Charge for the year	88,854	36,019
Deferred tax	(16,984)	6,086
	<hr/>	<hr/>
Total tax charge for the year	<u>71,870</u>	<u>42,105</u>

- (b) A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rate in Chinese Mainland to the tax expense at the effective tax rate is as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) before tax	<u>285,498</u>	<u>(689,929)</u>
Tax at the statutory tax rate of 25% in Chinese Mainland	71,375	(172,482)
Effect of tax rate differences in other jurisdictions	(6,040)	197,825
Preferential tax rates enacted by local authority	(541)	(144)
Income not subject to tax	(3,297)	(11,473)
Expenses not deductible for tax	6,228	17,098
Temporary differences and tax losses not recognised	5,153	10,319
Tax losses utilised from prior periods	(1,526)	(47)
Profits and losses attributable to associates	(50)	441
Effect of withholding tax at 10% on the interest expense of the Group's PRC subsidiaries to be paid	568	568
	<hr/>	<hr/>
Tax charge at the Group's effective tax rate	<u>71,870</u>	<u>42,105</u>

There is no share of tax attributable to associates which is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss and other comprehensive income.

7. DIVIDENDS

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final – RMB21.8 cent (2022: Nil) per ordinary share	<u>78,580</u>	<u>–</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 360,458,829 (2022: 247,795,362) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit/loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	<u>213,628</u>	<u>(732,034)</u>
Adjustment:		
Fair value changes of convertible and redeemable preferred shares	<u>–</u>	<u>789,063</u>
Profit attributable to ordinary equity holders of the parent before fair value changes of convertible and redeemable preferred shares	<u>213,628</u>	<u>57,029</u>
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings/(loss) per share calculation	360,458,829	247,795,362
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>2,808,226</u>	<u>6,206,968*</u>
Total	<u>363,267,055</u>	<u>254,002,330*</u>

* No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2022 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amounts presented. Therefore, the diluted loss per share amount is based on the loss of RMB732,034,000 and the weighted average number of ordinary shares of 247,795,362 in issue during the year of 2022.

9. INVENTORIES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Raw materials	218,985	120,700
Work in progress	116,356	555,941
Finished goods	<u>135,691</u>	<u>7,290</u>
Total	<u>471,032</u>	<u>683,931</u>

10. TRADE AND NOTES RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	600,876	377,404
Notes receivable	<u>39,315</u>	<u>24,310</u>
	640,191	401,714
Impairment	<u>(42,933)</u>	<u>(46,156)</u>
Net carrying amount	<u><u>597,258</u></u>	<u><u>355,558</u></u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 365 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the transaction dates and net of loss allowance, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	517,612	13,792
3 to 6 months	15	218,802
6 to 12 months	11,235	35,086
1 to 2 years	19,440	48,749
2 to 3 years	3,627	5,047
Over 3 years	<u>6,014</u>	<u>9,772</u>
Total	<u><u>557,943</u></u>	<u><u>331,248</u></u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At beginning of year	46,156	37,468
Impairment losses, net (<i>note 5</i>)	<u>(3,223)</u>	<u>8,688</u>
At end of year	<u><u>42,933</u></u>	<u><u>46,156</u></u>

An impairment analysis is performed at the end of each reporting period using a provision matrix to measure expected credit losses. The provision rates are based on ageing and the days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each reporting period about past events, current conditions and forecasts of future economic conditions. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. The Group has provided impairment for the defaulted receivables based on the cash flows that the Group expects to receive.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit loss RMB'000
Defaulted receivables	41,703	87.09%	36,320
Other trade receivables aged:			
Current	176,690	0.06%	106
Past due:			
Within 1 year	362,003	1.19%	4,322
Between 1 and 2 years	19,480	9.32%	1,816
Between 2 and 3 years	<u>1,000</u>	36.90%	<u>369</u>
Total	<u><u>600,876</u></u>	7.15%	<u><u>42,933</u></u>

As at 31 December 2022

	Gross carrying amount RMB'000	Expected credit loss rate	Expected credit loss RMB'000
Defaulted receivables	50,703	80.73%	40,931
Other trade receivables aged:			
Current	14,268	0.29%	41
Past due:			
Within 1 year	289,537	1.14%	3,314
Between 1 and 2 years	<u>22,896</u>	8.17%	<u>1,870</u>
Total	<u><u>377,404</u></u>	12.23%	<u><u>46,156</u></u>

Included in the Group's trade receivables were amounts due from the Group's related parties of RMB167,874,000 as at 31 December 2023 (2022: RMB8,024,000), which were repayable on credit terms similar to those offered to the major customers of the Group.

The Group's notes receivable were all aged within one year and were neither past due nor impaired.

As at 31 December 2023, notes receivable of RMB39,315,000 (2022: RMB24,310,000), whose fair values approximate to their carrying values, were classified as financial assets through other comprehensive income under HKFRS 9. The fair value changes of these notes receivable at fair value through other comprehensive income were insignificant.

11. TRADE PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	<u>57,315</u>	<u>40,357</u>

An ageing analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 3 months	52,181	38,880
3 to 6 months	473	691
6 to 12 months	220	174
1 to 2 years	3,829	612
2 to 3 years	<u>612</u>	<u>–</u>
	<u>57,315</u>	<u>40,357</u>

Included in the trade payables were trade payables of RMB3,502,000 as at 31 December 2023 (2022: RMB3,276,000) due to the Group's related parties which were repayable within one year, which represented credit terms similar to those offered by the related parties to their major customers.

The trade payables are non-interest-bearing and are normally settled on terms of 90 to 365 days.

12. OTHER PAYABLES AND ACCRUALS

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Contract liabilities	<i>(a)</i>	692,633	695,140
Financial liabilities under co-investment arrangements	<i>(b)</i>	22,575	19,478
Other payables	<i>(c)</i>	49,288	52,561
Other tax payables		2,395	2,719
Deferred revenue		1,493	1,917
Payroll and welfare payable		38,500	28,503
Total		<u>806,884</u>	<u>800,318</u>
Analysed into:			
Current		400,428	471,551
Non-current		406,456	328,767

Notes:

(a) Details of contract liabilities are as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<i>Advances received from customers</i>		
Licensing of the broadcasting rights of original drama series	673,540	662,011
Others	19,093	33,129
Total contract liabilities	<u>692,633</u>	<u>695,140</u>

Contract liabilities include advances received from the licensing of broadcasting rights of original drama series and others.

Included in contract liabilities as at 31 December 2023 was amounts of RMB9,159,000 (2022: RMB10,408,000) related to content marketing services to be provided to an investee company held by the Group under investments at fair value through profit or loss.

Included in contract liabilities were advances received from the Group's related parties of RMB305,660,000 as at 31 December 2023 (2022: RMB513,736,000).

The decrease in contract liabilities as at 31 December 2023 primarily due to certain advances from others received in 2022 were recognised as revenue in 2023.

- (b) Financial liabilities under co-investment arrangements are for variable return and measured at fair value.

Included in financial liabilities under co-investment arrangements were co-investment received from the Group's related parties of RMB7,367,000(2022: RMB7,367,000). As a co-investor, the Group's related party was not entitled to any shares of copyrights in drama series it invested under the co-investment arrangements. The Group is obligated to share the licensing revenue with the Group's related party based on the respective investment ratios and the amounts received from the Group's related party are recognised as financial liabilities which are measured at fair value.

- (c) Other payables include investment payable to an investment at fair value through profit or loss of RMB6,000,000. Other payables are non-interest-bearing and repayable on demand.

By order of the Board
Linmon Media Limited
Su Xiao
Chairman

Beijing, PRC
27 March 2024

As at the date of this announcement, the executive Directors are Mr. Su Xiao, Ms. Chen Fei, Ms. Xu Xiao'ou and Mr. Zhou Yuan; the non-executive Directors are Mr. Sun Zhonghuai and Mr. Zhang Rong; and the independent non-executive Directors are Ms. Long Yu, Mr. Jiang Changjian and Ms. Tang Songlian.