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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024 (the “**Reporting Period**”), together with the comparative figures for the corresponding period of 2023, as follows:

FINANCIAL PERFORMANCE HIGHLIGHTS

For the six months ended 30 June 2024

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	192,529	422,142
Cost of sales	<u>(149,492)</u>	<u>(212,257)</u>
Gross profit	43,037	209,885
Other income and gains	46,476	78,560
Selling and distribution expenses	(35,317)	(32,828)
Administrative expenses	(99,013)	(87,167)
Other expenses	(455)	(23)
Finance costs	(1,489)	(952)
Share of profits and losses of associates	<u>163</u>	<u>(430)</u>

FINANCIAL PERFORMANCE HIGHLIGHTS (Continued)

	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
(LOSS)/PROFIT BEFORE TAX	(46,598)	167,045
Income tax expense	<u>(6,282)</u>	<u>(36,093)</u>
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u><u>(52,880)</u></u>	<u><u>130,952</u></u>
Attributable to:		
Owners of the parent	(52,572)	130,952
Non-controlling interests	<u>(308)</u>	<u>—</u>
	<u><u>(52,880)</u></u>	<u><u>130,952</u></u>
Add:		
Share-based payments	<u>3,468</u>	<u>8,029</u>
Adjusted net (loss)/profit ⁽¹⁾	<u><u>(49,412)</u></u>	<u><u>138,981</u></u>

Note:

- ⁽¹⁾ 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/net loss adjusted by adding back the share-based payments (the “**Adjusted Item**”). The Group believes that such non-HKFRSs measure can eliminate the potential impact of Adjusted Item and facilitate the comparison of operating performance from period to period and from company to company.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2024 is a productive year for the Group's business. In the first half of 2024, the Group continued to focus on the development of premium original drama series with sufficient reserves of on-hand orders and drama series under development, continuously promoting comprehensive budget management to further implement cost control and actively building an empowering organization; we created domestic and overseas dual platforms for short drama series business, and increased the scale of production capacity rapidly. With the effective output of Linmon IP by our overseas business, our revenue from overseas distribution doubled year on year as our drama series went viral on multiple overseas platforms. However, due to factors such as the progress of episode broadcast scheduling, the Group's revenue and net profit for the first half of 2024 recorded a temporary year-on-year decrease.

Focusing on developing premium original drama series

In the first half of 2024, the Group continued to adhere to the mission of developing premium original drama series, expedite the implementation of serial production development, promote the continuous iteration of product category system and deepen the implementation of comprehensive budget management. We produced and broadcasted the original drama series "My Boss" (《你也有今天》) with good broadcast results. In the first half of 2024, the Group newly launched three projects and completed filming for two projects, with abundant drama series in reserve:

- Original drama series "My Boss" (《你也有今天》): broadcasted on Youku platform, its popularity rate exceeded 9,500 after broadcasting on Youku for 13 days, being the modern idol drama series with the highest popularity rate on the revamped Youku website and ranking among the TOP5 on the viewership list of drama series exclusively launched on Youku during the first half of 2024. It also has a remarkable performance on Douyin platform with the total viewership of the clips of main topics reaching 5.45 billion times, occupying the TOP1 of the Douyin drama series list for several weeks. The sales volume of the peripheral derivative products of the drama series ranked TOP1 among such products of the drama series launched by Alifish in the first half of 2024.
- Drama series in production and under post-production: in the first half of 2024, the Group started shooting of the original drama series "Moonlit Reunion" (《子夜歸》), "Under the Skin II" (《獵罪圖鑑2》) and "A Dream within a Dream" (《書卷一夢》), among which, "Moonlit Reunion" (《子夜歸》) and "Under the Skin II" (《獵罪圖鑑2》) have completed filming. As at the date of this announcement, the original drama series "In Between" (《半熟男女》), "Moonlit Reunion" (《子夜歸》) and "Under the Skin II" (《獵罪圖鑑2》) are under post-production while "A Dream within a Dream" (《書卷一夢》) is currently under shooting, and all the aforesaid drama series have been pre-sold.



“My Boss”
(《你也有今天》)



“In Between”
(《半熟男女》)



“Moonlit Reunion”
(《子夜归》)



“Under the Skin II”
(《猎罪图鉴2》)



“A Dream within a Dream”
(《书卷一梦》)

Rapidly increasing the scale of production capacity in short drama series

In the first half of 2024, the Group made great efforts in short drama series segment, expedited the development of domestic + overseas dual platforms for short drama series, actively expanded the scale of production capacity, continued to iterate and upgrade its capability of high-quality content production, and solidified its position as a top brand in short drama series. In the first half of 2024, the accumulated duration of short drama series released was approximately 2,000 minutes, with a number of blockbusters produced. The Group iteratively explored multidimensional commercialization channels for short drama series including user pay-per-view and business cooperations:

- Domestic short drama series: in the first half of 2024, the Group expanded the business model for domestic short drama series, further extending to pay-per-view model while strengthening the previous Douyin platform commercial customized short drama series. In the first half of 2024, the Group's revenue from commercial customized short drama series recorded rapid growth, representing a year-on-year increase of approximately 3.8 times. In particular, the total viewership of the short drama series "Save My Whole Family" (《救救我全家》) exceeded 330 million, occupying the TOP1 of the Douyin short drama series list for four consecutive weeks, facilitating brand owners to realize effective commercial transformation. In terms of pay-per-view short drama series, the Group produced a number of blockbusters in the first half of 2024, and the recharge amount at the consumer end per drama series exceeded RMB20 million after the launch of a number of drama series, reaching the top level of the industry.
- Overseas short drama series: in the first half of 2024, the Group launched its own overseas platform for short drama series, and as at the date of this announcement, the Group has released 5 online overseas short drama series in total, and at the same time there were a number of overseas short drama series under production.



"Save My Whole Family"
(《救救我全家》)



"Behind the Mask"
(《面具之下》)

Maintaining rapid growth momentum of overseas business

In the first half of 2024, the Group achieved effective output of Linmon IP with our drama series popularly broadcasting on a number of overseas first-tier platforms, which effectively advanced the localized production of overseas content to deepen international cooperation and promote Chinese culture abroad. The Group's revenue from overseas distribution exceeded RMB13 million in the first half of 2024, nearly doubled year on year:

- Drama series popularly broadcasting in overseas market: in the first half of 2024, the original drama series “My Boss” (《你也有今天》) was broadcasted simultaneously on several first-tier overseas platforms such as Viu, TRUEID, Line TV, AsiaN, Singtel, Viki and YouTube, reaching over 200 countries and regions. It ranked among TOP10 on the platform viewership lists of Viu, TRUEID, Line TV, Rakuten Viki and other platforms during its broadcast, among which, it secured over 10 million viewership on the top streaming platform in Thailand - TRUEID, breaking the viewership record for Chinese drama series on TRUEID, and still ranking TOP10 after nearly six months since its premiere on the platform. On Rakuten Viki, it topped the platform viewership list for three consecutive weeks, and its accumulated viewership on YouTube exceeded 42 million. The original drama series “A Journey to Love” (《一念關山》) also expanded its presence in overseas distribution.
- Accelerating overseas content production: in the first half of 2024, the Group effectively advanced the overseas re-production of Linmon IP. The shooting of “Nothing But Thirty – Bangkok” (《三十而已•曼谷篇》) was completed successfully and is under post-production currently. Meanwhile, the production of projects including the Thai version of “Under the Skin” (《獵罪圖鑑》) was underway. In terms of overseas localized content, the Group was actively carrying out the localized development of multiple projects in Thailand, Hong Kong and other regions through co-development.
- Participating overseas festivals and exhibitions to promote Chinese culture abroad: in the first half of 2024, the Group participated Hong Kong International Film & TV Market (FILMART) and held two themed project release conferences to break regional and cultural boundaries and explore new trends of global reach for Chinese drama series, which were widely acclaimed by industry peers.

CONTENT MARKETING

In the first half of 2024, the Group's content marketing business continued to adhere to the brand customer demand-oriented strategy, and deepened the expansion of strategic brand customer resources. While consolidating the marketing resources of long drama series, the Group actively explored multiple types of entertainment marketing cooperation models, such as short drama series, IP licenses and branded artist demands. In the first half of 2024, the accumulated contract amount of business cooperation with brand customers exceeded RMB60 million, of which the respective contract amount with a number of brand customers exceeded RMB10 million.

In the first half of 2024, the Group also effectively carried out marketing cooperation with external drama series. On the one hand, the Group effectively leveraged on its investment attraction capability to expand the investment attraction agency services for external drama series. On the other hand, the Group expanded the media resources for top-tier drama series in the market based on the demands for customized solutions of strategic brand customers.

OUTLOOK

Looking forward to the second half of 2024, the Group will maintain its strategic stability, focusing on creation of premium original drama series, upgrading category strategy, promoting cost reduction and efficiency enhancement, with an aim to facilitate the construction of an empowering organization with a focus on production capacity target, and promote the effective implementation of CREATOR, production center and other relevant mechanisms. For short drama series business, it will accelerate the expansion of the scale of its production capacity on the domestic and overseas platforms, so as to solidify its advantage of leadership in this industry to effectively achieve commercial transformation. For overseas business, it will strive to maintain rapid growth in distribution revenue, and proactively explore overseas localized content production while effectively promoting Linmon IPs. For content marketing business, it will facilitate strategy upgrade and target-based strategy breakdown. For film business, it will make strenuous efforts to realize the release of its first cinema film, and explore the development of artiste brokerage business.

EMPLOYEES

As at 30 June 2024, the Group had 205 employees, who were mainly based in Shanghai, Beijing and Hangzhou.

Employees are the key drivers of the Group's success and the sustainability of business. The Group's growth is dependent on the outstanding performance of employees. 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. The Company conducts 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 30 June 2024, the number of female employees of the Group accounted for approximately 72.2% of the total number of employees, continuously maintaining gender diversity of employees.

FINANCIAL REVIEW

Revenue

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Chinese Mainland	179,168	415,203
Other countries/regions	<u>13,361</u>	<u>6,939</u>
Total revenue	<u><u>192,529</u></u>	<u><u>422,142</u></u>

The Group's sales revenue decreased by 54.4% from RMB422.1 million for the six months ended 30 June 2023 to RMB192.5 million for the six months ended 30 June 2024, primarily because (i) the broadcasting of the drama series which were scheduled to be broadcasted in the first half of 2024 was postponed to the second half of 2024 due to scheduling arrangement, therefore the recognition of the revenue generated from the relevant drama series will also be postponed to the second half of 2024; (ii) the number of episodes broadcasted in the first half of 2024 decreased as compared to the same period of last year; and (iii) the drama series newly launched in the first half of 2024 in Chinese Mainland were only broadcasted via online platforms while the drama series launched in the same period of last year were broadcasted via both online platforms and TV stations.

Cost of Sales

The Group's cost of sales decreased by 29.6% from RMB212.3 million for the six months ended 30 June 2023 to RMB149.5 million for the six months ended 30 June 2024, which was mainly due to the aforesaid broadcast situation of drama series of the Group during the Reporting Period.

Gross Profit and Gross Profit Margin

Gross Profit

The Group's gross profit decreased by 79.5% from RMB209.9 million for the six months ended 30 June 2023 to RMB43.0 million for the six months ended 30 June 2024, which was mainly due to the aforesaid broadcast situation of drama series of the Group during the Reporting Period.

Gross Profit Margin

The Group's gross profit margin decreased by 27.3% from 49.7% for the six months ended 30 June 2023 to 22.4% for the six months ended 30 June 2024, which was mainly due to the aforesaid broadcast situation of drama series of the Group during the Reporting Period.

Other Income and Gains

The Group's other income and gains decreased by 40.8% from RMB78.6 million for the six months ended 30 June 2023 to RMB46.5 million for the six months ended 30 June 2024, which was mainly due to (i) a decrease of RMB20.4 million in foreign exchange gains recognized for the six months ended 30 June 2024 as a result of the change in foreign exchange rate; and (ii) a decrease of RMB12.5 million in interest income for the six months ended 30 June 2024 as compared to that of the corresponding period last year.

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 7.6% from RMB32.8 million for the six months ended 30 June 2023 to RMB35.3 million for the six months ended 30 June 2024, which was mainly due to the growth in promotion expenses driven by the rapid development of new businesses such as short dramas series conducted by the wholly-owned subsidiaries of the Group.

Administrative Expenses

The Group's administrative expenses increased by 13.6% from RMB87.2 million for the six months ended 30 June 2023 to RMB99.0 million for the six months ended 30 June 2024, which was mainly due to the growth in remuneration, benefits and office expenses driven by the rapid development of new businesses such as short dramas series conducted by the wholly-owned subsidiaries of the Group.

Finance Costs

The Group's finance costs primarily consist of accrued interest expenses on lease liabilities and interest expenses on discounted notes receivable. For the six months ended 30 June 2024, finance costs increased by 56.4% to RMB1.5 million from RMB1.0 million for the six months ended 30 June 2023, primarily because the interest on lease liabilities arising from additional leases increased from RMB1.0 million as of 30 June 2023 to RMB1.5 million as of 30 June 2024.

Share of Profits and (Losses) of Associates

The Group recognized share of profits of associates of RMB0.2 million for the six months ended 30 June 2024 as compared to share of losses of associates of RMB0.4 million for the six months ended 30 June 2023, which was primarily related to the Group's investment 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 Expense

The Group's income tax expense decreased by 82.6% from RMB36.1 million for the six months ended 30 June 2023 to RMB6.3 million for the six months ended 30 June 2024. Such year-on-year decrease was due to a decrease in its taxable income for the six months ended 30 June 2024 as compared to the same period of 2023.

(Loss)/Profit for the Period

As a result of the foregoing, the Group recorded a net loss of RMB52.9 million for the six months ended 30 June 2024, while it recorded a net profit of RMB131.0 million for the six months ended 30 June 2023.

Adjusted (Net Loss)/Net Profit

To supplement the Group's consolidated financial statements, which are presented in accordance with HKFRSs, the Group also uses adjusted (net loss)/net profit as an additional financial measure, which is not required by or presented in accordance with HKFRSs. The Group believes this non-HKFRSs measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain items.

	<i>Unit: RMB million</i>	
	For the six months ended	
	30 June	
	2024	2023
(Loss)/profit for the period	(52.9)	131.0
Add:		
Share-based payments	3.5	8.0
Adjusted net (loss)/profit	(49.4)	139.0
Adjusted (loss)/earnings per share – basic (<i>RMB</i>)*	(0.14)	0.39

* Adjusted (loss)/earnings per share is calculated as adjusted (loss)/profit for the period divided by weighted average number of issued ordinary shares.

The adjusted net profit decreased from RMB139.0 million for the six months ended 30 June 2023 to adjusted net loss of RMB49.4 million for the six months ended 30 June 2024. Such decrease was mainly because (i) the broadcasting of the drama series which were scheduled to be broadcasted in the first half of 2024 was postponed to the second half of 2024 due to scheduling arrangement, therefore the recognition of the revenue generated from the relevant drama series will also be postponed to the second half of 2024; (ii) the number of episodes broadcasted in the first half of 2024 decreased as compared to the same period of last year; and (iii) the drama series newly launched in the first half of 2024 in Chinese Mainland were only broadcasted via online platforms while the drama series launched in the same period of last year were broadcasted via both online platforms and TV stations.

Trade and Notes Receivables

The Group's trade and notes receivables decreased by 56.2% from RMB597.3 million as of 31 December 2023 to RMB261.5 million as of 30 June 2024. Such decrease was mainly due to the ongoing settlement of accounts and notes receivables.

Trade Payables

The Group's trade payables decreased by 44.5% from RMB57.3 million as of 31 December 2023 to RMB31.8 million as of 30 June 2024. Such decrease 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

As at 30 June 2024, the Group had net current assets of RMB2,610.8 million, as compared to net current assets of RMB2,732.8 million as at 31 December 2023, which were basically at the same level. The Group's current ratio increased from 6.13 as at 31 December 2023 to 7.14 as at 30 June 2024. The increase in current ratio over that as at 31 December 2023 was mainly due to the decrease in current liabilities as a result of the decrease in contract liabilities and settlement of the tax payables during the first half of 2024.

As at 30 June 2024, the Group's total equity attributable to owners of the Company amounted to RMB2,446.8 million, as compared to RMB2,574.5 million as at 31 December 2023. The decrease was mainly attributable to the dividend distribution made by the Group during the first half of 2024 as well as the operating losses recorded for the first half of 2024.

Gearing Ratio

As of 30 June 2024, the gearing ratio (calculated by dividing total liabilities by total assets) was 27.8% as compared to 27.8% as at 31 December 2023, which was basically unchanged.

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 six months ended 30 June 2024, 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

As at 30 June 2024, the Group did not hold any significant investments. For cash management purpose, we subscribed for certain wealth management products with financial institutions. During the Reporting Period, and as at the date of this announcement, none of the subscriptions of such wealth management products with a single financial institution was required to be disclosed under Chapter 14, Chapter 14A or paragraph 32(4A) of Appendix D2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**").

Contingent Liabilities

As at 30 June 2024, 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 30 June 2024.

Hedging Activities

There were no hedging activities of the Group as at 30 June 2024.

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 on 10 August 2022 with the issuance of 15,139,300 new shares. After deducting the underwriting commissions 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 have been allocated and utilised in accordance with the plans as disclosed in the section headed “Net Proceeds from the Global Offering” of the announcement on offer price and allotment results of the Company dated 9 August 2022. Meanwhile, as disclosed in the Company’s announcement dated 21 June 2023 (the “Use of Proceeds 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 30 June 2024 was approximately HK\$40.2 million.

The proceeds from listing have been and will continue to be applied in accordance with the aforesaid plan and the purposes as disclosed in the Use of Proceeds Announcement, namely:

Item	Percentage (%)	Proceeds for related purpose	Net proceeds (HK\$ million)			Expected timeline for net proceeds unutilised
			Proceeds unutilized as at 1 January 2024	Net proceeds utilized during the Reporting Period	Net proceeds unutilised as at the end of the Reporting Period	
IP pool expansion	10	31.2	–	–	–	–
– IP purchase	5	15.6	–	–	–	–
– Writer recruitment	2	6.2	–	–	–	–
– Recruitment of or collaboration with scriptwriters	3	9.4	–	–	–	–
Drama series production and promotion	50	155.9	–	–	–	–
– Original drama series production	45	140.3	–	–	–	–
– 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	6.6	40.2	By the end of 2025
Working capital and general corporate purposes	10	31.1	–	–	–	–
Total	100	311.8	46.8	6.6	40.2	

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.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six months ended 30 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 to the Listing Rules. For the six months ended 30 June 2024, 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 the Group’s 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 made by the Board requires approval by at least a majority of the Directors, and the 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 the 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 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 they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares (as defined in the Listing Rules)) during the six months ended 30 June 2024. As of 30 June 2024, the Company did not hold any treasury shares.

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 unaudited interim results of the Group for the six months ended 30 June 2024.

PUBLICATION OF INTERIM RESULTS AND 2024 INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.linmon.cn) and the interim report of the Company for the six months ended 30 June 2024 will be published on the above websites in due course.

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2024

	<i>Notes</i>	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	4	192,529	422,142
Cost of sales		<u>(149,492)</u>	<u>(212,257)</u>
Gross profit		43,037	209,885
Other income and gains		46,476	78,560
Selling and distribution expenses		(35,317)	(32,828)
Administrative expenses		(99,013)	(87,167)
Other expenses		(455)	(23)
Finance costs		(1,489)	(952)
Share of profits and losses of associates		<u>163</u>	<u>(430)</u>
(LOSS)/PROFIT BEFORE TAX	5	(46,598)	167,045
Income tax expense	6	<u>(6,282)</u>	<u>(36,093)</u>
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		<u>(52,880)</u>	<u>130,952</u>
Attributable to:			
Owners of the parent		(52,572)	130,952
Non-controlling interests		<u>(308)</u>	<u>—</u>
		<u>(52,880)</u>	<u>130,952</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB yuan)	7	<u>(0.15)</u>	<u>0.36</u>
Diluted (RMB yuan)	7	<u>(0.15)</u>	<u>0.36</u>

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

		30 June 2024	31 December 2023
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		22,152	16,613
Right-of-use assets		61,183	68,349
Other intangible assets		2,275	3,113
Investments in associates		24,008	23,845
Deferred tax assets		65,963	67,508
Financial assets at fair value through profit or loss		54,183	54,183
Prepayments, other receivables and other assets		66,689	68,586
Time deposits		57,836	–
		<hr/>	<hr/>
Total non-current assets		354,289	302,197
CURRENT ASSETS			
Inventories		778,207	471,032
Trade and notes receivables	9	261,484	597,258
Prepayments, other receivables and other assets		195,355	217,018
Financial assets at fair value through profit or loss		751,444	674,787
Time deposits		74,593	583,376
Restricted cash		–	5,667
Cash and cash equivalents		974,684	716,171
		<hr/>	<hr/>
Total current assets		3,035,767	3,265,309
CURRENT LIABILITIES			
Trade payables	10	31,790	57,315
Other payables and accruals		290,183	400,428
Lease liabilities		17,091	18,298
Tax payable		7,292	56,435
Dividends payable		78,580	–
		<hr/>	<hr/>
Total current liabilities		424,936	532,476
NET CURRENT ASSETS		<hr/> 2,610,831	<hr/> 2,732,833
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 2,965,120	<hr/> 3,035,030

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2024

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT LIABILITIES		
Other payables and accruals	470,472	406,456
Deferred tax liabilities	1,523	2,329
Lease liabilities	<u>44,610</u>	<u>51,702</u>
Total non-current liabilities	<u>516,605</u>	<u>460,487</u>
Net assets	<u>2,448,515</u>	<u>2,574,543</u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	59	59
Share premium	4,358,646	4,437,226
Reserves	<u>(1,911,882)</u>	<u>(1,862,742)</u>
	2,446,823	2,574,543
Non-controlling interests	<u>1,692</u>	<u>–</u>
Total equity	<u>2,448,515</u>	<u>2,574,543</u>

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 was approved and authorised by the board of directors on 27 August 2024.

The Company is a limited liability company incorporated in the Cayman Islands on 10 June 2021. And the Company succeeded its listing on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”) on 10 August 2022.

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 registered office address of the Company is Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands.

2. BASIS OF PRESENTATION

2.1 Basis of presentation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “ 2020 Amendments ”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “ 2022 Amendments ”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

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

	For the six months ended	
	30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Chinese Mainland	179,168	415,203
Other countries/regions	<u>13,361</u>	<u>6,939</u>
Total revenue	<u><u>192,529</u></u>	<u><u>422,142</u></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.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
<i>Revenue from contracts with customers</i>	<u><u>192,529</u></u>	<u><u>422,142</u></u>

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Timing of revenue recognition		
Goods transferred at a point in time	188,272	416,289
Services transferred over time	3,680	1,297
Services transferred at a point in time	577	4,556
	<u> </u>	<u> </u>
Total	<u>192,529</u>	<u>422,142</u>

5. (LOSS)/PROFIT BEFORE TAX

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

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Cost of inventories sold*	156,172	210,156
Government grants	(12,612)	(27,917)
Foreign exchange gains, net	(4,256)	(24,653)
	<u> </u>	<u> </u>

* The cost of inventories sold includes RMB1,321,000 and Nil relating to equity-settled share-based payment during the six months ended 30 June 2023 and 2024, respectively.

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 subsidiary 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% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, 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 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 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.

Shanghai Yuri Juzeng Culture Media Co., Ltd (“**Yuri Juzeng**”), Shanghai Linmon Kaixin Film and Television Media Co., Ltd. (“**Shanghai Linmon Kaixin**”), Hangzhou Wuren Guanji Culture and Media Co., Ltd. (“**Wuren Guanji**”), Hangzhou Jirong Culture Co., Ltd. (“**Jirong Culture**”), Shanghai Ninghe Culture and Media Co., Ltd. (“**Shanghai Ninghe**”), Dongyang Xinxin Media Co., Ltd. (“**Dongyang Xinxin**”) and Dongyang Chaonengli Culture and Media Co., Ltd. (“**Dongyang Chaonengli**”) are qualified as small and micro enterprises and were subject to preferential income tax rates of 5% (2023:5%) for assessable profits below RMB3,000,000 (2023: RMB3,000,000) during the period.

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

	For the six months ended	
	30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax:		
Charge for the period	4,453	37,970
Deferred tax	<u>1,829</u>	<u>(1,877)</u>
Total tax charge for the period	<u><u>6,282</u></u>	<u><u>36,093</u></u>

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

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/earnings attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 360,458,829 (six months ended 30 June 2023: 360,458,829) in issue during the period.

The calculation of the diluted (loss)/earnings per share amounts is based on the (loss)/earnings for the period 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 period, as used in the basic (loss)/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 (loss)/earnings per share are based on:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
(Loss)/earnings		
(Loss)/profit attributable to ordinary equity holders of the parent, used in the basic (loss)/earnings per share calculation	<u>(52,572)</u>	<u>130,952</u>
	Number of shares	
	For the six months ended	
	30 June	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue used in the basic (loss)/earnings per share calculation	<u>360,458,829</u>	<u>360,458,829</u>
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>481,567*</u>	<u>4,859,972</u>
Total	<u>360,940,396*</u>	<u>365,318,801</u>

* No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2024 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 RMB52,572,000 and the weighted average number of ordinary shares of 360,458,829 in issue during the six months ended 30 June 2024.

8. DIVIDENDS

The final cash dividend for the year ended 31 December 2023 of RMB0.218 per share, totaling RMB78,580,000, has been approved at the general annual meeting of the Company held on 20 June 2024 and was paid on 19 July 2024.

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

9. TRADE AND NOTES RECEIVABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade receivables	276,584	600,876
Notes receivable	<u>24,040</u>	<u>39,315</u>
	300,624	640,191
Impairment	<u>(39,140)</u>	<u>(42,933)</u>
Net carrying amount	<u>261,484</u>	<u>597,258</u>

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:

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 3 months	16,927	517,612
3 to 6 months	6,106	15
6 to 12 months	199,060	11,235
1 to 2 years	10,224	19,440
2 to 3 years	–	3,627
Over 3 years	<u>5,127</u>	<u>6,014</u>
Total	<u>237,444</u>	<u>557,943</u>

10. TRADE PAYABLES

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Trade payables	<u>31,790</u>	<u>57,315</u>

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

	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
Within 3 months	24,908	52,181
3 to 6 months	701	473
6 to 12 months	5,644	220
1 to 2 years	125	3,829
2 to 3 years	132	612
Over 3 years	<u>280</u>	<u>–</u>
Total	<u>31,790</u>	<u>57,315</u>

By order of the Board
Linmon Media Limited
Su Xiao
Chairman

Beijing, PRC
27 August 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.