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 2023

The board (the "**Board**") of directors (the "**Directors**") of Linmon Media Limited (the "**Company**") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2023, together with the comparative figures for the corresponding period of 2022, as follows:

FINANCIAL PERFORMANCE HIGHLIGHTS

For the six months ended 30 June 2023

	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
REVENUE	**422,142**	480,222
Cost of sales	**(212,257)**	(291,083)
Gross profit	**209,885**	189,139
Gross profit margin	**49.7%**	39.4%
Other income and gains	**78,560**	81,721
Selling and distribution expenses	**(32,828)**	(52,384)
Administrative expenses	**(87,167)**	(117,929)
Other expenses	**(23)**	(397)
Finance costs	**(952)**	(2,009)
Share of losses of associates	**(430)**	(1,033)
Changes in fair value of convertible redeemable preferred shares	**–**	(138,347)

	2023 (Unaudited) *RMB'000*	2022 (Unaudited) *RMB'000*
PROFIT/(LOSS) BEFORE TAX	**167,045**	(41,239)
Income tax expense	**(36,093)**	(23,923)
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**130,952**	(65,162)
Add:		
Share-based payments	**8,029**	11,503
Listing expenses	**–**	20,597
Changes in fair value of convertible redeemable preferred shares	**–**	138,347
Adjusted net profit[1]	**138,981**	105,285

Note:

(1) The "adjusted net profit" is not defined under the Hong Kong Financial Reporting Standards ("**HKFRSs**"). It is defined by the Group as net profit adjusted by adding back (i) share-based payments; (ii) listing expenses incurred; and (iii) changes in fair value of convertible redeemable preferred shares (collectively, the "**Adjusted Items**"). The Group believes the non-HKFRSs measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of certain Adjusted Items. The adjusted items in items (ii) and (iii) above did not occur in the first half of 2023 as the Company completed its listing in August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2023, the Group continued to adhere to the long-termism, strengthened the value of loyalty to quality, realized the high-quality creation of original drama series, further promoted comprehensive budget management, and effectively implemented cost reduction and efficiency enhancement. It accelerated overseas business and successfully launched the production of overseas localized drama series. The full-chain content marketing system has shown significant effects, achieving significant growth in the revenue and gross profit of the segment. It has established a top brand in micro drama series segment, produced a number of blockbuster works, and new businesses such as short drama series have also generated certain revenue contribution, achieving performance growth ultimately. In the first half of 2023, the Group achieved adjusted net profit of RMB139 million, representing a year-on-year increase of 32.0%.

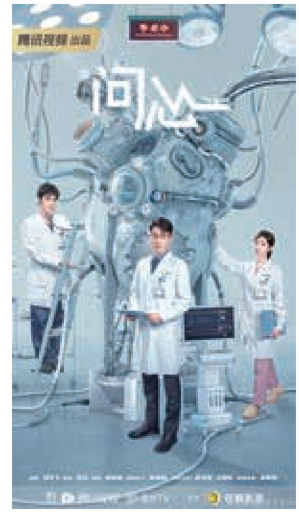
Original drama series maintaining high-quality

In the first half of 2023, the Group continued to focus on the development of premium original drama series, produced and broadcast "Nothing But You" (愛情而已), an urban romance original drama series with a high reputation, accelerated the production of drama series such as "The Heart" (問心), "A Journey to Love" (一念關山), "In Between" (半熟男女) and "My Boss" (你也有今天), with sufficient reserves to be broadcast. The Group further promoted comprehensive budget management to effectively implement cost control. In the first half of 2023, the Group's revenue from original drama series broadcasting was RMB377 million, accounting for 89.4% of the total revenue:

– Original drama series "Nothing But You" (愛情而已): a new urban romance drama series, which broadcast on CCTV-8, Tencent Video and other platforms, ranking among the TOP3 of Tencent Video's broadcast drama popularity list in the first half of 2023. After the broadcast, 140,000 people participated in the rating at Douban.com, and it hit a rating of 8.2, being the TOP1 on the list of urban romance drama since 2023; it is a global hit covering more than 100+ countries and regions.

– Drama series in production and post-production: in the first half of 2023, the Group newly launched the projects of "In Between" (半熟男女) and "My Boss" (你也有今天), both of which have completed filming in August 2023. As at the date of this announcement, "The Heart" (問心), "A Journey to Love" (一念關山), "In Between" (半熟男女) and "My Boss" (你也有今天) are all under post-production and have been pre-sold.

"Nothing But You"
《愛情而已》



"The Heart"
《問心》

"A Journey to Love"
《一念關山》

"In Between"
《半熟男女》

"My Boss"
《你也有今天》

Content marketing system facilitating rapid growth

In the first half of 2023, effectively leveraging on the advantages of its full-chain marketing system, the Group promoted the expansion of strategic brand resources in content marketing business, resulting in a rapid growth in the artiste business in conjunction with the broadcasting of drama series. The Group's content marketing segment recorded a year-on-year increase of nearly 150% in revenue in the first half of this year, with a year-on-year increase of nearly 260% in its gross profit;

– Development of strategic brand resources: in the first half of this year, the Group upgraded its service system for strategic brand customers, launched the CRM (Customer Relationship Management) sales management system and provided brand customers with comprehensive marketing services, including drama series placement, IP marketing, artiste business, TVC shooting and social media distribution. The Group therefore entered into annual framework cooperation with a number of strategic brand customers, while actively exploring the opportunities for marketing cooperation of external drama series.

– Growth of IP artiste business: in the first half of this year, through effective conjunction with popular drama series and innovative marketing models, the contract amount of the Group's artiste business achieved a significant year-on-year increase, and the contract amount of the first half of this year was close to the contract amount for the whole last year. The Group carried out artiste business cooperation with various brands, including Genki Forest, vivo, Miu Miu, Prada, Messika, LOEWE, MO&Co., OVV, Yili Youngfun.

Establishing top brand in micro drama series

In the first half of 2023, the Group made great efforts on micro drama series segment, actively expanded production capacity, iteratively upgraded its capability of high-quality content production, built a top brand in micro drama series and produced a number of blockbuster micro drama series. The Group actively explored various commercialization channels of micro drama series.

At the beginning of 2023, "Twenty Nine" (二十九), a micro drama series of the Company, outperformed its rivals in the Spring Festival season. The total viewership of the official clips on Douyin short video platform has exceeded 800 million times, with the average viewership per episode exceeding 40 million times, and the total viewership of the clips of relevant topics has reached 1,450 million times, which was at the highest level among the micro drama series on Douyin short video platform. It topped the viewership list of micro drama series on Douyin for four consecutive weeks, and ranked first in terms of Douyin ecological PGC (Professional Generated Content) as well as the number of fans increased on Douyin on the day of launch.

Subsequently, the Company released micro dramas "Beneath the Headlines" (流量背後) and "Twenty Nine" (二十九) Season 2. In particular, the number of viewers of "Beneath the Headlines" (流量背後) after deduplication reached 170 million. Its highest viewership per episode exceeded 280 million times, and the highest amount of thumbs-up received per episode reached 3.79 million, all of which were at the highest level on Douyin platform in terms of micro drama series, and has ranked TOP1 in the most popular micro drama series for four consecutive weeks. "Twenty Nine" (二十九) Season 2 was the TOP1 in the most popular micro drama series after its broadcasting, occupying the TOP1 of the Douyin micro drama series for five consecutive weeks, securing profitable business cooperation.

"Twenty Nine"
《二十九》

"Beneath the Headlines"
《流量背後》

"Twenty Nine" Season 2
《二十九》第二季

Multi-dimensional expansion of overseas businesses

In the first half of 2023, the Group expanded its overseas businesses in multiple dimensions, and built "Linmon International", an overseas business entity platform. A number of drama series were broadcast on overseas first-tier platforms, and the first overseas localized production drama series started shooting smoothly:

– Construction of overseas business platform: in the first half of 2023, the Company established "Linmon International", an overseas business entity platform, which mainly focused on the overseas distribution of drama series, production and distribution of overseas original content, and overseas IP related commercial operations, and actively expanded business opportunities in Greater Mandarin, Thai, and Indonesian markets; the Company released its 2023 film list of "Linmon International" at FILMART (Hong Kong International Film & TV Market), which attracted wide attention from international market and media;

– Overseas distribution: in the first half of 2023, "A Little Mood for Love" (小敏家), an original drama series, was exclusively launched in many regions of Disney+ platform, and "Nothing But You" (愛情而已) was broadcast on many first-tier international platforms such as Netflix and Viu, which achieved good broadcast results;

– Overseas localized production: in the first half of 2023, the Thai version of "Nothing But Thirty" (三十而已) started shooting officially in Bangkok, and is currently under shooting; the original IP content of Thai drama series are also currently being developed at an accelerated pace.

OUTLOOK

Looking forward, the Group will maintain strategic focus, continue to adhere to long-termism, take the creation of premium original drama series as the core, increase the scale of production capacity with its every effort, strengthen the management of IP operation, carry out comprehensive budget management system, explore breakthrough application of ChatGPT, AIGC and other new technologies in the business, and promote the iterative upgrade of the organizational structure. Meanwhile, the Group will also accelerate the development of new business, further leverage the advantages of the full-chain marketing system in the content marketing business, and strengthen the expansion of strategic brand resources. In terms of overseas business mainly operated by "Linmon International", the Group will comprehensively conduct multi-dimensional development model covering overseas distribution, overseas localized production and overseas IP commercial operation. In terms of short drama series business, the Group will deepen the competitive advantages of being a top brand in the micro drama series, actively explore various ways of commercial transformation, and strive to contribute sustainable and stable revenue to the Group from the new business, so as to build a platform-type enterprise.

EMPLOYEES

As at 30 June 2023, the Group had 178 employees, who were mainly 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. 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, educational background, professional experience, skills and knowledge, etc. As of 30 June 2023, the number of female employees of the Group accounted for approximately 63.5% of the total number of employees, achieving gender diversity of employees.

FINANCIAL ANALYSIS

Revenue

Unit: RMB million

Types of business	For the six months ended 30 June 2022	2023	Change	Change%
Broadcasting rights of original drama series	463.3	**377.4**	-85.9	-18.5%
Content marketing	15.9	**39.7**	23.8	149.7%
Others	1.0	**5.0**	4.0	400.0%
Total	480.2	**422.1**	-58.1	-12.1%

The Group's revenue decreased by 12.1% from RMB480.2 million for the six months ended 30 June 2022 to RMB422.1 million for the six months ended 30 June 2023, primarily due to the decrease in revenue generated from broadcasting rights of original drama series for the six months ended 30 June 2023.

Revenue from Broadcasting Rights of Original Drama Series

The Group's revenue generated from licensing of broadcasting rights of original drama series decreased by 18.5% from RMB463.3 million for the six months ended 30 June 2022 to RMB377.4 million for the six months ended 30 June 2023, primarily because only one original drama series, "Nothing But You" (愛情而已), was under first-run broadcasting for the six months ended 30 June 2023 while a total of two original drama series were under first-run broadcasting for the same period last year. Accordingly, the Group recognized the corresponding production costs of the original drama series during the same period.

Revenue from Content Marketing

Revenue generated from content marketing increased by 149.7% from RMB15.9 million for the six months ended 30 June 2022 to RMB39.7 million for the six months ended 30 June 2023, mainly due to the increase in revenue from content marketing over the corresponding period of last year as affected by the genre and other factors of the original drama series broadcast this year.

Revenue from Other Businesses

Revenue from other businesses increased by 400.0% from RMB1.0 million for the six months ended 30 June 2022 to RMB5.0 million for the six months ended 30 June 2023, mainly due to a significant improvement in the Company's new business such as artiste business for the six months ended 30 June 2023, which generating revenue contribution.

Cost of Sales

The Group's cost of sales decreased by 27.1% from RMB291.1 million for the six months ended 30 June 2022 to RMB212.3 million for the six months ended 30 June 2023, which was mainly in relation to the decrease in the number of episodes of the Group's drama series broadcast in the relevant period.

Gross Profit and Gross Profit Margin

Gross Profit

Unit: RMB million

Types of business	For the six months ended 30 June 2022	**2023**	Change	Change%
Broadcasting rights of original drama series	181.2	**180.5**	-0.7	-0.4%
Content marketing	7.8	**27.9**	20.1	257.7%
Others	0.1	**1.5**	1.4	1,400.0%
Total	189.1	**209.9**	20.8	11.0%

Gross Profit Margin

Types of business	For the six months ended 30 June 2022	**2023**	Change%
Broadcasting rights of original drama series	39.1%	**47.8%**	8.7%
Content marketing	49.1%	**70.3%**	21.2%
Others	10.0%	**30.0%**	20.0%
Total	39.4%	**49.7%**	10.3%

As a result of the foregoing, the Group's gross profit increased by 11.0% from RMB189.1 million for the six months ended 30 June 2022 to RMB209.9 million for the six months ended 30 June 2023. The Group's gross profit margin increased from 39.4% for the six months ended 30 June 2022 to 49.7% for the six months ended 30 June 2023, primarily due to the following reasons: (i) one of our original drama series broadcast during the six months ended 30 June 2022, "Under the Skin" (獵罪圖鑑), is a web drama series (純網劇) with no TV distribution revenue, resulting in a lower gross profit and gross profit margin for the six months ended 30 June 2022 as compared to gross profit and gross profit margin of the drama series broadcast on both TV channels and online platforms in the same period this year; (ii) benefiting from the Company's comprehensive budget management in recent years, the Company's production cost for a single episode decreased slightly during the six months ended 30 June 2023 as compared to the drama series for the same period last year; and (iii) revenue from implantation business in content marketing for the six months ended 30 June 2023 increased significantly as compared to the same period last year, resulting in an increase in overall gross profit and gross profit margin of content marketing as compared to the same period last year.

Other Income and Gains

The Group's other income and gains decreased by 3.8% from RMB81.7 million for the six months ended 30 June 2022 to RMB78.6 million for the six months ended 30 June 2023, which mainly includes exchange gain from exchange rate fluctuations, interest income on bank deposits and income from government subsidies.

Selling and Distribution Expenses

The Group's selling and distribution expenses decreased by 37.4% from RMB52.4 million for the six months ended 30 June 2022 to RMB32.8 million for the six months ended 30 June 2023, primarily because only one original drama series was under first-run broadcasting for the six months ended 30 June 2023, while two original drama series were under first-run broadcasting in the same period in 2022.

Administrative Expenses

The Group's administrative expenses decreased by 26.0% from RMB117.9 million for the six months ended 30 June 2022 to RMB87.2 million for the six months ended 30 June 2023, primarily due to (i) the listing expenses incurred in connection with the global offering in the same period last year, and given that 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**"), no related expenses were incurred for the six months ended 30 June 2023; and (ii) equity-settled share award expenses for the six months ended 30 June 2023 were lower than the same period last year.

Finance Costs

The Group's finance costs remained relatively stable at RMB2.0 million for the six months ended 30 June 2022 and RMB1.0 million for the six months ended 30 June 2023, which were mainly interest expenses arising from the lease.

Share of Losses of Associates

The Group recognized share of losses of associates of RMB1.0 million for the six months ended 30 June 2022 and share of losses of associates of RMB0.4 million for the six months ended 30 June 2023, which were 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).

Income Tax Expense

The Group recognized income tax expense of RMB23.9 million for the six months ended 30 June 2022 and income tax expense of RMB36.1 million for the six months ended 30 June 2023. Such year-on-year increase was primarily due to an increase in its taxable profit for the six months ended 30 June 2023 as compared to that for the same period of 2022. The Group's income tax rate fluctuated from negative 58.0% for the six months ended 30 June 2022 to 21.6% for the six months ended 30 June 2023. The effective tax rate for the six months ended 30 June 2022 after excluding the impact of preferred shares on the loss for the period was 24.6%, the fluctuation was primarily due to interest income for an oversea subsidiary for the six months ended 30 June 2023 was better than the same period last year, and such portion benefited from income tax exemption policy.

Profit/(loss) for the Period

As a result of the foregoing, the Group recorded a net profit of RMB131.0 million for the six months ended 30 June 2023, which was reversed from a net loss of RMB65.2 million for the six months ended 30 June 2022.

Adjusted Net Profit

To supplement the Group's consolidated financial statements, which are presented in accordance with HKFRSs, the Group also uses adjusted 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.

Unit: RMB million

	For the six months ended 30 June	
	2022	**2023**
Profit/(loss) for the period	(65.2)	**131.0**
Add:		
Share-based payments	11.5	**8.0**
Listing expenses	20.6	**–**
Changes in fair value of convertible redeemable preferred shares	138.3	**–**
Adjusted net profit	105.2	**139.0**

The Group's adjusted basic earnings per share (adjusted basic earnings per share is calculated by adjusted net profit divided by weighted average number of ordinary shares in issue during the period) corresponding to the adjusted net profit decreased by 35.8% from RMB0.6 for the six months ended 30 June 2022 to adjusted basic earnings per share of RMB0.39 for the six months ended 30 June 2023, mainly due to the increase in the number of ordinary shares as a result of the issuance of new ordinary shares and the conversion of redeemable preferred shares into ordinary shares upon listing of the Company in August 2022.

Trade and Notes Receivables

The Group's trade and notes receivables decreased by 23.9% from RMB355.6 million as of 31 December 2022 to RMB270.6 million as of 30 June 2023, mainly due to the progressive collection of accounts receivable for the six months ended 30 June 2023.

Trade Payables

The Group's trade payables decreased by 63.9% from RMB40.4 million as of 31 December 2022 to RMB14.6 million as of 30 June 2023, primarily due to the settlement of trade payables.

Liquidity, Financial and Capital Resources

As at 30 June 2023, the Group had current assets of approximately RMB3,005.7 million, compared to approximately RMB3,008.5 million as at 31 December 2022. The Group's current ratio increased from 5.6 as at 31 December 2022 to approximately 7.0 as at 30 June 2023. The increase in net current assets was mainly due to the additional accounts receivable and collection for the original drama series broadcast as of 30 June 2023 and the settlement of tax payables, trade payables and other payables under current liabilities as of 30 June 2023.

Gearing Ratio

As at 30 June 2023, the Group's gearing ratio (calculated by dividing total liabilities by total equity) decreased to 31.8% from 37.3% as at 31 December 2022. Such decrease was mainly due to (i) the decrease in total liabilities of 9.9% as of 30 June 2023 compared to 31 December 2022 owing to the progressive settlement of liabilities as of the end of 2022, and (ii) the increase in total equity of 5.8% as compared to 31 December 2022 due to the operating profit achieved in the first half of 2023.

Foreign Exchange and Exchange Rate Risk

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. The Group seeks to limit its exposure to foreign exchange risk by minimizing net foreign exchange. As at 30 June 2023, the Group did not engage in any hedging transactions for foreign exchange risk. The Directors do not expect that fluctuations in the exchange rate of Renminbi will have a material adverse impact on the Group's operations.

Significant Investments Held

There was no material change in the significant investments held by the Group during the six months ended 30 June 2023.

Contingent Liabilities

As at the date of this announcement, the Group has no new contingent liabilities as compared to 31 December 2022.

Future Plans for Significant Investments or Capital Assets

The Group had no future plans for other significant investments or capital assets as at the date of this announcement.

Hedging Activity

As at 30 June 2023, the Group did not employ any financial instruments for hedging purpose and did not enter into any hedging transactions for foreign exchange risk or interest rate risk.

Subsequent Events after the Reporting Period

There was no significant event that might affect the Group occurred after the reporting period.

USE OF PROCEEDS FROM LISTING

The Company was listed on the Main Board of the Stock Exchange on the Listing Date and issued 15,139,300 new shares of the Company with net proceeds from listing amounted to approximately HK$311.8 million after deducting the underwriting commissions and other estimated expenses in connection with the global offering. 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 30 June 2023 was approximately HK$130.9 million.

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

Item	Percentage (%)	Net proceeds (HK$ million) Proceeds used for related purpose	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	Expected timeline for the unutilised balance
IP pool expansion	10	31.2	5.1	0	5.1	By the end of 2024
– IP purchase	5	15.6	–	–	–	–
– Writer recruitment	2	6.2	5.1	0	5.1	By the end of 2024
– Recruitment of or collaboration with scriptwriters	3	9.4	–	–	–	–
Drama series production and promotion	50	155.9	102.0	23.0	79.0	By the end of 2023
– Original drama series production	45	140.3	102.0	23.0	79.0	By the end of 2023
– 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	0	46.8	By the end of 2025
Working capital and general corporate purposes	10	31.1	–	–	–	–
Total	100	311.8	153.9	23.0	130.9	

The Company has deposited the net proceeds those 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 2023.

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 principles and code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

For the six months ended 30 June 2023, 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 10 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 six months ended 30 June 2023.

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 during the six months ended 30 June 2023.

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 unaudited interim condensed consolidated financial statements and the interim results announcement of the Group for the six months ended 30 June 2023.

PUBLICATION OF INTERIM RESULTS AND 2023 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 2023 will be dispatched to the shareholders of the Company and 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 2023

	Notes	**2023 (Unaudited) *RMB'000***	2022 (Unaudited) *RMB'000*
REVENUE	*4*	**422,142**	480,222
Cost of sales		**(212,257)**	(291,083)
Gross profit		**209,885**	189,139
Other income and gains		**78,560**	81,721
Selling and distribution expenses		**(32,828)**	(52,384)
Administrative expenses		**(87,167)**	(117,929)
Other expenses		**(23)**	(397)
Finance costs		**(952)**	(2,009)
Share of losses of associates		**(430)**	(1,033)
Changes in fair value of convertible redeemable preferred shares		**–**	(138,347)
PROFIT/(LOSS) BEFORE TAX	*5*	**167,045**	(41,239)
Income tax expense	*6*	**(36,093)**	(23,923)
PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**130,952**	(65,162)
Attributable to:			
Owners of the parent		**130,952**	(65,162)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic (RMB yuan)	*8*	**0.36**	(0.37)
Diluted (RMB yuan)	*8*	**0.36**	(0.37)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	**30 June 2023 (Unaudited)** *RMB'000*	31 December 2022 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**16,396**	17,659
Right-of-use assets		**67,408**	45,129
Other intangible assets		**3,898**	4,836
Investments in associates		**37,518**	37,948
Deferred tax assets		**50,072**	48,195
Financial assets at fair value through profit or loss		**51,051**	51,051
Prepayments, other receivables and other assets		**101,062**	68,930
Total non-current assets		**327,405**	273,748
CURRENT ASSETS			
Inventories		**708,047**	683,931
Trade and notes receivables	*9*	**270,560**	355,558
Prepayments, other receivables and other assets		**173,738**	171,297
Financial assets at fair value through profit or loss		**498,235**	429,599
Time deposits		**505,806**	524,115
Restricted cash		**–**	101,230
Cash and cash equivalents		**849,270**	742,750
Total current assets		**3,005,656**	3,008,480
CURRENT LIABILITIES			
Trade payables	*10*	**14,582**	40,357
Other payables and accruals		**390,485**	471,551
Lease liabilities		**18,713**	15,980
Tax payable		**4,508**	5,614
Total current liabilities		**428,288**	533,502
NET CURRENT ASSETS		**2,577,698**	2,474,978
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,904,773**	2,748,726

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2023

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Other payables and accruals	**327,519**	328,767
Lease liabilities	**47,957**	29,489
Total non-current liabilities	**375,476**	358,256
Net assets	**2,529,297**	2,390,470
EQUITY		
Equity attributable to owners of the parent		
Share capital	**59**	59
Share premium	**4,437,226**	4,437,226
Reserves	**(1,907,988)**	(2,046,815)
Total equity	**2,529,297**	2,390,470

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 was approved and authorised by the board of directors on 22 August 2023.

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 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 AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of presentation

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting*.

The unaudited 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 2022.

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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Since the Group's policy aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

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

During the reporting period, the Group's operations were mainly within one geographical segment because most of the Group's revenue was generated from customers located in Mainland China. All of the non-current assets of the Group were located in Mainland China.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the reporting period is set out below:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Customer A	**350,907**	81,340
Customer B	**N/A***	196,604
Customer C	**N/A***	65,523

* 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 reporting period.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers	**422,142**	480,222

Revenue from contracts with customers

(i) Disaggregated revenue information

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Types of goods or services		
Licensing of broadcasting rights of original drama series	**377,427**	463,339
Content marketing	**39,679**	15,893
Others*	**5,036**	990
Total revenue from contracts with customers	**422,142**	480,222

* Others mainly consist of sale of commercial products, artiste management service and licensing of drama elements.

Geographical markets

The Group's revenue was mainly generated from customers located in Mainland China during the reporting period.

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Timing of revenue recognition		
Goods transferred at a point in time	**416,289**	469,170
Services transferred over time	**1,297**	4,858
Services transferred at a point in time	**4,556**	6,194
Total revenue from contracts with customers	**422,142**	480,222

5. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of inventories sold*	**210,156**	289,501
Listing expense	**–**	23,116
Government grants	**(27,917)**	(22,178)
Foreign exchange gains, net	**(24,653)**	(37,527)
Fair value losses on convertible redeemable preferred shares	**–**	138,347

* The cost of inventories sold includes RMB221,000 and RMB1,321,000 relating to equity-settled share award expenses during the six months ended 30 June 2022 and 2023, 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.

The statutory tax rate for the subsidiaries in Hong Kong is 16.5%. No Hong Kong profits tax on these subsidiaries have been provided as there was no assessable profit arising in Hong Kong during the reporting period.

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.

During the six months ended 30 June 2023, Shanghai Yuri Juzeng Culture Media Co., Ltd was entitled to a preferential income tax rate of 20% for small and micro enterprises with the first RMB1,000,000 of annual taxable income are eligible for a 75% reduction and the income between RMB1,000,000 and RMB3,000,000 are eligible for a 50% reduction.

(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	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current – Mainland China		
Charge for the period	**37,970**	18,094
Deferred tax	**(1,877)**	5,829
Total tax charge for the period	**36,093**	23,923

7. DIVIDENDS

No interim dividend has been paid or declared by the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

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

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) 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 2022: 175,223,849) in issue during the period. The calculation of the diluted earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, adjusted to reflect fair value changes of convertible redeemable preferred shares. 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 earnings/(loss) 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:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	**130,952**	(65,162)
Adjustment:		
Fair value changes of convertible redeemable preferred shares	**–**	138,347
Profit attributable to ordinary equity holders of the parent before fair value changes of convertible redeemable preferred shares	**130,952**	73,185

	Number of shares For the six months ended 30 June	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings/(loss) per share calculation	**360,458,829**	175,223,849
Effect of dilution – weighted average number of ordinary shares:		
Share options*	**4,859,972**	13,901,847
Convertible redeemable preferred shares*	**–**	170,095,680

* No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2022 in respect of a dilution as the impact of the outstanding share options and preferred shares had an anti-dilutive effect on the basic loss per share amounts presented.

9. TRADE AND NOTES RECEIVABLES

	30 June 2023 (Unaudited) *RMB'000*	31 December 2022 (Audited) *RMB'000*
Trade receivables	**228,896**	377,404
Notes receivable	**82,750**	24,310
	311,646	401,714
Impairment	**(41,086)**	(46,156)
	270,560	355,558

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 2023 (Unaudited) *RMB'000*	31 December 2022 (Audited) *RMB'000*
Within 3 months	**21,640**	13,792
3 to 6 months	**5,130**	218,802
6 to 12 months	**107,458**	35,086
1 to 2 years	**42,405**	48,749
2 to 3 years	**1,137**	5,047
Over 3 years	**10,040**	9,772
	187,810	331,248

10. TRADE PAYABLES

	30 June 2023 (Unaudited) *RMB'000*	31 December 2022 (Audited) *RMB'000*
Trade payables	**14,582**	40,357

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 2023 (Unaudited) *RMB'000*	31 December 2022 (Audited) *RMB'000*
Within 3 months	**7,444**	38,880
3 to 6 months	**571**	691
6 to 12 months	**5,817**	174
1 to 2 years	**470**	612
2 to 3 years	**280**	–
	14,582	40,357

By order of the Board
Linmon Media Limited
Su Xiao
Chairman

Beijing, PRC
22 August 2023

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.