



拉近網娛集團有限公司
LAJIN ENTERTAINMENT NETWORK GROUP LIMITED

2024

INTERIM REPORT





CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (THE “GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Lajin Entertainment Network Group Limited (the “Company”) collectively and individually accept responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or in this report misleading.



UNAUDITED INTERIM RESULTS

The board of Directors (the “Board”) of Lajin Entertainment Network Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 June 2024, together with the comparative unaudited figures for the corresponding periods in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2024

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue	5	895	9,501	4,658	12,845
Cost of sales		(1,289)	(2,009)	(3,950)	(3,643)
Gross profit/(loss)		(394)	7,492	708	9,202
Other income and gains	6	610	257	3,320	49
Selling and distribution expenses		(33)	(230)	(123)	(234)
Administrative expenses		(7,274)	(7,517)	(16,363)	(15,331)
Share of losses of:					
Associates		(409)	(175)	(697)	(528)
Loss before tax	7	(7,500)	(173)	(13,155)	(6,842)
Income tax expense	8	–	(5)	–	(8)
Loss for the period		(7,500)	(178)	(13,155)	(6,850)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2024

	Notes	For the three months ended 30 June		For the six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
OTHER COMPREHENSIVE INCOME/(LOSS):					
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of foreign operations		(681)	(6,667)	(2,235)	(5,380)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		(681)	(6,667)	(2,235)	(5,380)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(8,181)	(6,845)	(15,390)	(12,230)
Income/(loss) for the period attributable to:					
Owners of the parent		(4,908)	456	(10,140)	(5,177)
Non-controlling interests		(2,592)	(634)	(3,015)	(1,673)
		(7,500)	(178)	(13,155)	(6,850)
Total comprehensive loss for the period attributable to:					
Owners of the parent		(5,746)	(6,694)	(12,763)	(10,964)
Non-controlling interests		(2,435)	(151)	(2,627)	(1,266)
		(8,181)	(6,340)	(15,390)	(12,230)
Loss per share attributable to ordinary equity holders of the parent	9				
— Basic and diluted		(0.12) cent	0.01 cent	(0.24) cent	(0.12) cent



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment		564	1,083
Investment properties		71,658	75,813
Investments in associates		6,489	7,298
Equity investment of designated fair value through other comprehensive income		1,674	1,714
Other non-current assets		17,088	17,513
Total non-current assets		97,473	103,421
Current assets			
Trade receivables	10	7,077	16,813
Film rights and films and TV programmes under production	11	19,219	18,196
Prepayments, deposits and other receivables		20,134	19,140
Inventories		817	837
Cash and cash equivalents		18,923	26,339
Total current assets		66,170	81,325

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
LIABILITIES			
Current liabilities			
Trade payables	12	979	162
Other payables and accruals		59,626	66,156
Total current liabilities		60,605	66,318
Net current assets		5,565	15,007
Net assets		103,038	118,428
EQUITY			
Share capital	13	42,090	42,090
Reserves		79,339	92,102
Equity attributable to owners of the parent		121,429	134,192
Non-controlling interests		(18,391)	(15,764)
Total equity		103,038	118,428



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent								Non-controlling interests	Total
	Share capital – Ordinary shares	Share premium	Fair value reserve	Contributed surplus	Other reserve	Exchange reserve	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 January 2023	42,090	1,138,909	(22,708)	28,294	14,426	(22,202)	(1,016,954)	161,855	(7,778)	154,077
Loss for the period	–	–	–	–	–	–	(5,177)	(5,177)	(1,673)	(6,850)
Other comprehensive (loss)/income for the period	–	–	–	–	–	(5,787)	–	(5,787)	407	(5,380)
Total comprehensive loss for the period	–	–	–	–	–	(5,787)	(5,177)	(10,964)	(1,266)	(12,230)
At 30 June 2023 (unaudited)	42,090	1,138,909	(22,708)	28,294	14,426	(27,989)	(1,022,131)	150,891	(9,044)	141,847
At 1 January 2024	42,090	1,138,909*	(21,955)*	28,294*	14,426*	(25,479)*	(1,042,093)*	134,192	(15,764)	118,428
Loss for the period	–	–	–	–	–	–	(10,140)	(10,140)	(3,015)	(13,155)
Other comprehensive (loss)/income for the period	–	–	–	–	–	(2,623)	–	(2,623)	388	(2,235)
Total comprehensive loss for the period	–	–	–	–	–	(2,623)	(10,140)	(12,763)	(2,627)	(15,390)
At 30 June 2024 (unaudited)	42,090	1,138,909*	(21,955)*	28,294*	14,426*	(28,102)*	(1,052,233)*	121,429	(18,391)	103,038

* These reserve accounts comprise the total consolidated other reserves of HK\$79,339,000 as at 30 June 2024 (31 December 2023: HK\$92,102,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Net cash flows used in operating activities	(7,869)	(1,529)
Cash flows from investing activities		
Purchases of items of property, plant and equipment	(6)	(10)
Net cash flows used in investing activities	—	(10)
Net decrease in cash and cash equivalents	(7,875)	(1,539)
Cash and cash equivalents at the beginning of the reporting period	26,339	29,516
Effect of foreign exchange rate changes, net	459	(176)
Cash and cash equivalents at the end of the reporting period	18,923	27,801
Analysis of balances of cash and cash equivalents		
Cash and bank balances	18,923	27,801
Non-pledged time deposits with original maturity of less than three months	—	2,401
Cash and cash equivalents as stated in the statement of cash flows	18,923	30,202



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 11 June 2001 and continued in Bermuda on 16 March 2009. The Company's shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 March 2002.

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 3903A, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong, respectively.

The Company's principal activity is investment holding and the principal activities of the Group are provision of artiste management services, and investment in movies, TV programmes and internet contents.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by HKICPA and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The Interim Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2023. The Interim Financial Statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK\$'000) except otherwise indicated.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The accounting policies used in the preparation of the Interim Financial Statements are consistent with these used in the annual consolidated financial statements of the Group for the year ended 31 December 2023, except for those as described below.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback¹</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-Current¹</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants¹</i>
Amendments to HKAS 7	<i>Supplier Finance Arrangements¹</i>

¹ Effective for annual periods beginning on or after 1 January 2024.

The adoption of the revised HKFRSs has no material effect on the Interim Financial Statements.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the artiste management segment comprises the provision of artiste management service;
- (b) the movies, TV programmes and internet contents segment comprises investment, production and distribution of movies, TV programmes and investment in internet contents;
- (c) the new media segment comprises the promotion and demonstration through live video on the website.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's loss before tax except that impairment loss recognised in respect of trade and other receivables and prepayments, impairment loss on investments in associates, recovery of amount due on an impaired financial assets at FVTPL, share of losses of associates, other income as well as head office and corporate and other unallocated expenses are excluded from such measurement.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

A. Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment.

	Artiste management		Movies, TV programmes and internet contents		New media business		Total	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Segment revenue								
Revenue from external customers	205	207	3,569	12,493	884	145	4,658	12,845
Segment results	628	(200)	(4,840)	(3,354)	(3,683)	(1,323)	(7,895)	(4,877)
Reconciliation:								
Unallocated other income							28	86
Corporate and other unallocated expenses							(4,591)	(1,523)
Share of profits/(losses) of associates							(697)	(528)
Loss before tax							(13,155)	(6,842)
Income tax expense							-	(8)
Loss for the period							(13,155)	(6,850)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

B. Geographical information

	Hong Kong For the six months ended 30 June		Mainland China For the six months ended 30 June		Korea For the six months ended 30 June		Total For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue from external customers	-	-	4,658	12,845	-	-	4,658	12,845

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
*Non-current assets	-	-	94,537	99,762	1,262	1,945	95,799	101,707

* Non-current assets represent property, plant and equipment, investments in associates, right-of-use assets and intangible assets.

5. REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
New media business	458	26	884	145
TV and Internet programme	242	3,306	2,713	6,084
Distribution agency service	69	192	855	525
Film distribution	-	5,884	-	5,884
Artiste management	126	93	205	207
Others	-	-	1	-
	895	9,501	4,658	12,845



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. OTHER INCOME AND GAINS/(LOSSES)

	For the three months ended 30 June		For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Other income				
Gains on investment in films	250	—	1,039	—
Interest income	28	29	39	47
Rental income	334	—	1,037	—
	612	29	2,115	47
Gains/(losses)				
Compensation income on convertible bonds	—	57	—	57
Exchange differences, net	5	169	10	172
Others	(7)	2	1,195	(227)
	(2)	228	1,205	2
	610	257	3,320	49

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	For the three months ended 30 June		For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	1,339	1,508	2,683	3,018
Amortisation of other assets	7	7	14	15
Lease payment not included in the measurement of lease liabilities	113	172	238	388
Exchange (gain)/loss, net	5	169	10	172
Staff costs (including directors' remuneration)				
– Salaries and allowance	3,967	3,977	8,067	8,387
– Pension scheme contributions	234	250	495	517
	4,201	4,227	8,562	8,904



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax and Korea corporate income tax has been provided as the Group did not generate any assessable profits arising in Hong Kong and Korea or the estimated assessable profit was wholly absorbed by tax losses brought forward during the period under review (for the six months ended 30 June 2023: Nil).

During the period, no assessable profits earned in the PRC was subject to tax at the rate of 25% (for the six months ended 30 June 2023: HK\$8,000).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share is based on the loss attributable to ordinary equity holders of the parent for the three months ended 30 June 2024 of approximately HK\$4,908,000 (profit for the three months ended 30 June 2023: HK\$456,000) and loss attributable to ordinary equity holders of the parent for the six months ended 30 June 2024 of approximately HK\$10,140,000 (for the six months ended 30 June 2023: HK\$5,177,000) and the weighted average number of 4,209,130,000 ordinary shares in issue during the three months ended 30 June 2024 (for the three months ended 30 June 2023: 4,209,130,000 ordinary shares) and the weighted average number of 4,209,130,000 ordinary shares in issue during the six months ended 30 June 2024 (for the six months ended 30 June 2023: 4,209,130,000 ordinary shares).

As the Company's share options and preferred shares where applicable had an anti-dilutive effect to the basic loss per share calculation for the three months and six months ended 30 June 2024, the conversion of the above potential dilutive shares is not assumed in the calculation of diluted loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit. The credit period is generally 6 months to 1 year. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Within 1 year	7,077	16,813
	7,077	16,813



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. FILMS RIGHTS AND FILMS AND TV PROGRAMMES UNDER PRODUCTION

The balance consists of (i) films and TV programmes under production; and (ii) the rights of films and TV programmes upon completion. At the end of each reporting period, the Group will assess whether there is any indication that the film rights and films and TV programmes under production may be impaired. If any such indication exists, the management will estimate the recoverable amount of the corresponding asset and recognize an impairment loss when its carrying amount exceeds its recoverable amount.

For the purpose of impairment testing, films and TV programmes rights have been allocated to the cash-generating unit of movies, TV programmes and internet contents operation. In light of the circumstances of the film industry, the Group regularly reviews its library of films and TV programmes rights to assess their marketability and the corresponding recoverable amounts to determine if any impairment is necessary.

At 30 June 2024, no indication of impairment for the films and TV programmes rights has been identified and thus the Group did not recognize any impairment loss during the six-month period ended 30 June 2024 (30 June 2023: Nil).

12. TRADE PAYABLES

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

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Within 1 year	979	162
	979	162

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. SHARE CAPITAL

	At 30 June 2024		At 31 December 2023	
	Number of shares (Unaudited) '000	Share capital (Unaudited) HK\$'000	Number of shares (Audited) '000	Share capital (Audited) HK\$'000
Ordinary shares of HK\$0.01 each				
Issued and fully paid:				
At the beginning of the reporting period/year	4,209,130	42,090	4,209,130	42,090
At the end of the reporting period/year	4,209,130	42,090	4,209,130	42,090
Preferred shares of HK\$0.01 each				
Issued and fully paid:				
At the beginning of the reporting period/year	—	—	—	—
Conversion into ordinary shares	—	—	—	—
At the end of the reporting period/year	—	—	—	—



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. FAIR VALUE MEASUREMENT

The directors of the Company considered that the carrying amounts of the Group's financial instruments were approximate to their fair values as at 30 June 2024 and 31 December 2023.

15. COMMITMENTS

Commitments that are contracted but not provided for at the end of the reporting period are as follows:

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Film rights and films and TV programmes under production	45,493	44,730
	45,493	44,730

16. MATERIAL RELATED PARTY AND CONNECTED TRANSACTIONS

(i) Compensation of key management personnel

	For the six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Salaries and allowances	1,006	1,069
Pension scheme contributions	66	67
	1,072	1,136



INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The revenue of the Group was approximately HK\$4,658,000 for the six months ended 30 June 2024 (2023: HK\$12,845,000), representing a decrease of 63.7% as compared with that for the six months ended 30 June 2023. The decrease was mainly due to the decrease in revenue from movies, TV programmes, internet content business of the Group.

Cost of sales for the six months ended 30 June 2024 increased to approximately HK\$3,950,000 (2023: HK\$3,643,000), which was mainly due to the increase in the related cost of movies, TV and Internet programmes carried forward by the Group. Administrative expenses were mainly staff costs, depreciation and other general administrative expenses of the Group incurred during the period under review. Administrative expenses increased to approximately HK\$16,363,000 from approximately HK\$15,331,000 in the corresponding period last year.

Loss for the period attributable to owners of the parent was approximately HK\$10,140,000 (2023: HK\$5,177,000).

Movies, TV Programmes and Internet Contents

During the period under review, the revenue contributed by such segment was approximately HK\$3,569,000 (2023: HK\$12,493,000), representing the shared revenue and production fee from movies, TV programmes and internet content business.



Artiste Management

During the period under review, the revenue contributed by such segment was approximately HK\$205,000 (2023: HK\$207,000).

New media business

During the period under review, the revenue contributed by such segment was approximately HK\$884,000 (2023: HK\$145,000).

BUSINESS REVIEW

Movies, TV Programmes and Internet Contents

As the impact of the COVID-19 pandemic gradually faded out across the country, offline entertainment demand picked up, and online viewers' attention was diverted, the habitual utilization of network users dropped as compared with the previous two years. In terms of internet movies, since the beginning of 2024, the market size has shown a further shrinking trend. In the first half of the year, there were only 15 projects¹ with a box office over RMB10 million, and such volume was only half¹ of that in the corresponding period of 2023. The number of filing of new movies in the first half of the year was 224, representing a decrease of 36%¹ compared to 354 in the corresponding period in 2023, indicating a lower expectation for the internet movie market from the content supply side. The number of internet movies released, the number of films with a shared box office over RMB10 million, and the number of production, creation, and promotion agencies have all entered a declining industry bottleneck. All long video platform have reduced their on-site and off-site support for internet movies to varying degrees: the models such as streaming across multi-platform, cancellation of rating, reduction of unit price of shared box office, and main promotion of pay-per-view for top films can be regarded as the continuous "cost reduction and efficiency enhancement" of the platforms in the internet movie segment. The platforms are focusing on pursuing operational efficiency to achieve their own profit targets, which means that it will be difficult to attract high-quality internet movie content with a model of high shared box office in the short term.

¹ Announcement in the "Major Internet Movies and Dramas Information Filing System" of the National Radio and Television Administration



The Group has paid attention to this major trend change and has continued to implement a prudent investment strategy for the internet movie sector in 2024. The Group has focused on the distribution and promotion and marketing of previous reserve to be streaming in order to obtain relatively stable box office revenue; the retention of the internet movie promotion and distribution business can increase the revenue channels and will also help to control the timing of project payment collection; on the other hand, it will allow the Group to maintain a certain degree of sensitivity and competitiveness in this track, and sustain a close cooperative relationship with the platforms, with an aim to realize new breakthroughs when there are new opportunities in the industry. Since then, the Group's investments in this field will follow the main principles of reducing costs and increasing efficiency, improving quality and reducing quantity. The Group will make fewer but more quality investments, make efforts in the mainstream and forward-looking nature of genres and themes, the professionalism of collaboration teams, and the precision of production and promotion, so as to optimize the Group's ecological position in the internet movie market.

In terms of theatrical movies, the performance of the theatrical movie market in the first half of 2024 was under the industry's expectations for recovery growth this year. According to data from Maoyan Pro, as of 30 June, the total national box office for the first half of 2024 (January to June) was RMB23,897 million, representing a decrease of 9% compared to 2023 and only recovering to 76% of that in 2019; the total number of audience was 550 million person-times, representing a decrease of 8.9% compared to 2023; the total number of screenings was 71,181,000, representing an increase of 13.3% compared to last year. In the first half of the year, the lack of popular movies, insufficient pull from top movies on the overall market, and a decrease in the number of audience might be the main reasons for the decline in the theatrical movie market's box office. However, in terms of new film reserves, the number of films filed in the first half of the year has significantly recovered year-on-year. The cumulative number of films filed from January to mid-May was 1,153, representing an increase of 159 films compared to 994 films during the same period in 2023, showing the confidence of the content production side in the industry's favorable conditions, and that sufficient content will be beneficial for the continuous strength of the theatrical movie market. In



terms of film genres, comedies undoubtedly dominated the box office during various periods. The domestic film market is still characterized by “comedy-driven”, with the top three box office of the Spring Festival, “YOLO” (《熱辣滾燙》), “Pegasus 2” (《飛馳人生2》), and “Article 20” (《第二十條》), and the Labour Day box office champion “The Last Frenzy” (《末路狂花錢》) as representatives, comedy films are better suited to the demand for family entertainment among audiences during the competitive schedules. Against this backdrop, the Group participated in the investment of the comedy film “Dreams of Getting Rich II” (《發財日記2》), which is the sequel to the 2021 internet movie box office share champion “Dreams of Getting Rich” (《發財日記》) after its IP upgrade. Previously, “Dreams of Getting Rich” (《發財日記》) was released during the Spring Festival on iQIYI, Youku, and Tencent in a “pay-per-view” format, setting a record high for online viewership and shared box office, with an effective broadcast market share of 25.45%. As a sequel entering the theatrical film market, “Dreams of Getting Rich II” (《發財日記2》) will be fully upgraded in terms of plot, cast, photography and art with the support of the original production team, which is expected to start shooting by the end of 2024 and premiere in Mainland China cinemas in 2025 with considerable box office potential. The Group has also invested in the comedy film “All Out of Order” (《窗前不止明月光》), which is adapted from the classic British play “Out of Order” by Ray Cooney, a world-renowned British comedian. The play has been adapted into multilingual versions and released in more than 30 countries around the world with enduring popularity for decades. The Chinese version of the stage show “All Out of Order” (《窗前不止明月光》) has been adapted and introduced by the production team of Mahua FunAge (開心麻花), which has been performed nationwide for five years, creating an impressive record of more than a thousand “laugh-out-loud” performances. The project is also adapted and shot by the same team, starring Fei Xiang (費翔), Fu Jing (傅菁), and a group of comedy stars. The project has completed the shooting in the first half of the year and is expected to premiere in Mainland China cinemas in 2024, with high potential of great box office success and praise. Going forward, the Group will optimize and timely adjust its investment strategy of theatrical films, explore valuable investment targets under the premise of superior themes, high-quality creators, competent producers, and partners, fully integrate the accumulated resources in the theatrical film industry, and continue to explore the investment and production of the “diversified comedy” type of theatrical film, with a view to sharing the dividends of comedy theatrical films and improving the stability of revenue and the rate of return of the Group.



Additionally, in terms of internet movie distribution, in the first half of 2024, the Group's reserve project "Mr. Qianhe" (《千鶴先生》) (formerly known as "Huangmiao Village – Taoist Priest Qianhe" (《黃廟村之千鶴道長》)) was simultaneously launched on three video platforms including iQIYI, Youku and Tencent on 25 January 2024. The film is a fantasy folk-style internet movie created by the original team of Tencent's popular IP "Huangmiao Village" (《黃廟村》), and has gained strong popularity on both long video platforms and short video platforms since its release. As of 30 June 2024, the film accumulated a total box office of RMB10,740,000 across three platforms, ranking 15th² in the annual box office list for 2024. In addition to the first-round distribution of new projects, the Group is also pushing forward the second and third round of overseas work of historical projects and other new media pre-sales work actively, so as to strive for more profit. Among them, two premiered internet movies, i.e. "Transamerica" (《窈窕老爹》) and "Heroes of Desert" (《大漠神龍》), have launched on Mango TV (the third round of distribution), and the multiple rounds of distribution of the projects have effectively increased its capital recovery rate.

Artiste Management

The Group continues to cooperate with outstanding talent management teams in the industry, and recruit various artists with potentials who have emerged in different projects, which injects new impetus into the business of artiste management segment.

Leveraging its own resources and combining its various business segments, the Group will develop income sources for artists, increase exposure opportunities so as to bring returns and make contributions to the Group through various channels, such as providing customized performance opportunities and increasing exposure under the new media business.

² Source: Data from BEACON Pro (燈塔專業版) App



Music

Lajin Music has augmented the copyright of a large number of high quality original music compositions through the efforts over the past few years, covering a variety of mainstream and non-mainstream music in styles of pop, rock, classical, electronic, rap, etc..

The Group has developed a comprehensive music promotion and distribution network and commenced copyright operation in full swing: Lajin Music collaborated with various domestic mainstream music platforms, such as QQ Music, KuGou Music, Kuwo Music, NetEase Cloud Music, Xiami Music as well as TikTok and gradually opened overseas issuance channels. It also established strategic partnerships with nearly 100 radio stations and internet radio channels in China. However, despite the efforts made in an attempt to realize the music copyrights on hand accumulated over the years, estimated recoverable amounts are less than the costs of these assets. As a result, the management made an impairment of the difference accordingly.

The Group has been trying to integrate its various business segments to create synergy and increase efficiency. Leveraging on the channel resources established in the music sector in the early years, and relying on the innovative thinking and technological advantages of its new media business, the Group has created a business model of providing “self-publishing” one-stop services for original independent musicians. It is committed to solving the problems of musicians in terms of creation, publication, copyright and revenue, providing them with comprehensive services such as individual host station, private domain operation, digital album publication, Music PASS Card issuance, and originality protection, providing a new path for the development of original musicians, allowing them to have more certainty in growth and alter the ecology of the original music market.



New media business

In the global boom of the Web3.0 authors economy, the Group has keenly captured the huge potential of the new media business segment. We have invested a lot of resources to build an innovative platform called AMBER APP, which has combined blockchain, Artificial Intelligence Generated Content (AIGC), digital watermark, NFC, Augmented Reality (AR) and other technologies to provide authors with unprecedented creation and publishing experience. In the wave of Web3.0, we not only pay attention to the needs of authors, but also combine the uniqueness of the music industry to seek a new business model of “authors economy + musician self-publishing + music art-toy”, injecting new momentum into the growth of new media business.

The AMBER APP opens the door to self-publishing for a large number of original musicians, allowing them to own 100% of the copyright. Through in-depth cooperation with China Copyright Chain Company* (中國版權鏈公司), it provides official blockchain storage for each original music work to ensure that the rights and interests of musicians are fully protected. In addition, AMBER also combines ISRC certification to enhance the value of original music in an all-round way. We have never stopped on the road of technological innovation, continuously invested in research and development, and are committed to improving user experience. We have integrated cutting-edge technologies such as AI, blockchain and AR into the music industry, bringing unprecedented experience to users and opening a new chapter of self-publishing for musicians.

As the core innovative product of AMBER, the Music PASS Card integrates NFC technology and collection concept, providing a new monetization method for musicians. It not only has the collection value of traditional record, but also brings fans a new experience of online and offline integration through AR technology. This innovative business model has not only been well received by the market, but also provided musicians with a broader publishing platform to help them achieve more interests and income. Musicians have successfully gathered their fans, published digital albums, distributed Music PASS Card through AMBER, and integrated with live shows to realize a boom of purchase and collection among the fans. In addition, the digital commemorative ticket stub LIVEPASS launched by AMBER at Zhao Chuan's (趙傳) Beijing Concert also achieved great success, conducted innovation of the market and led the trend.



The outstanding performance of AMBER has been highly recognised both inside and outside the industry. We were invited to participate in industry events such as the China Copyright Annual Conference and the China International Copyright Expo, demonstrating our strong determination in music copyright protection and innovation. The Music PASS Card project was even highly appraised by the National Copyright Administration and was highly recognised by our peers. In addition, AMBER also actively carried out cooperation negotiations with well-known musicians, domestic leading music festivals and performance companies, and implemented a number of cooperation, opening up new market channels for AMBER and creating a win-win situation.

In the first half of 2024, the new media business achieved significant collaborations and breakthroughs:

1. Collaborated with the Rock Music Branch of Beijing Musicians Association, the Group launched a new band project, and worked with various areas of Chinese 3x3 Basketball League to introduce a cross-border cooperation project of original Chinese music for performing in the field, providing more performance opportunities for original Chinese musicians/bands and supporting musicians in self-publishing;
2. Musicians in the fields of Chinese classical music, new folk music and opera also successively collaborated with AMBER to release Music PASS Card albums, and the musicians in cooperation are outstanding leaders in the relevant music fields, demonstrating the wide applicability of AMBER Music's self-publishing model;
3. Collaborated with an overseas music production company and launched the "Music PASS Card" version for its bands and groups and held two signing/sales sessions in Malaysia and Beijing respectively. The Music PASS Card has achieved great success in the global distribution for the first time, laying the foundation for the official launch of the international version of AMBER APP and the gradual internationalization of the new media business;
4. The Music PASS Card made its official debut at various music festivals and tours, including WATERZONIC Music Festival, a renowned music festival brand in Thailand, which was held in Kunming as the first station in China. The "LIVEPASS Music Festival All-in-One Wristband", developed based on AMBER's core technology, was widely used as a payment channel at this international brand music festival;

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5. The Group participated in the China Internet Audio-Visual Conference and delivered a speech on music transformation under the dual-wheel drive of AI+Web3.0, discussing the impact and development trend of AI+Web3.0 on the music industry.

With the maturity of the global Web3.0 technology and AIGC technology and the vigorous development of the authors economy, the authors in the fields of music and art have established a closer connection with fans through the decentralized platforms, so as to achieve a more equitable income distribution. The digital music market has become a dominant force in the industry. Especially, driven by smartphones and streaming media platforms, users' demand for digital music continues to rise. The live music performance market has ushered in recovery and reform in the post-pandemic era, and digitalization, virtualization and online and offline integration has brought unprecedented monetization opportunities to musicians. The cross-over cooperation and the globalization of the music industry have further promoted the diversification and international development of the industry.

Against this backdrop of the global music industry moving towards greater fairness, digitization, diversification and globalization, the Group, under the brand of AMBER, as a one-stop monetization tool platform for self-publishing on behalf of original musicians, is facing unprecedented opportunities and challenges.

EVENT AFTER THE REPORTING PERIOD

There is no significant event occurred subsequently after the balance sheet date.

LIQUIDITY AND FINANCIAL RESOURCES

At 30 June 2024, the Group had total assets of approximately HK\$163,643,000 (31 December 2023: HK\$184,746,000), including cash and cash equivalents of approximately HK\$18,923,000 (31 December 2023: HK\$26,339,000). During the period under review, the Group financed its operation with the proceeds from fund raising activities.

CAPITAL STRUCTURE

As at the date of this report, the Company has in issue a total of 4,209,131,046 ordinary shares.



GEARING RATIO

The gearing ratio, expressed as percentage of total liabilities excluding deferred tax liabilities over total equity attributable to owners of the parent, was approximately 49.9% (31 December 2023: 49.4%).

CHARGE ON THE GROUP'S ASSETS

At 30 June 2024, the Group did not have any charge on its assets.

FOREIGN EXCHANGE RISKS

Most of the income and expense of the Group are determined in RMB. The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need rise.

COMMITMENTS

At 30 June 2024, the Group had capital commitments of approximately HK\$45,493,000 (31 December 2023: HK\$44,730,000).

CONTINGENT LIABILITIES

At 30 June 2024, the Group had no material contingent liabilities (31 December 2023: Nil).

EMPLOYEES

At 30 June 2024, the Group had 49 employees, including approximately 46 employees in PRC and 3 employees in Hong Kong. Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme.



SIGNIFICANT INVESTMENT

The Group did not hold any significant investment during the period ended 30 June 2024.

SHARE OPTION SCHEME

On 21 June 2024, the Company adopted a new share option scheme ("Share Option Scheme") after the expiry of the share option scheme adopted by the Company on 9 June 2024. The purpose of the Share Option Scheme is to enable the Company to grant options to the eligible participants ("Participants") in order to recognise and motivate the contribution of the Participants to the Group. The Share Option Scheme is effective for 10 years and will be expired in June 2025.

As at 30 June 2024, there are no outstanding options.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme and employee award plan, at no time during the six months ended 30 June 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors and chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights.



SUBSTANTIAL SHAREHOLDERS

At 30 June 2024, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Long positions in ordinary shares of HK\$0.01 each of the Company

Name of substantial shareholder	Capacity	Notes	Interest in shares	Approximate percentage of the Company's issued share capital
Jiaxuan Group Company Limited ("Jiaxuan")	Beneficial owner	(i)	1,982,561,725	47.10%
Eagle King Investment Holding Limited	Interest of controlled corporation	(i)	1,982,561,725	47.10%
Mr. Wong Kwong Yu	Interest of controlled corporation	(i)	1,982,561,725	47.10%
Great Majestic Global Holdings Limited	Interest of controlled corporation	(i)	1,982,561,725	47.10%
Mr. Xu Zhong Min	Interest of controlled corporation	(i)	1,982,561,725	47.10%
CITIC Group Corporation	Interest of controlled corporation	(ii)	459,934,954	10.93%
CITIC Limited	Interest of controlled corporation	(ii)	459,934,954	10.93%
Famous Peak Investments Limited	Beneficial owner	(ii)	459,934,954	10.93%
First Charm Investments Limited	Beneficial owner	(iii)	311,545,414	7.40%
Mr. Ko Chun Shun, Johnson	Interest of controlled corporation	(iii)	311,545,414	7.40%



Notes:

- (i) Jiaxuan is owned as to 55% by Eagle King Investment Holding Limited ("Eagle King") and as to 45% by Great Majestic Global Holdings Limited ("Great Majestic"). Mr. Wong Kwong Yu owns 100% of Eagle King and Mr. Xu Zhong Min owns 100% of Great Majestic.
- (ii) Famous Peak Investments Limited is a wholly-owned subsidiary of CITIC Investment (HK) Limited, being one of the wholly-owned subsidiaries of CITIC Limited. CITIC Group Corporation is the holding company of the CITIC Limited.
- (iii) Mr. Ko Chun Shun, Johnson owns 100% of First Charm.

Save as disclosed above, at 30 June 2024, the Company has not been notified by any persons (other than the Directors and chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

None of the Directors and chief executives, nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2024.

COMPETING INTEREST

At 30 June 2024, none of the Directors, the substantial shareholders nor their respective associates had an interest in any business which competes or may compete with the business of the Group.



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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved thereby instilling confidence to shareholders and the public.

Pursuant to Rule 17.104 of the GEM Listing Rules, the Stock Exchange will not consider diversity to be achieved for a single gender board. The Company did not have a director of a different gender, and hence the Company failed to meet the requirement set out in Rule 17.104 of the GEM Listing Rules. The Board will make its best endeavors to identify suitable candidate(s) for appointment(s) as director(s) of the Company so that the necessary appointment(s) will be accomplished on or before 31 December 2024 in order to ensure the Company is in compliance with the requirement under Rule 17.104 of the GEM Listing Rules.

The Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules for the six months ended 30 June 2024, with the exception of CG Code Provisions A.2.1 (separation of roles of chairman and chief executive officer), A.4.1 (specific terms of non-executive Directors) and A.6.7 (non-executive directors attending general meetings).

a. Chairman and Chief Executive Officer

Under the CG Code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. As at the date of this report, both of the positions of Chairman and Chief Executive Officer of the Company were still left vacant. The Company will continue to look for the appropriate candidate to fill the vacancy as chairman and the chief executive officer.



b. Terms of non-executive Directors

Under the CG Code provision A.4.1, all non-executive Directors should be appointed for a specific term, subject to re-election. The term of office for non-executive Directors is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company's bye-laws. At each annual general meeting, one-third of the Directors for the time being, (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this Code provision.

c. Non-executive Directors attending general meeting

Under the Code provision A.6.7 of CG Code, non-executive Directors and independent non-executive Directors should attend general meetings. Certain non-executive Directors and independent non-executive Directors were unable to attend the annual general meeting and special general meeting of the Company due to other business commitments.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2024, the Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, the Company's Directors confirmed they have complied with the required standards of dealings and the code of conduct regarding securities transactions by directors adopted by the Company.



AUDIT COMMITTEE

The audit committee consists of three members, namely Mr. Lam Cheung Shing Richard (chairman of the audit committee), Mr. Zhou Ya Fei and Mr. Ng Wai Hung, all being non-executive Directors or independent non-executive Directors. The primary duties of the audit committee are to review the Company's annual report and financial statements, quarterly reports and interim report and to provide advice and comment thereon to the Board. The audit committee will also be responsible for reviewing and supervising the financial reporting and internal control procedures of the Group.

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the management team of the Company. The audit committee has reviewed the interim report and results for the six months ended 30 June 2024 before proposing to the Board for approval.

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

Hong Kong, 12 August 2024

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