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Litian Pictures Holdings Limited

力天影業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9958)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2025**

FINANCIAL HIGHLIGHTS

- Revenue for the period from 1 January 2024 to 30 June 2025 was approximately RMB132.8 million as compared with approximately RMB113.4 million for the year ended 31 December 2023.
- Gross loss for the period from 1 January 2024 to 30 June 2025 was approximately RMB394.2 million as compared with approximately RMB67.7 million for the year ended 31 December 2023.
- Loss attributable to equity shareholders of the Company for the period from 1 January 2024 to 30 June 2025 was approximately RMB554.1 million as compared with approximately RMB155.5 million for the year ended 31 December 2023.
- Basic and diluted loss per share for the period from 1 January 2024 to 30 June 2025 was approximately RMB1.79 as compared with the loss per share of approximately RMB0.52 for the year ended 31 December 2023.
- The Board resolved not to recommend the payment of any final dividends for the period from 1 January 2024 to 30 June 2025.

The board (the “**Board**”) of directors (the “**Directors**”) of Litian Pictures Holdings Limited (the “**Company**”) hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the period from 1 January 2024 to 30 June 2025 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2023. The final results of the Group have been reviewed by the audit committee of the Board (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 January 2024 to 30 June 2025

(Expressed in Renminbi (“RMB”))

		Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
	Note		
Revenue	3	132,812	113,445
Cost of sales		(526,996)	(181,121)
Gross loss	3(b)	(394,184)	(67,676)
Other income/(loss)	4	699	(81)
Selling and marketing expenses		(3,972)	(2,379)
Administrative expenses		(35,946)	(22,833)
Impairment loss on trade and other receivables	5(c)	(69,328)	(31,868)
Loss from operations		(502,731)	(124,837)
Finance costs	5(a)	(45,440)	(18,683)
Loss before taxation	5	(548,171)	(143,520)
Income tax	6	(5,895)	(11,938)
Attributable to:			
Equity shareholders of the company		(554,066)	(155,458)
Non-controlling interests		*	—
Loss for the period/year		(554,066)	(155,458)
Other comprehensive income for the period/year (after tax):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements into presentation currency		(72)	1,454
Total comprehensive income for the period/year		(554,138)	(154,004)

* Represent amounts less than RMB1,000.

		Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
	<i>Note</i>		
Total comprehensive income for the period/year attributable to:		(554,138)	(154,004)
Equity shareholders of the Company		(554,138)	(154,004)
Non-controlling interests		*	—
Total comprehensive income for the period/year		(554,138)	(154,004)
Loss per share			
Basic and diluted (<i>RMB</i>)	7	(1.79)	(0.52)

* Represent amounts less than RMB1,000.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

(Expressed in RMB)

		At 30 June 2025 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
	<i>Note</i>		
Non-current assets			
Property and equipment		1,107	4,634
Deferred tax assets		—	5,883
		<u>1,107</u>	<u>10,517</u>
Current assets			
Drama series copyrights	8	84,693	550,222
Trade and bills receivables	9	6,804	126,823
Prepayments, deposits and other receivables		3,122	29,344
Restricted cash		5,060	189
Cash and cash equivalents		4,008	4,314
		<u>103,687</u>	<u>710,892</u>
Current liabilities			
Trade payables	10	214,892	221,307
Other payables and accrued expenses		205,692	147,415
Contract liabilities	11	30,792	149,980
Bank and other loans	12	160,094	158,775
Lease liabilities		4,299	3,371
Current taxation		4,713	4,713
		<u>620,482</u>	<u>685,561</u>
Net current (liabilities)/assets		<u>(516,795)</u>	<u>25,331</u>
Total assets less current liabilities		<u>(515,688)</u>	<u>35,848</u>
Non-current liabilities			
Bank loan	12	—	1,740
Lease liabilities		—	1,232
		<u>—</u>	<u>2,972</u>
NET (LIABILITIES)/ASSETS		<u>(515,688)</u>	<u>32,876</u>

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
CAPITAL AND RESERVES		
Share capital	3,296	2,742
Reserves	(519,134)	30,134
Total (equity-deficit)/equity attributable to shareholders of the Company	(515,838)	32,876
Non-controlling interests	150	–
TOTAL (EQUITY-DEFICIT)/EQUITY	<u>(515,688)</u>	<u>32,876</u>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

Litian Pictures Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 17 June 2019 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 22 June 2020.

The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the production, distribution and licensing of broadcasting rights of drama series.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

Change of financial year end date

Pursuant to a resolution of the board of directors of the Company dated 13 December 2024, the Group’s financial year end date has been changed from 31 December to 30 June in order to enable the Group to rationalise and better mobilise its resources with higher efficiency for the preparation of results announcements and financial reports, details are set out in the Company’s announcement dated 13 December 2024. Accordingly, the consolidated financial statements for the current period cover the 18-month period from 1 January 2024 to 30 June 2025. The corresponding comparative figures presented for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and related notes cover the 12-month period from 1 January 2023 to 31 December 2023 and therefore may not be comparable with figures shown for the current period.

The consolidated financial statements for the period from 1 January 2024 to 30 June 2025 comprise the Group.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investments in equity securities are stated at their fair values.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The principal business of the Group was carried out by Zhejiang LiTian TV & Film Co., Ltd. (“**LiTian TV & Film**”), which was established as a limited liability company in the People’s Republic of China (the “**PRC**”), and its subsidiaries. Since the business conducted by LiTian TV & Film and its subsidiaries is subject to foreign investment restrictions under the relevant laws and regulations in the PRC, as part of a corporate reorganisation underwent by the Group in preparation of the listing of the Company’s shares on the Stock Exchange, Haining Marshal Films Planning Co., Ltd. (“**LiTian WFOE**”), a wholly-owned subsidiary of the Company, entered into a series of agreements (the “**Contractual Arrangements**”) with LiTian TV & Film and its equity holders. As a result of the Contractual Arrangements, the Group has rights to exercise power over LiTian TV & Film and its subsidiaries, receives variable returns from its involvement in LiTian TV & Film and its subsidiaries, has the ability to affect those returns through its power over LiTian TV & Film and its subsidiaries, and hence, the control over LiTian TV & Film and its subsidiaries. Consequently, the Group regards LiTian TV & Film and its subsidiaries as controlled entities. The directors of the Company have determined that the Contractual Arrangements are in compliance with PRC laws and are legally enforceable.

Multiple uncertainties relating to going concern assessment

The Group recorded a net loss of RMB554,066,000 during the period from 1 January 2024 to 30 June 2025 (year ended 31 December 2023: RMB155,458,000). As at 30 June 2025, the Group had net current liabilities of RMB516,795,000 and net liabilities of RMB515,688,000 (at 31 December 2023: net current assets of RMB25,331,000 and net assets of RMB32,876,000).

The below events, among others, have been adversely affecting the Group’s financial position, financial performance and liquidity:

- (i) The Group’s business operations have been adversely affected by the tightened procurement budgets from broadcast platforms and the intense competition in the downstream end-user market of television and streaming industry. This has led to the reduction and delay in drama series production and their licensing and broadcasting. During the period from 1 January 2024 to 30 June 2025, the Group only recorded revenue from the distribution and licensing of broadcasting rights of 1 major self-produced drama series which was produced in previous years and 7 outright-purchased drama series, compared with 2 self-produced drama series and 17 outright-purchased drama series during the year ended 31 December 2023. The Group has not produced any drama series during the period and up to the date of approval of these consolidated financial statements. As at 30 June 2025, the Group only held 2 self-produced drama series, none of which has a fixed broadcasting schedule.
- (ii) The Group also has difficulties in collecting trade receivables from broadcast platforms due to the overall liquidity squeeze in the industry. As at 30 June 2025, the Group has made impairment loss of RMB212,376,000 on trade receivables, which is about 98% of its gross trade receivables. The reduction in business operations and inability to collect trade receivables put further pressure on the Group’s liquidity position.

- (iii) With deterioration in business performance and challenges in realising cash inflows from revenue, the Group has been delaying payment of its trade and other payables. Specifically, about 91% of the Group's trade payables aged over two years as at 30 June 2025. Included in the trade payables were RMB84,833,000 and related interests and expenses of RMB10,315,000 where the creditors have initiated litigations against subsidiaries of the Group. The litigations with respect to trade payables and interest expenses of RMB52,340,000 have concluded and the Group lost these litigations. Consequently, certain bank accounts of the Group's principal subsidiaries have been frozen, which prevent the Group from making payment. These amounts remained unsettled as at the date of approval of these consolidated financial statements. These creditors may initiate other enforcement actions and other creditors may initiate litigations against the Group.
- (iv) The Group failed to repay bank and other loans of RMB150,355,000 nor the related interests of RMB45,480,000 as at 30 June 2025. Lenders in respect of principal of RMB23,000,000 and related interests and expenses of RMB11,024,000 initiated lawsuits against subsidiaries of the Group demanding immediate payment. These lawsuits have concluded and the Group lost the lawsuits. Consequently, in addition to those bank accounts being frozen as mentioned in (iii) above, further bank accounts of the Group's principal subsidiaries have been frozen. The outstanding amounts remained unsettled as at the date of the approval of the consolidated financial statements. These lenders may initiate further enforcement actions against the Group and other lenders may initiate lawsuits against the Group.
- (v) The Group only had cash at bank and on hand of RMB9,068,000 as at 30 June 2025 and RMB5,060,000 of which are restricted due to the litigations mentioned in (iii) and (iv) above. The Group has been trying to obtain financing from bank and other parties. However, during the period ended 30 June 2025, the Group only obtained HK\$6,000,000 financing through new share placing and RMB3,000,000 from co-investors of one drama series. These amounts are far below the financing needed to support the Group's business operations and meet its liquidity requirements. Subsequent to 30 June 2025 and up to the date of approval of these consolidated financial statements, the Group has not been able to obtain further financing.

All these events and conditions indicate the existence of multiple material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to mitigate the Group's liquidity pressure, which include, but not limited to, the following:

- For self-produced drama series where advances had been received from broadcast platforms (i.e. the Group's contract liabilities), the Group will continue to negotiate with these platforms to accelerate the broadcasting of these drama series in order to accelerate their recognition as the Group's revenue, and in doing so, obtaining the rights to collect the remaining proceeds for such broadcasts;
- For all other completed self-produced drama series, the Group will continue to price them commensurately during negotiations with the various broadcast platforms with a view to accelerating their broadcasting, in order to accelerate their recognition as the Group's revenue and expedite the recovery of the costs of the drama series;
- Subject to availability of liquidity to the Group, to further develop new and existing script copyrights while cooperating with broadcast platforms, such that with more certainty to progress them into the production stage and their eventual broadcasting; or to consider the sale of existing script copyrights to other producers;

- To increase the Group's efforts in expediting the collection of outstanding debtors from the distribution and licensing of broadcasting rights of drama series in prior periods;
- To continue to negotiate with creditors and lenders in restructuring the terms and settlement schedules of existing payables and borrowings with a view to alleviating the liquidity pressure of the Group;
- To monitor the progress of outstanding claims and litigations with an aim to reach an amicable solution with the claimants/plaintiffs as soon as possible; and/or
- The ultimate controlling parties, Mr. Yuan Li and Ms. Tian Tian, have undertaken to provide continuing financial support and also to assist the Group in obtaining additional sources of further financing and capital injections, as and when needed, to support the Group's continuing operation for a period of at least twelve months from 30 June 2025.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group is able to implement the aforementioned plans and measures and continue as a going concern which depend upon the Group's ability to alleviate its liquidity pressure and improve its financial position. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including whether the Group is able to:

- (i) successfully generate adequate cash flows from its operations, the achievability of which depends on the market environment which is expected to remain challenging;
- (ii) successfully negotiate with the existing lenders on the extension, renewal or restructure of all the outstanding borrowings, including those overdue principal repayments and interest payments and maintenance of the relationship with the Group's current finance providers so that they continue to provide finance to the Group;
- (iii) successfully negotiate with the suppliers/creditors to extend the repayment dates of the overdue payables; and
- (iv) successfully obtain new sources of financing.

However, up to the date of approval of the consolidated financial statements, the Group has attempted but has not been able to realise new drama series revenue; to extend, renew or restructure material outstanding borrowings or payables; nor to obtain additional financing.

If the Group fails to achieve one or more of its plans and measures on a timely basis, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

(c) **Changes in accounting policies**

(i) ***New and amended IFRS Accounting Standards***

The Group has applied the following new and amended IFRS Accounting Standards issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current (“2020 amendments”)* and amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants (“2022 amendments”)*
- Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosure – Supplier finance arrangement*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) **Revenue**

The Group is principally engaged in the production, distribution and licensing of broadcasting rights of drama series. All of the Group’s revenue was recognised at a point in time.

Further details regarding the Group’s principal activities are disclosed in Note 3(b).

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Period from 1 January 2024 to 30 June 2025 RMB’000	Year ended 31 December 2023 RMB’000
Revenue from the distribution and licensing of broadcasting rights of self-produced drama series	121,544	69,133
Revenue from the distribution and licensing of broadcasting rights of outright-purchased drama series	5,355	36,100
Revenue from the distribution and licensing of broadcasting rights under co-financing arrangements and others	5,913	8,212
	<u>132,812</u>	<u>113,445</u>

The Group's customers with whom transactions have exceeded 10% of the Group's revenue are set out below:

	Period from 1 January 2024 to 30 June 2025 <i>RMB'000</i>	Year ended 31 December 2023 <i>RMB'000</i>
Customer A	115,892	–
Customer B	–	45,306
Customer C	–	30,967

(b) Segment reporting

The Group manages its businesses by products and services. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments.

- Self-produced drama series: this segment includes primarily the production, distribution and licensing of broadcasting rights of self-produced drama series.
- Outright-purchased drama series: this segment includes primarily the acquisition, distribution and licensing of broadcasting rights of outright-purchased drama series.
- Others: this segment includes miscellaneous revenue streams such as distribution and licensing of broadcasting rights of drama series under co-financing arrangements, acquisition and sale of script copyrights, and others.

(i) Segment results

For the purposes of assessing segment performance and allocating resources, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment result is gross profit/loss. No inter-segment sales have occurred for the period from 1 January 2024 to 30 June 2025 and year ended 31 December 2023. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating income and expenses, such as other income/loss, selling and marketing expenses, administrative expenses, impairment loss on trade and other receivables, and finance costs, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period from 1 January 2024 to 30 June 2025 and year ended 31 December 2023 is set out below.

	Period from 1 January 2024 to 30 June 2025			
	Self-produced	Outright-purchased	Others	Total
	drama series <i>RMB'000</i>	drama series <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers	<u>121,544</u>	<u>5,355</u>	<u>5,913</u>	<u>132,812</u>
Reportable segment gross loss	<u>(163,893)</u>	<u>(7,246)</u>	<u>(223,045)</u>	<u>(394,184)</u>
Year ended 31 December 2023				
	Self-produced	Outright-purchased	Others	Total
	drama series <i>RMB'000</i>	drama series <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from external customers	<u>69,133</u>	<u>36,100</u>	<u>8,212</u>	<u>113,445</u>
Reportable segment gross (loss)/profit	<u>(51,682)</u>	<u>5,588</u>	<u>(21,582)</u>	<u>(67,676)</u>

(ii) Reconciliation of reportable segment profit or loss

	Period from 1 January 2024 to 30 June 2025 <i>RMB'000</i>	Year ended 31 December 2023 <i>RMB'000</i>
Reportable segment gross loss	(394,184)	(67,676)
Other income/(loss)	699	(81)
Selling and marketing expenses	(3,972)	(2,379)
Administrative expenses	(35,946)	(22,833)
Impairment loss on trade and other receivables	(69,328)	(31,868)
Finance costs	<u>(45,440)</u>	<u>(18,683)</u>
Consolidated loss before taxation	<u>(548,171)</u>	<u>(143,520)</u>

(iii) Geographic information

All of the Group's customers are located in the PRC and the Group's non-current assets are substantially located in the PRC, and accordingly, no analysis of geographic information is presented.

4 OTHER (LOSS)/INCOME

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Government grants	572	1,053
Interest income	8	31
Net foreign exchange gain	143	74
Changes in fair value of financial assets measured at FVPL	–	(1,220)
Others	(24)	(19)
	<u>699</u>	<u>(81)</u>

5 LOSS BEFORE TAXATION

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

(a) Finance costs

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Interest expenses on:		
– bank and other loans	45,363	23,167
– lease liabilities	77	152
	<u>45,440</u>	<u>23,319</u>
Less: interest expenses capitalised into drama series copyrights*	–	(4,636)
	<u>45,440</u>	<u>18,683</u>

* No borrowing costs have been capitalised for the period from 1 January 2024 to 30 June 2025 (year ended 31 December 2023: capitalised at 15% per annum).

(b) Staff costs

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Salaries, wages and other benefits	18,555	8,255
Contributions to defined contribution retirement plans	1,440	1,357
	<u>19,995</u>	<u>9,612</u>

The employees of the subsidiaries of the Group established in the Chinese mainland participate in defined contribution retirement benefit plans managed by the local government authorities. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the Chinese mainland, from the above mentioned retirement plans at their normal retirement age.

The Group has no further material obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Depreciation expenses:		
– owned property and equipment	1,727	2,472
– right-of-use assets	2,483	1,745
	<u>4,210</u>	<u>4,217</u>
Impairment losses on:		
– drama series copyrights	201,939	57,440
– trade and other receivables	69,328	31,868
Operating lease expenses relating to short-term leases and leases of low-value assets	246	32
Auditors' remuneration:		
– audit services	1,200	1,600
Cost of drama series copyrights	<u>288,494</u>	<u>107,256</u>

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Current taxation:		
Provision for the year	12	–
Deferred taxation:		
Origination and reversal of temporary differences	<u>5,883</u>	<u>11,938</u>
	<u>5,895</u>	<u>11,938</u>

7 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share for the period from 1 January 2024 to 30 June 2025 is based on the loss attributable to ordinary equity shareholders of the Company of RMB554,066,000 (year ended 31 December 2023: RMB155,458,000) and the weighted average of 309,982,000 ordinary shares (year ended 31 December 2023: 300,000,000 ordinary shares) in issue during the period.

Weighted average number of ordinary shares

	Period from 1 January 2024 to 30 June 2025 '000	Year ended 31 December 2023 '000
Issued ordinary shares at the beginning of the period/year	300,000	300,000
Effect of ordinary shares issued	9,982	—
Weighted average number of ordinary shares at the end of the period/year	<u>309,982</u>	<u>300,000</u>

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the period from 1 January 2024 to 30 June 2025 and the year ended 31 December 2023.

8 DRAMA SERIES COPYRIGHTS

	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Self-produced drama series with production completed (<i>Note (i)</i>)	146,083	583,702
Outright-purchased drama series	7,897	24,505
Co-financed drama series with production completed (<i>Note (ii)</i>)	46,965	73,178
Script copyrights (<i>Note (iii)</i>)	<u>179,526</u>	<u>182,339</u>
	380,471	863,724
Less: impairment losses	<u>(295,778)</u>	<u>(313,502)</u>
	<u>84,693</u>	<u>550,222</u>

Notes:

- (i) The Group acts either as sole investor or executive producer under co-financing arrangements.
- (ii) The Group acts as non-executive producers under these co-financing arrangements.
- (iii) The carrying amount of script copyrights represents the payments on obtaining the literature patent and the costs incurred in relation to the adaptation of these intellectual properties.

- (iv) At 30 June 2025, the amounts of drama series copyrights that are expected to be recognised in profit or loss more than one year are RMBNil (2023: RMB215,437,000). Other than the above, the remaining drama series copyrights are expected to be recognised in profit or loss within one year.
- (v) At 30 June 2025, as a result from the continuous challenging market conditions and the slow recovery of the entertainment industry, the Group assessed the recoverable amounts of drama series copyrights. According to the assessment, the carrying amounts of drama series copyrights were written down to their recoverable amounts, with a total impairment loss of RMB201,939,000 (2023: RMB57,440,000) recognised in “cost of sales”. The discount rates used in the impairment assessment of drama series copyrights as at 30 June 2025 were between 18% to 20% (2023: 18% to 20%).

Movements of drama series copyrights are set out below:

	Drama series copyrights RMB'000
At 1 January 2023	545,630
Additions	169,288
Recognised in cost of sales	(107,256)
Impairment losses	(57,440)
At 31 December 2023	550,222
Additions	24,904
Recognised in cost of sales	(288,494)
Impairment losses	(201,939)
At 30 June 2025	<u>84,693</u>

9 TRADE AND BILLS RECEIVABLES

	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Trade receivables	216,295	261,032
Less: loss allowance	(212,376)	(142,434)
	3,919	118,598
Bills receivables	2,885	8,225
	6,804	126,823

All of the trade and bills receivables are expected to be recovered within one year.

(a) **Ageing analysis**

The ageing analysis of trade and bills receivables, based on the dates of revenue being recognised and net of loss allowance, of the Group is as follows:

	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Within 6 months	3,919	22,942
6 to 12 months	2,885	36,019
1 to 2 years	–	18,700
2 to 3 years	–	34,886
Over 3 years	–	14,276
	6,804	126,823

(b) **Impairment of trade and bills receivables**

The movements in the loss allowance account are as follows:

	Loss allowance RMB'000
At 1 January 2023	111,566
Impairment losses recognised during the year	30,868
At 31 December 2023	142,434
Impairment losses recognised during the period	69,942
At 30 June 2025	212,376

- (c) The Group has discounted certain bills it received from customers at banks. Upon the above discounting, the Group has not derecognised the bills receivables as the Group remains to have a significant exposure to the credit risk of these bills receivables. At 30 June 2025, the carrying amounts of the associated bank loans, and trade and other payables amounted to RMB2,865,000 (2023: RMB8,167,000).

10 TRADE PAYABLES

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Payables for productions and acquisitions of drama series	<u>214,892</u>	<u>221,307</u>

All of the trade payables are expected to be settled within one year or are repayable on demand.

The ageing analysis of trade payables, based on the transaction date, is as follows:

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 6 months	1,834	25,969
6 to 12 months	922	–
1 to 2 years	17,368	5,693
More than 2 years	<u>194,768</u>	<u>189,645</u>
	<u>214,892</u>	<u>221,307</u>

At 30 June 2025, the Group's balance of trade payables included RMB84,833,000 where the creditors have initiated litigations against subsidiaries of the Group in requesting these subsidiaries to repay the outstanding balance.

11 CONTRACT LIABILITIES

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Receipts in advance from customers	<u>30,792</u>	<u>149,980</u>

All of the contract liabilities are expected to be recognised as income within one year.

12 BANK AND OTHER LOANS

(a) The Group's short-term bank and other loans are analysed as follows:

	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Bank loans:		
– Secured by the Group's bills receivables	2,865	8,167
– Guaranteed by the controlling parties	86	–
	<u>2,951</u>	<u>8,167</u>
Other loans from third parties (<i>Notes (i) and (ii)</i>):		
– Guaranteed by the controlling parties (<i>Note (iii)</i>)	87,200	92,000
– Unsecured and unguaranteed	69,514	58,608
	<u>156,714</u>	<u>150,608</u>
Other loans from related parties:		
– Unsecured and unguaranteed	429	–
	<u>160,094</u>	<u>158,775</u>

Notes:

- (i) The balance represents loans from third-party non-executive producers with fixed repayment terms and bears interest at a rate of 15% per annum (2023: 15% per annum).
- (ii) At 30 June 2025, RMB150,355,000 of the Group's short-term other loans were overdue (2023: RMB108,151,000). The Group is in the process of negotiating with the lenders in restructuring the repayment terms and schedules.
- (iii) At 30 June 2025, the Group's short-term other loans in respect of principal of RMB23,000,000 where the lenders have initiated litigations against subsidiaries of the Group in requesting these subsidiaries to repay the outstanding balance and related interests.

(b) The Group's long-term bank loan is analysed as follows:

	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Bank loan:		
– Guaranteed by the controlling parties	–	1,740

13 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	At 30 June 2025		At 31 December 2023	
	Number of shares '000	Amount HK\$'000	Number of shares '000	Amount HK\$'000
Authorised share capital, HK\$0.01 each	500,000	5,000	500,000	5,000
	At 30 June 2025		At 31 December 2023	
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
At 1 January 2023 and 2024	300,000	2,742	300,000	2,742
Issuance of new shares (<i>Note</i>)	60,000	554	—	—
Ordinary shares, issued and fully paid:	360,000	3,296	300,000	2,742

Note: On 1 April 2025, the Group has issued and allotted an aggregate of 60,000,000 new shares of the proceeds received, HK\$600,000 (equivalent to RMB554,000) was credited to share capital, and the remaining proceeds, net of issuance expenses, was credited to the share premium account.

(b) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the period from 1 January 2024 to 30 June 2025.

The directors of the Company do not recommend the payment of a final dividend for the period from 1 January 2024 to 30 June 2025 (year ended 31 December 2023: RMBNil).

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the period from 1 January 2024 to 30 June 2025.

The directors of the Company did not recommend the payment of a dividend for the year ended 31 December 2023 (year ended 31 December 2022: RMBNil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Business Review

We are a drama series distribution company in the PRC. The Group was established in 2013, and is primarily engaged in the business of licensing the broadcasting rights of self-produced and outright-purchased drama series. During the Reporting Period, we recorded revenue from the distribution and licensing of broadcasting rights of a total of 8 drama series (Year ended 31 December 2023: 19), which mainly comprised of self-produced drama series and outright-purchased drama series we purchased outright from third-party copyright owners/licensors. Such drama series were mainly distributed or licensed to well-known TV channels and online video streaming platforms, including the first-run broadcast and rerun broadcast.

We focused on expanding our business of licensing the broadcasting rights of self-produced drama series and continued to conduct business of licensing the broadcasting rights of outright-purchased drama series during the year. We actively communicated with third-party copyright owners/licensors to procure the broadcasting rights of quality drama series and recommended suitable genres of drama series to our customers.

Following the completion of our self-produced drama series named “As Husband As Wife” (小夫妻), we have successfully licensed the broadcasting right of such drama through one of the major online video streaming platform in 2025 which represented the major revenue stream during the Reporting Period. In addition, we successfully licensed the rerun broadcasting rights of “The Wise are Invincible” (智者無敵), “The Justice are Invincible” (義者無敵), “The Righteous are Invincible” (正者無敵), “Invincible Belief” (信者無敵), “The Desert Sharpshooter” (大漠槍神), “Detective Dee” (神斷狄仁傑), “Yangko Dance” (大秧歌), and “Mother’s Life” (娘道) to certain satellite channels, which were our outright-purchased drama series.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of our revenue by business segments for the periods indicated:

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Revenue from the distribution and licensing of broadcasting rights of self-produced drama series	121,544	69,133
Revenue from the distribution and licensing of broadcasting rights of outright-purchased drama series	5,355	36,100
Revenue from the distribution and licensing of broadcasting rights under co-financing arrangements and others	5,913	8,212
Total	132,812	113,445

Our revenue increased by approximately 17.1% from approximately RMB113.4 million for the year ended 31 December 2023 to approximately RMB132.8 million for the period from 1 January 2024 to 30 June 2025. The increase was mainly due to increase of approximately RMB52.4 million in revenue from the distribution and licensing of broadcasting rights of self-produced drama series.

Revenue by Business Segments

(i) Distribution and licensing of broadcasting rights of self-produced drama series

Revenue generated from the distribution and licensing of broadcasting rights of self-produced drama series increased by approximately 75.8% from approximately RMB69.1 million for the year ended 31 December 2023 to approximately RMB121.5 million for the Reporting Period, primarily because of the successfully licensed the broadcasting right of “As Husband As Wife” (小夫妻) through one of the major online video streaming platform during the Reporting Period.

Under this business segment, revenue generated from our customers that are TV channels and online video streaming platforms accounted for approximately 32.2% and 97.1% of our revenue generated from licensing the broadcasting rights of self-produced drama series for the year ended 31 December 2023 and the Reporting Period, respectively, while the remainder of this segment revenue was attributable to other third-party customers.

Among revenue generated from licensing the broadcasting rights of self-produced drama series, approximately 31.5% and nil was generated from first-run broadcast on satellite TV channels for the year ended 31 December 2023 and the Reporting Period, respectively.

For the same periods, approximately 0.6% and 1.1% of the revenue, respectively, was generated from rerun broadcast and terrestrial broadcast on satellite TV channels. The remainder was generated from licensing the broadcasting rights of self-produced drama series to other third-party customers.

(ii) *Distribution and licensing of broadcasting rights of outright-purchased drama series*

In addition to distribution and licensing the broadcasting rights of self-produced drama series, we are engaged in distribution and licensing the broadcasting rights of drama series which we purchased from third-party copyright owners/licensors.

Under this business segment, we either purchase the entire copyrights of the drama series (in which case, we will be able to license the broadcasting rights to our customers in any region in the PRC for any period of time at our discretion), or we only purchase the rights to use, or the rights to transfer the broadcasting rights of, the drama series in certain designated regions of the PRC for a specific period of time. We generally enter into the content distribution agreements with the copyright owners/licensors to obtain copyrights or the rights to use, or the rights to license the broadcasting rights of, the particular drama series, as the case may be. Subsequently, we distribute the relevant drama series to our customers.

Revenue generated from the distribution and licensing the broadcasting rights of outright-purchased drama series decreased by approximately 85.2% from approximately RMB36.1 million for the year ended 31 December 2023 to approximately RMB5.4 million for the Reporting Period, mainly attributable to the challenging market conditions and macroeconomic environment in 2024 and 2025.

Under this business segment, revenue generated from our customers that are TV channels accounted for approximately 100% and 100% of our revenue generated from distribution and licensing the broadcasting rights of outright-purchased drama series for the year ended 31 December 2023 and the Reporting Period respectively, while the remainder of our segment revenue was attributable to other third-party customers.

In addition, for the year ended 31 December 2023 and the Reporting Period, among revenue generated from distribution and licensing the broadcasting rights of outright-purchased drama series, approximately 30.6% and 41.2%, respectively, was generated from first-run broadcast on satellite TV channels. For the same periods, approximately 26.3% and 31.8% was generated from rerun broadcast on satellite TV channels, respectively, and the remainder was attributable to terrestrial TV channels and other third-party customers.

Our revenue from the distribution and licensing of the broadcasting rights of outright-purchased drama series for the Reporting Period was primarily generated from the distribution and licensing of the first-run broadcasting rights on satellite TV channels of drama series “There will be ample time” (故鄉·別來無恙).

(iii) *Revenue from the distribution and licensing of broadcasting rights under co-financing arrangements and others*

Revenue generated from the distribution and licensing of broadcasting rights under co-financing arrangements and others decreased by approximately 28.0% from approximately RMB8.2 million for the year ended 31 December 2023 to approximately RMB5.9 million for the Reporting Period, primarily generated from the sale of the script copyrights and distribution and licensing of broadcasting rights of drama series under co-financing arrangements.

Cost of Sales

The following table sets forth our cost of sales by business segment for the periods indicated:

	Period from 1 January 2024 to 30 June 2025 <i>RMB'000</i>	Year ended 31 December 2023 <i>RMB'000</i>
Costs of the distribution and licensing of broadcasting rights of self-produced drama series	285,437	120,815
Costs of the distribution and licensing of broadcasting rights of outright-purchased drama series	12,601	30,512
Costs of the distribution and licensing of broadcasting rights under co-financing arrangements and others	228,958	29,794
Total	526,996	181,121

Our cost of sales increased by approximately 191.0% from approximately RMB181.1 million for the year ended 31 December 2023 to approximately RMB527.0 million for the Reporting Period, primarily due to a increase in the costs relating to the distribution and licensing of broadcasting rights of self-produced drama series, co-financing arrangements and others.

Our costs of the distribution and licensing of broadcasting rights of self-produced drama series increased by approximately 136.3% from approximately RMB120.8 million for the year ended 31 December 2023 to approximately RMB285.4 million for the Reporting Period. The increase in the costs of the distribution and licensing of broadcasting rights of self-produced drama series was primarily due to the fact that some drama series have already been aired, the cost has been carried forward.

For the business segment of distribution and licensing of the broadcasting rights of outright-purchased drama series, the costs of sales decreased by approximately 58.7% from approximately RMB30.5 million for the year ended 31 December 2023 to approximately RMB12.6 million for the Reporting Period.

For the business segment of distribution and licensing of broadcasting rights under co-financing arrangements and others, the costs of sales increased by approximately 668.5% from approximately RMB29.8 million for the year ended 31 December 2023 to approximately RMB229.0 million for the Reporting Period, primarily due to the impairment provision in respect of certain script copyrights.

Impairment of Drama Series Copyrights (“Copyrights”)

(a) The analysis of impairment losses by each category of the Copyrights:

	Period from 1 January 2024 to 30 June 2025 <i>RMB'000</i>
Self-produced drama series:	
– under production	–
– with production completed	61,391
Outright-purchased drama series	7,897
Co-financed drama series with production completed	46,965
Script copyrights	179,525
Total impairment losses	295,778

- (b) The Group’s business operations were adversely affected by the challenging market conditions and macroeconomic environment, which resulted in the impairment loss. In addition, due to the prolonged aging of certain of the Copyrights and the undermined expectation of future revenue of certain drama Copyrights, impairment provision has been made.
- (c) The discount rates used in the impairment assessment of the Copyrights as at 30 June 2025 were between 18% to 20% (31 December 2023: 18% to 20%).

Gross (Loss)/Profit and Gross (Loss)/Profit Margin

The following table sets forth a breakdown of our gross (loss)/profit and gross (loss)/profit margin by business segments for the periods indicated:

	Period from 1 January 2024 to 30 June 2025		Year ended 31 December 2023	
	Gross (Loss)/profit <i>RMB'000</i>	Gross (Loss)/profit Margin %	Gross (Loss)/profit <i>RMB'000</i>	Gross (Loss)/profit Margin %
The distribution and licensing of broadcasting rights of self-produced drama series	(163,893)	(134.8)	(51,682)	(74.8)
The distribution and licensing of broadcasting rights of outright-purchased drama series	(7,246)	(135.3)	5,588	15.5
The distribution and licensing of broadcasting rights under co-financing arrangements and others	(223,045)	(3,772.1)	(21,582)	(262.8)
Total	(394,184)	(296.8)	(67,676)	(59.7)

(i) Gross (Loss)/Profit

Our gross loss was approximately RMB394.2 million for the Reporting Period, representing an increase by approximately 482.5% as compared to gross loss of approximately RMB67.7 million for the year ended 31 December 2023, primarily due to a increase in gross loss from the distribution and licensing of the broadcasting rights of self-produced drama series and the distribution and licensing of broadcasting rights under co-financing arrangements and others as a result of the impairment provision made on the Group's drama series copyrights and script copyrights.

(ii) Gross (Loss)/Profit margin

Our gross loss margin was approximately 296.8% for the Reporting Period, representing an increase as compared to gross loss margin of approximately 59.7% for the year ended 31 December 2023, mainly because of the gross loss from the distribution and licensing of the broadcasting rights of self-produced drama series and the distribution and licensing of broadcasting rights under co-financing arrangements and others as a result of the impairment provision made on the Group's drama series copyrights and script copyrights.

In addition, our gross loss margin of the distribution and licensing the broadcasting rights of self-produced drama series was approximately 74.8% and 134.8% for the year ended 31 December 2023 and the Reporting Period respectively.

Our gross profit/(loss) margin of the distribution and licensing the broadcasting rights of outright-purchased drama series was approximately 15.5% and negative 135.3% for the year ended 31 December 2023 and Reporting Period respectively. The gross loss margin of the distribution and licensing the broadcasting rights of outright-purchased drama series for the Reporting Period as compared to the gross profit margin for the year ended 31 December 2023 was primarily due to the impairment provision made on certain outright-purchased drama series copyrights during the Reporting Period.

Other Income/(Loss)

The following table sets forth a breakdown of our other income/(loss) for the periods indicated:

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Government grants	572	1,053
Interest income	8	31
Net foreign exchange gain	143	74
Changes in fair value of financial assets measured at FVPL	—	(1,220)
Others	(24)	(19)
Total	699	(81)

Other income for the Reporting Period was approximately RMB0.7 million as compared to the other loss of approximately RMB0.1 million for the year ended 31 December 2023, primarily due to the absence of the changes in fair value of financial assets measured at FVPL during the Reporting Period.

Selling and Marketing Expenses

Selling and marketing expenses primarily consist of (i) staff costs relating to our sales and marketing employees; (ii) travel and transportation expenses of our marketing staff; and (iii) conference expenses relating to booth displays for television conferences and festivals we attended. The following table sets forth the breakdown of our selling and marketing expenses for the periods indicated:

	Period from 1 January 2024 to 30 June 2025 <i>RMB'000</i>	Year ended 31 December 2023 <i>RMB'000</i>
Staff costs	235	177
Travel and transportation expenses	7	27
Publicity expenses	3,458	1,679
Others	272	496
Total	3,972	2,379

Our selling and marketing expenses increased by approximately 67.0% from approximately RMB2.4 million for the year ended 31 December 2023 to approximately RMB4.0 million for the Reporting Period, primarily due to an increase in publicity expenses.

Administrative Expenses

Administrative expenses primarily consist of (i) staff costs relating to our administrative department; (ii) rental fees, which includes the rental expenses and property management fees in connection with our leased properties; (iii) depreciation and amortisation; (iv) office expenses; (v) consultancy fees, which mainly represents professional services fees, such as legal consulting fees, in connection with our business operations; (vi) transportation fees; (vii) travel expenses; (viii) entertainment expenses; (ix) taxes and surcharges, which primarily consist of construction tax, stamp duty and other education surcharges; and (x) bank charges, which primarily represent bank transaction fees.

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Staff costs	19,732	9,435
Rental fees	308	80
Depreciation and amortisation	4,210	4,217
Office expenses	455	292
Consultancy fees	6,238	5,465
Transportation fees	291	257
Travel expenses	1,382	470
Entertainment expenses	1,932	1,346
Taxes and surcharges	–	233
Bank charges	–	212
Others	1,398	826
Total	35,946	22,833

Administrative expenses increased by approximately 57.4% from approximately RMB22.8 million for the year ended 31 December 2023 to approximately RMB35.9 million for the Reporting Period, primarily due to the increase in staff costs during the Reporting Period.

Impairment Loss on Trade and Other Receivables

We recorded impairment loss on trade and other receivables amounting to approximately RMB69.3 million during the Reporting Period (Year ended 31 December 2023: RMB31.9 million).

Finance Costs

Finance costs primarily consist of (i) interest on bank and other loans, which primarily includes interest on the investments made by passive investors in drama series that allow the investors (who may or may not participate in the production and/or distribution of such drama series) to receive the fixed contractual cash flows regardless of the sales performance of such drama series, which is partially capitalized, and interest on other loans; and (ii) interest on lease liabilities. The following table sets forth a breakdown of our finance costs for the periods indicated:

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Interest expenses on:		
– bank and other loans	45,363	23,167
– lease liabilities	77	152
Less: interest expenses capitalised into drama series copyrights	–	(4,636)
Total	45,440	18,683

Our finance costs increased by approximately 143.2% from approximately RMB18.7 million for the year ended 31 December 2023 to approximately RMB45.4 million for the Reporting Period, primarily due to a increase in interest expenses on bank and other loans.

Income Tax

Income tax expenses represent the tax expenses arising from the assessable profit generated by the Group in the PRC. The Company and subsidiaries are incorporated in different jurisdictions with different taxation requirements.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Group entities established under the International Business Companies Acts of BVI are exempted from BVI income taxes. Pursuant to the PRC Income Tax Law and respective regulations, the Group operating income are subject to enterprise income tax (“EIT”) at a rate of 25% on the taxable income. No provision for Hong Kong profits tax was made as the Group had no assessable profit subject to Hong Kong profits tax for the year ended 31 December 2023 and the Reporting Period.

In addition, according to the Notice on Preferential EIT Policies in Relation to Kashgar and Horgos as Two Special Economic Development Zones in Xinjiang (《關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得稅優惠政策的通知》) promulgated by the Ministry of Finance and the State Taxation Administration of the PRC on 29 November 2011, an enterprise established in Horgos between 1 January 2010 to 31 December 2020 and falling within the scope of the Catalog of EIT Incentives for Industries Particularly Encouraged in Underprivileged Areas of Xinjiang for Development (《新疆困難地區重點鼓勵發展產業企業所得稅優惠目錄》) shall be exempted from the EIT entirely for five years beginning from the first year in which operational income is earned. According to the preferential filing record of EIT (企業所得稅優惠事項備案表) of our consolidated affiliated entities, (i) Xinjiang Qingchun LiTian Film Co., Ltd.* (新疆青春力天影業有限公司) is entitled to EIT exemption from January 2018 to December 2022; and (ii) Horgos Yuema Film Co., Ltd.* (霍爾果斯躍馬影業有限公司), Horgos Baima Film Co., Ltd. (霍爾果斯白馬影業有限公司) and Horgos Zhizhen Film Co., Ltd. (霍爾果斯至臻影視有限公司) are entitled to EIT exemption from January 2020 to December 2024.

The following table sets forth the major components of our income tax expense for the periods indicated:

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Current taxation		
Provision for the year	12	—
Deferred taxation		
Origination and reversal of temporary differences	5,883	11,938
Total	5,895	11,938

Loss Attributable to Equity Shareholders of the Company

As a result of the foregoing, the loss attributable to equity shareholders of the Company was approximately RMB554.1 million for the Reporting Period, representing an increase of approximately 256.3% as compared to the loss attributable to equity shareholders of the Company of approximately RMB155.5 million for the year ended 31 December 2023.

Liquidity and Financial Resources

The Group's capital expenditure, daily operations and investments are mainly funded by cash generated from its operations, bank loans and proceeds from fund raising activities.

As of 30 June 2025, we had cash at bank and on hand of approximately RMB9.1 million as compared to cash at bank and on hand of approximately RMB4.5 million as of 31 December 2023, which were predominantly denominated in RMB.

As of 30 June 2025, we had net current liabilities of approximately RMB516.8 million as compared to the net current assets of approximately RMB25.3 million as of 31 December 2023.

The Group primarily obtains funds borrowings from banks and other third parties as well as other fund raising activities to finance our business operations and to fulfill working capital requirements. In addition, we had total bank and other loans of approximately RMB160.1 million as of 30 June 2025 as compared to total bank and other loans of approximately RMB160.5 million as of 31 December 2023.

As of 30 June 2025, we had bank loans of approximately RMB3.0 million among which RMB0.1 million were guaranteed by controlling parties.

In addition, we had unsecured and unguaranteed loans from third party non-executive producers with fixed repayment terms and bears interest at a rate of 15.0% per annum approximately RMB69.5 million as of 30 June 2025.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash generated from operating activities, bank loans and other borrowings and other funds raised from the capital markets from time to time. Our objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations and banks loans and other borrowings. We regularly review its major funding positions to ensure that we have adequate financial resources in meeting its financial obligations.

Key Financial Ratios

Return on equity

The return on equity increased from approximately negative 141.5% for the year ended 31 December 2023 to approximately 229.4% for the Reporting Period. Return on equity equals net loss for the year divided by the average of beginning and ending balances of total equity of the relevant period.

Return on total assets

The return on total assets increased from approximately negative 20.2% for the year ended 31 December 2023 to approximately negative 134.1% for the Reporting Period. Return on total assets equals net loss for the year divided by the average of beginning and ending balances of total assets of the relevant period.

Current ratio

The Group's current ratio decreased from approximately 1.0 times as at 31 December 2023 to approximately 0.2 times as of 30 June 2025. Current ratio equals our current assets divided by current liabilities as of the end of the period.

Gearing ratio

The Group's gearing ratio decreased from approximately 488.2% as of 31 December 2023 to approximately negative 31.0% as of 30 June 2025. Gearing ratio equals total debt as of the end of the year divided by total equity as of the end of the period. Total debt includes all interest-bearing bank loans and other borrowings.

Capital Expenditures

Our capital expenditure primarily consists of expenditures on the improvements to leased properties and purchase of office furniture and other equipment. Our capital expenditures for the Reporting Period and the year ended 31 December 2023 were insignificant and were primarily financed by cash flows from our operating activities.

Foreign Exchange Exposure

The Group operates in the PRC and the functional currency is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. As of 30 June 2025, only certain bank balances were denominated in HK\$.

The Group currently does not have any foreign currency hedging policies. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

Contingent Liabilities

As of 30 June 2025, certain subsidiaries of the Group were sued by creditors of the Group to settle the consideration of drama series acquired by the Group in prior years, and by lenders of the Group to settle short-term other loans granted to the Group. The total amount of the above claims, including principals, interest and add-ons, amounted to RMB152,954,000. Of the above claim amount, principals and interest accrued thereof of RMB129,172,000 have been recognised in the Group's consolidated financial statements as at 30 June 2025. Based on legal advice from the Company's legal counsel, the directors of the Company continue to deny any liability in respect of the remaining claim amount, and do not believe the court will find against these subsidiaries. No provision has therefore been made in respect of the remaining claim amount.

Human Resources and Remuneration Policy

As of 30 June 2025, the Group had 45 employees (44 as of 31 December 2023). As required by the PRC laws and regulations, the Group participates in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. The remuneration policies of the Group are determined based on prevailing market levels and performance of the Group as well as the individual employees. These policies are reviewed on a regular basis. In addition to salary, the Group also offers to its employees other fringe benefits, including year-end bonus, discretionary bonus, share options to be granted under the Company's share option scheme, contributory provident fund, social security fund and medical benefits. We also provide suitable technical training according to the needs of different positions in order to improve their abilities. The Group believes that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes during the Reporting Period.

Share Option Scheme

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to the resolution passed on 24 May 2020 to give the Eligible Persons (as mentioned in the following paragraph) an opportunity to have a personal stake in the Company and help motivate them to optimize their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions. Eligible Persons of the Share Option Scheme include (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group (the "**Executive**"), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; (g) an associate of any of the persons referred to in paragraphs (a) to (f) above; and (h) any person involved in the business affairs of the Company whom the Board determines to be appropriate to participate in the Share Option Scheme.

No share options have been granted since the adoption date of the Share Option Scheme and there are no outstanding share options as at 30 June 2025.

Significant Investment, Material Acquisition and Disposal

For the Reporting Period, the Group did not have any significant investment and material acquisition or disposal of subsidiaries, associates and joint ventures.

EVENTS AFTER THE YEAR

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2025 and up to the date of this announcement.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of 30 June 2025, the Group did not have any future plan for material investments or capital assets.

USE OF NET PROCEEDS

On 11 March 2025 (after trading hours), the placing agent and the Company entered into the placing agreement, pursuant to which the placing agent has conditionally agreed act as the placing agent of the Company for the purpose of procuring, on a best effort basis, the placing of up to a maximum of 60,000,000 placing shares at the placing price of HK\$0.10 per Placing Share to not less than six (6) placees who and whose ultimate beneficial owners are independent third parties.

The market price of the shares of the Company on 11 March 2025 was HK\$0.104.

On 1 April 2025, the Company announced that 60,000,000 placing shares had been successfully placed. The net proceeds from the Placing amounted to HK\$5.78 million, representing a net placing price of approximately HK\$0.096 per placing share. The net proceeds were intended to be applied for general working capital for the Group's existing business.

As at 30 June 2025, the net proceeds from the above placing have been fully utilized as intended.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders. The Company has studied relevant regulations thoroughly as stipulated in the Listing Rules and introduced corporate governance practices appropriate for its operation and management. The Board believes that good corporate governance is one of the essential factors leading to the success and sustainability of the Group.

During the Reporting Period, the Company had complied with all the applicable code provisions as set out in the corporate governance code contained in Appendix C1 to the Listing Rules (“**Corporate Governance Code**”) and adopted most of the recommended best practices as set out therein.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company had also adopted the model code for securities transactions by directors of listed issuers as set out in Appendix C3 of the Listing Rules (“**Model Code**”) as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

AUDIT COMMITTEE

The Company established the Audit Committee which currently comprises three independent non-executive Directors, Mr. Tse Kwok Hing Henry, Mr. Xie Taoquan and Mr. Yam Yuet Hang. Mr. Tse Kwok Hing Henry is the chairman of the Audit Committee. The primary duties of the Audit Committee include but not limited to supervising our internal control, risk management, financial information disclosure and financial reporting matters. The Audit Committee's composition and written terms of reference are in line with the Corporate Governance Code.

The Audit Committee, together with the management and the external auditor of the Company, has reviewed the final results of the Group for the Reporting Period. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group.

The Audit Committee considered that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

AUDIT OPINION

The auditor of the Company issues a Disclaimer of Opinion on the financial statements of the Group for the period from 1 January 2024 to 30 June 2025. An extract of the auditor's report is set out in the section headed "Extract of the independent auditor's report" below.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's consolidated financial statements for the period from 1 January 2024 to 30 June 2025.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OPINION

Material uncertainty related to going concern

The Group recorded a net loss of RMB554,066,000 during the period from 1 January 2024 to 30 June 2025 (year ended 31 December 2023: RMB155,458,000). As at 30 June 2025, the Group had net current liabilities of RMB516,795,000 and net liabilities of RMB515,688,000 (at 31 December 2023: net current assets of RMB25,331,000 and net assets of RMB32,876,000).

The below events, among others, have been adversely affecting the Group's financial position, financial performance and liquidity:

- (i) The Group's business operations have been adversely affected by the tightened procurement budgets from broadcast platforms and the intense competition in the downstream end-user market of television and streaming industry. This has led to the reduction and delay in drama series production and their licensing and broadcasting. During the period from 1 January 2024 to 30 June 2025, the Group only recorded revenue from the distribution and licensing of broadcasting rights of 1 major self-produced drama series which was produced in previous years and 7 outright-purchased drama series, compared with 2 self-produced drama series and 17 outright-purchased drama series during the year ended 31 December 2023. The Group has not produced any drama series during the period and up to the date of approval of these consolidated financial statements. As at 30 June 2025, the Group only held 2 self-produced drama series, none of which has a fixed broadcasting schedule.
- (ii) The Group also has difficulties in collecting trade receivables from broadcast platforms due to the overall liquidity squeeze in the industry. As at 30 June 2025, the Group has made impairment loss of RMB212,376,000 on trade receivables, which is about 98% of its gross trade receivables. The reduction in business operations and inability to collect trade receivables put further pressure on the Group's liquidity position.
- (iii) With deterioration in business performance and challenges in realising cash inflows from revenue, the Group has been delaying payment of its trade and other payables. Specifically, about 91% of the Group's trade payables aged over two years as at 30 June 2025. Included in the trade payables were RMB84,833,000 and related interests and expenses of RMB10,315,000 where the creditors have initiated litigations against subsidiaries of the Group. The litigations with respect to trade payables and interest expenses of RMB52,340,000 have concluded and the Group lost these litigations. Consequently, certain bank accounts of the Group's principal subsidiaries have been frozen, which prevent the Group from making payment. These amounts remained unsettled as at the date of approval of these consolidated financial statements. These creditors may initiate other enforcement actions and other creditors may initiate litigations against the Group.
- (iv) The Group failed to repay bank and other loans of RMB150,355,000 nor the related interests of RMB45,480,000 as at 30 June 2025. Lenders in respect of principal of RMB23,000,000 and related interests and expenses of RMB11,024,000 initiated lawsuits against subsidiaries of the Group demanding immediate payment. These lawsuits have concluded and the Group lost the lawsuits. Consequently, in addition to those bank accounts being frozen as mentioned in (iii) above, further bank accounts of the Group's principal subsidiaries have been frozen. The outstanding amounts remained unsettled as at the date of the approval of the consolidated financial statements. These lenders may initiate further enforcement actions against the Group and other lenders may initiate lawsuits against the Group.

- (v) The Group only had cash at bank and on hand of RMB9,068,000 as at 30 June 2025 and RMB5,060,000 of which are restricted due to the litigations mentioned in (iii) and (iv) above. The Group has been trying to obtain financing from bank and other parties. However, during the period ended 30 June 2025, the Group only obtained HK\$6,000,000 financing through new share placing and RMB3,000,000 from co-investors of one drama series. These amounts are far below the financing needed to support the Group's business operations and meet its liquidity requirements. Subsequent to 30 June 2025 and up to the date of approval of these consolidated financial statements, the Group has not been able to obtain further financing.

All these events and conditions indicate the existence of multiple material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to mitigate the Group's liquidity pressure and improve its financial position, which are set out in note 2(b) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including whether the Group is able to:

- (i) successfully generate adequate cash flows from its operations, the achievability of which depends on the market environment which is expected to remain challenging;
- (ii) successfully negotiate with the existing lenders on the extension, renewal or restructure of all the outstanding borrowings, including those overdue principal repayments and interest payments and maintenance of the relationship with the Group's current finance providers so that they continue to provide finance to the Group;
- (iii) successfully negotiate with the suppliers/creditors to extend the repayment dates of the overdue payables; and
- (iv) successfully obtain new sources of financing.

However, up to the date of this report, the Group has attempted but has not been able to realise new drama series revenue; to extend, renew or restructure material outstanding borrowings or payables; nor to obtain additional financing.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve one or more of its plans and measures on a timely basis, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

SCOPE OF WORK OF THE AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes for the period from 1 January 2024 to 30 June 2025 as set out in this announcement have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by KPMG in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance had been expressed by KPMG on this announcement.

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

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

FINAL DIVIDEND

The Board resolved not to recommend the payment of any final dividends for the period from 1 January 2024 to 30 June 2025 (2023: Nil).

PUBLICATION OF FINAL RESULTS AND FINAL REPORT

This final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.litian.tv). The final report of the Company for the period from 1 January 2024 to 30 June 2025 will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

If there is any inconsistency between the Chinese names of PRC nationals, entities, departments, facilities, certificates, titles, etc. and their English translations, the Chinese names shall prevail. The English translation of PRC nationals, entities, departments, facilities, certificates, titles, etc. which are marked with "*" is for identification purpose only.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9 a.m. on 2 October 2025.

Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9 a.m. on 24 November 2025.

By order of the Board
Litian Pictures Holdings Limited
Yuan Li
Chairman

Hong Kong, 21 November 2025

As at the date of this announcement, the Board includes Mr. Yuan Li, Ms. Tian Tian, Mr. Huang Zhiqiang, Mr. Lin Mingwei and Ms. Huang Meiyuan as executive directors, and Mr. Tse Kwok Hing Henry, Mr. Xie Taoquan and Mr. Yam Yuet Hang as independent non-executive directors.