



Litian Pictures Holdings Limited

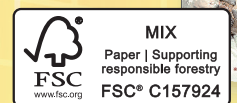
力天影業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9958)



2024
INTERIM
REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yuan Li (袁力) (Chairman)
Ms. Tian Tian (田甜) (Chief Executive Officer)
Ms. Fu Jieyun (傅潔雲) (resigned on 13 August 2024)
Ms. Huang Jingyu (黃淨瑜)
(appointed on 19 January 2024 and
resigned on 26 April 2024)
Mr. Huang Zhiqiang (黃志強)
(appointed on 19 July 2024)
Mr. Lin Mingwei (林明偉)
(appointed on 19 July 2024)
Ms. Hu Na (胡娜)
(appointed on 13 August 2024 and
resigned on 8 November 2024)
Ms. Huang Meiyuan (黃美緣)
(appointed on 8 November 2024)

Non-executive Directors

Mr. Yu Yang (余楊) (resigned on 26 April 2024)
Mr. Tang Zhiwei (唐志偉) (resigned on 26 April 2024)

Independent Non-executive Directors

Mr. Teng Bing Sheng (滕斌聖)
(resigned on 8 November 2024)
Mr. Liu Hanlin (劉翰林) (resigned on 13 August 2024)
Mr. Gan Weimin (甘為民)
(resigned on 13 August 2024)
Mr. Tse Kwok Hing Henry (謝國興)
(appointed on 13 August 2024)
Mr. Xie Taoquan (謝濤權)
(appointed on 13 August 2024)
Mr. Yam Yuet Hang (任悅恒)
(appointed on 8 November 2024)

AUDIT COMMITTEE

Mr. Liu Hanlin (劉翰林) (Chairman)
(resigned on 13 August 2024)
Mr. Yu Yang (余楊) (resigned on 26 April 2024)
Mr. Gan Weimin (甘為民)
(resigned on 13 August 2024)
Mr. Tse Kwok Hing Henry (謝國興) (Chairman)
(appointed on 13 August 2024)
Mr. Xie Taoquan (謝濤權)
(appointed on 13 August 2024)
Mr. Teng Bing Sheng (滕斌聖)
(resigned on 8 November 2024)
Mr. Yam Yuet Hang (任悅恒)
(appointed on 8 November 2024)

REMUNERATION COMMITTEE

Mr. Gan Weimin (甘為民) (Chairman)
(resigned on 13 August 2024)
Mr. Teng Bing Sheng (滕斌聖)
(resigned on 8 November 2024)
Mr. Liu Hanlin (劉翰林) (resigned on 13 August 2024)
Mr. Xie Taoquan (謝濤權) (Chairman)
(appointed on 13 August 2024)
Mr. Tse Kwok Hing Henry (謝國興)
(appointed on 13 August 2024)
Mr. Yam Yuet Hang (任悅恒)
(appointed on 8 November 2024)

NOMINATION COMMITTEE

Mr. Teng Bing Sheng (滕斌聖) (Chairman)
(resigned on 8 November 2024)
Mr. Liu Hanlin (劉翰林) (resigned on 13 August 2024)
Ms. Fu Jieyun (傅潔雲) (resigned on 13 August 2024)
Ms. Hu Na (胡娜)
(appointed on 13 August 2024 and
resigned on 8 November 2024)
Mr. Tse Kwok Hing Henry (謝國興)
(appointed on 13 August 2024)
Ms. Huang Meiyuan (黃美緣)
(appointed on 8 November 2024)
Mr. Yam Yuet Hang (任悅恒) (Chairman)
(appointed on 8 November 2024)

JOINT COMPANY SECRETARIES

Ms. Fu Jieyun (傅潔雲)
Ms. Ho Yin Kwan (何燕群) (resigned on 19 June 2024)
Mr. Wong Sai Hung (王世雄)
(appointed on 19 June 2024)

AUTHORISED REPRESENTATIVES

Ms. Tian Tian (田甜)
Ms. Fu Jieyun (傅潔雲)

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

REGISTERED OFFICE

Cricket Square, Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 5A, Tongniu Dianying Industrial Park
Chaoyang District
Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 27, Wing On Centre
111 Connaught Road Central
Sheung Wan, Hong Kong

LEGAL ADVISORS

As to Hong Kong law
Morgan, Lewis & Bockius
19/F, Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law
Zhejiang T&C Law Firm
11/F, Block A, Dragon Century Square
No. 1 Hangda Road
Hangzhou, 310007, the PRC

As to Cayman Islands law
Conyers Dill & Pearman
Cricket Square, Hutchins Drive, PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

China Merchants Bank
(Hangzhou Science and Technology City Branch)
China Minsheng Bank (Hangzhou Jiefang Branch)

AUDITOR

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

COMPANY WEBSITE

www.litian.tv

STOCK CODE

9958

LISTING DATE

22 June 2020

Financial Highlights

Revenue for the twelve months ended 31 December 2024 decreased by 86.7% to RMB15.1 million from RMB113.4 million for the corresponding period in 2023.

Gross profit for the twelve months ended 31 December 2024 was RMB4.7 million as compared to the gross loss of RMB67.7 million for the corresponding period in 2023.

Loss attributable to equity shareholders of the Company for the twelve months ended 31 December 2024 decreased by 72.3% to RMB43.1 million from RMB155.5 million for the corresponding period in 2023.

Basic and diluted loss per share for the twelve months ended 31 December 2024 decreased by 73.1% to RMB0.14 from RMB0.52 for the corresponding period in 2023.

The Board resolved not to declare the payment of interim dividends for the twelve months ended 31 December 2024.

Chairman's Statement

Dear Shareholders,

The Group embarked on its journey into the drama series industry in China in 2013. With continuous dedication to pursuing excellence in the industry, the Shares were successfully listed on the Main Board of the Stock Exchange on 22 June 2020 after seven years of effort.

The Listing marked an important milestone of the Company's development, which also fully reflected the strong development prospects of the Company. The proceeds raised from the Listing enhanced our financial strength and put us in a better position to grasp the fleeting development opportunities of the drama series industry, providing capital support for fostering our main business and diversifying business development, as well as laying a solid foundation for our long term growth.

BUSINESS REVIEW

For the twelve months ended 31 December 2024, the Group recorded a revenue of approximately RMB15.1 million, which decreased by 86.7% from approximately RMB113.4 million for the corresponding period in 2023; loss attributable to equity shareholders of the Company was approximately RMB43.1 million for the twelve months ended 31 December 2024, as compared to loss attributable to equity shareholders of the Company of approximately RMB155.5 million for the twelve months ended 31 December 2023.

FUTURE DEVELOPMENT

Going forward, the business development strategies of the Company will mainly focus on the following aspects:

- Continuing to strengthen and improve the results of drama series production and distribution. We will further expand the licensing of the broadcasting rights of self-produced drama series and outright-purchased drama series and invest in the production of drama series of various genres and themes with a view to diversifying the drama series portfolio of the Company.
- China will further step up its efforts in the protection and management of intellectual property ("IP") rights, accordingly, the Company will enhance market research to gain accurate insights into industry development and latest trends of the market, as well as expand our scripts and IP inventories.

ACKNOWLEDGEMENT

Last but not least, on behalf the Board, I would like to thank the team of the Company for their ongoing efforts and take this opportunity to express our most sincere gratitude towards the customers, business partners and Shareholders of the Company for their long-standing and unwavering support.

Yuan Li

Chairman and Executive Director

Hong Kong, 28 February 2025

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

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. For the twelve months ended 31 December 2023 and 2024, we distributed a total of 9 and 12 drama series, respectively, which were mainly comprised of self-produced drama series and outright-purchased drama series we purchased outright from third-party copyright owners/licensors.

For the twelve months ended 31 December 2024, we had licensed a total of 9 drama series to well-known TV stations, 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.

During the twelve months ended 31 December 2024, we successfully licensed the first-run broadcasting rights of "The Life and Death Struggle of Shanghai Bund" (上海灘之生死較量) and "The Flying Eagle in TianJin" (津門長鷹), which were our outright-purchased drama series.

In addition, we successfully licensed the rerun broadcasting rights of "Unparalleled at Thirty" (無與倫比的美麗), "There Will be Ample Time" (故鄉，別來無恙) and so on to the satellite channels. During the twelve months ended 31 December 2024, we successfully licensed the first-run broadcasting rights of "The Young Couple" (小夫妻), which was our self-produced drama series.

In 2025, we will try our best to constantly film our expected self-produced drama series and expediate our distribution and licensing of broadcasting rights of existing self-produced drama series. In addition, we will work closely with the third-party copyright owners/licensors to obtain the copyrights of additional outright-purchased drama series of different genres to cater to the different preferences of our customers.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

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

	Twelve months ended	
	31 December	
	2024 RMB'000	2023 RMB'000
Revenue from the distribution and licensing of broadcasting rights of self-produced drama series	6,409	69,133
Revenue from the distribution and licensing of broadcasting rights of outright-purchased drama series	5,353	36,100
Revenue from the distribution and licensing of broadcasting rights under co-financing arrangements and others	3,359	8,212
Total	15,123	113,445

Our revenue decreased by approximately 86.7% from approximately RMB113.4 million for the twelve months ended 31 December 2023 to approximately RMB15.1 million for the twelve months ended 31 December 2024. The decrease was mainly due to a decrease of approximately RMB62.7 million in revenue from the distribution and licensing of broadcasting rights of self-produced drama series and a decrease of approximately RMB30.7 million in revenue from the distribution and licensing of broadcasting rights of outright-purchased drama series.

Revenue by Business Segments

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

Revenue generated from the licensing of the broadcasting rights of self-produced drama series decreased by approximately 90.7% from approximately RMB69.1 million for the twelve months ended 31 December 2023 to approximately RMB6.4 million for the twelve months ended 31 December 2024, primarily because a total of 5 self-produced drama series were licensed for the twelve months ended 31 December 2024.

Under this business segment, revenue generated from our customers that are TV channels accounted for approximately 32.2% and 47.6% of our revenue generated from licensing the broadcasting rights of self-produced drama series for the twelve months ended 31 December 2023 and 2024, 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, nil and nil was generated from first-run broadcast on satellite TV channels for the twelve months ended 31 December 2023 and 2024, respectively.

Management Discussion and Analysis

For the same periods, approximately 0.6% and 65.4% 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 twelve months ended 31 December 2023 to approximately RMB5.4 million for the twelve months ended 31 December 2024, resulted from the challenging market conditions and macroeconomic environment in 2024.

Under this business segment, revenue generated from our customers that are TV channels accounted for approximately 100.0% and 100.0% of our revenue generated from distribution and licensing the broadcasting rights of outright-purchased drama series for the twelve months ended 31 December 2023 and 2024, respectively.

In addition, for the twelve months ended 31 December 2023 and 2024, among revenue generated from distribution and licensing the broadcasting rights of outright-purchased drama series, approximately 30.6% and 21.9%, respectively, was generated from first-run broadcast on satellite TV channels, and approximately 26.3% and 78.1% 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 twelve months ended 31 December 2024 was primarily generated from the distribution and licensing of the rerun broadcasting rights on satellite TV channels of drama series "There will be Ample Time" (故鄉·別來無恙).

Management Discussion and Analysis

(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 59.1% from approximately RMB8.2 million for the twelve months ended 31 December 2023 to approximately RMB3.4 million for the twelve months ended 31 December 2024, primarily generated from the sale of the drama series "The one with the Thumb" (飛來橫財).

Cost of Sales

The following table sets forth our cost of sales by business segment for the twelve months ended 31 December 2024 and 2023:

	Twelve months ended 31 December	
	2024	2023
	RMB'000	RMB'000
Costs of the distribution and licensing of broadcasting rights of self-produced drama series	3,241	120,815
Costs of the distribution and licensing of broadcasting rights of outright-purchased drama series	4,171	30,512
Costs of the distribution and licensing of broadcasting rights under co-financing arrangements and others	3,059	29,794
Total	10,471	181,121

Our cost of sales decreased by approximately 94.2% from approximately RMB181.1 million for the twelve months ended 31 December 2023 to approximately RMB10.5 million for the twelve months ended 31 December 2024, primarily due to a decrease in the costs relating to the distribution and licensing of broadcasting rights of self-produced drama series.

Our costs of the distribution and licensing of broadcasting rights of self-produced drama series decreased by approximately 97.3% from approximately RMB120.8 million for the twelve months ended 31 December 2023 to approximately RMB3.2 million for the twelve months ended 31 December 2024. The decrease in the costs of the distribution and licensing of broadcasting rights of self-produced drama series was primarily due to a decrease in the revenue from the distribution and licensing of broadcasting rights of self-produced drama series.

For the business segment of distribution and licensing of the broadcasting rights of outright-purchased drama series, the costs of sales decreased by approximately 86.3% from approximately RMB30.5 million for the twelve months ended 31 December 2023 to approximately RMB4.2 million for the twelve months ended 31 December 2024, which is in line with the decrease in revenue from the broadcasting rights of outright-purchased drama series.

Management Discussion and Analysis

For the business segment of distribution and licensing of broadcasting rights under co-financing arrangements and others, the costs of sales decreased by approximately 89.7% from approximately RMB29.8 million for the twelve months ended 31 December 2023 to approximately RMB3.1 million for the twelve months ended 31 December 2024, which is in line with the decrease in revenue from the distribution and licensing of broadcasting rights under co-financing arrangements and others.

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

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

	Twelve months ended 31 December			
	2024		2023	
	Gross profit RMB'000	Gross profit margin %	Gross (loss)/profit RMB'000	Gross (loss)/profit margin %
The distribution and licensing of broadcasting rights of self-produced drama series	3,168	49.4	(51,682)	(74.8)
The distribution and licensing of broadcasting rights of outright- purchased drama series	1,184	22.1	5,588	15.5
The distribution and licensing of broadcasting rights under co-financing arrangements and others	300	8.9	(21,582)	(262.8)
Total	4,652	30.8	(67,676)	(59.7)

(i) *Gross Profit/(Loss)*

Our gross profit was approximately RMB4.7 million for the twelve months ended 31 December 2024, as compared to gross loss of approximately RMB67.7 million for the twelve months ended 31 December 2023, primarily due to the increase in gross profit from (a) the distribution and licensing of the broadcasting rights of self-produced drama series; and (b) the distribution and licensing of the broadcasting rights under co-financing arrangements and others.

Management Discussion and Analysis

(ii) Gross Profit/(Loss) Margin

Our gross profit margin was approximately 30.8% for the twelve months ended 31 December 2024, as compared to gross loss margin of approximately 59.7% for the twelve months ended 31 December 2023, mainly because we recorded RMB3.2 million gross profit from the distribution and licensing of the broadcasting rights of self-produced drama series for the twelve months ended 31 December 2024.

In addition, our gross loss margin of the distribution and licensing the broadcasting rights of self-produced drama series was approximately 74.8% for the twelve months ended 31 December 2023, as compared to a gross profit margin was 49.4% for the twelve months ended 31 December 2024.

Our gross profit margin of the distribution and licensing the broadcasting rights of outright-purchased drama series was approximately 15.5% and 22.1%, respectively, for the twelve months ended 31 December 2023 and 2024. Our gross profit margin of the distribution and licensing the broadcasting rights of outright-purchased drama series for the twelve months ended 31 December 2024 was lower than that for 2023.

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) publicity 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:

	Twelve months ended 31 December	
	2024 RMB'000	2023 RMB'000
Staff costs	132	177
Travel and transportation expenses	4	27
Conference expenses	50	–
Publicity expenses	1,238	1,679
Others	155	496
Total	1,579	2,379

Our selling and marketing expenses decreased by approximately 33.6% from approximately RMB2.4 million for the twelve months ended 31 December 2023 to approximately RMB1.6 million for the twelve months ended 31 December 2024, primarily due to a decrease in publicity expenses and others.

Management Discussion and Analysis

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.

	Twelve months ended	
	31 December	
	2024	2023
	RMB'000	RMB'000
Staff costs	9,408	9,435
Rental fees	258	80
Depreciation and amortisation	3,248	4,217
Office expenses	222	292
Consultancy fees	4,330	5,465
Transportation fees	268	257
Travel expenses	1,271	470
Entertainment expenses	1,679	1,346
Taxes and surcharges	45	233
Bank charges	81	212
Others	706	826
Total	21,517	22,833

Administrative expenses decreased by approximately 5.8% from approximately RMB22.8 million for the twelve months ended 31 December 2023 to approximately RMB21.5 million for the twelve months ended 31 December 2024.

Management Discussion and Analysis

Finance Costs

Finance costs primarily consist of (i) interest expenses 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:

	Twelve months ended	
	31 December	
	2024	2023
	RMB'000	RMB'000
Interest expenses on:		
– bank and other loans	10,151	23,167
– lease liabilities	80	152
Less: interest expenses capitalised into drama series copyrights	–	(4,636)
Total	10,231	18,683

Our finance costs decreased by approximately 45.2% from approximately RMB18.7 million for the twelve months ended 31 December 2023 to approximately RMB10.2 million for the twelve months ended 31 December 2024, primarily due to a decrease 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 twelve months ended 31 December 2023 and 2024.

Management Discussion and Analysis

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, 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:

	Twelve months ended	
	31 December	
	2024	2023
	RMB'000	RMB'000
Current taxation		
Provision for the period	12	–
Deferred taxation		
Origination and reversal of temporary differences	–	11,938
	12	11,938

Loss Attributable to Equity Shareholders of the Company for the Period

As a result of the foregoing, our loss attributable to equity shareholders of the Company was approximately RMB43.1 million for the twelve months ended 31 December 2024, representing a decrease of approximately 72.3% as compared to loss attributable to equity shareholders of the Company of approximately RMB155.5 million for the twelve months ended 31 December 2023.

Trade and Bills Receivables

The Group's trade and bills receivables as at 31 December 2024 amounted to RMB76.3 million, representing a decrease of RMB50.6 million or 39.9% as compared to RMB126.8 million as at 31 December 2023, primarily as a result of the decrease in the trade receivables.

Trade Payables

At 31 December 2024, the Group's balance of trade payables included RMB111,034,000 where the creditors have initiated litigations against subsidiaries of the Group in requesting these subsidiaries to repay the outstanding balance.

Management Discussion and Analysis

Other Payables and Accrued Expenses

Other payables and accruals slightly increased from RMB147.4 million as at 31 December 2023 to RMB149.8 million as at 31 December 2024.

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 the global offering.

As of 31 December 2024, we had cash at bank and on hand of approximately RMB8.3 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 31 December 2024, we had net current assets of approximately RMB15.7 million as compared to the net current assets of approximately RMB25.3 million as of 31 December 2023.

The Group primarily obtains borrowings from banks and other third parties to finance our business operations and to fulfil working capital requirements. In addition, we had total bank and other loans of approximately RMB151.9 million as of 31 December 2024 as compared to total bank and other loans of approximately RMB158.8 million as of 31 December 2023.

As of 31 December 2024, we had bank loans of RMB2.7 million, among which RMB1.7 million were guaranteed by controlling parties. In addition, we had loans from third party non-executive producers amounted to approximately RMB150.4 million as of 31 December 2024 with fixed repayment terms and interest at a rate of 15% per annum.

Key Financial Ratios

Return on Equity

The return on equity decreased from approximately negative 141.5% for the twelve months ended 31 December 2023 to approximately negative 38.0% for the twelve months ended 31 December 2024.

Return on equity equals net loss for the relevant period 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 twelve months ended 31 December 2023 to approximately negative 1.5% for the twelve months ended 31 December 2024.

Return on total assets equals net loss for the relevant period divided by the average of beginning and ending balances of total assets of the relevant for the relevant period.

Current Ratio

The Group's current ratio decreased from approximately 1.0 times as of 31 December 2023 to approximately 0.8 times as of 31 December 2024.

Current ratio equals our current assets divided by current liabilities as of the end of the relevant period.

Management Discussion and Analysis

Gearing Ratio

The Group's gearing ratio increased from approximately 488.2% as of 31 December 2023 to approximately 676.9% as of 31 December 2024.

Gearing ratio equals total debt divided by total equity as of the end of the relevant period. Total debt includes all interest bearing bank loans and other borrowings.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the twelve months ended 31 December 2024. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

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 twelve months ended 31 December 2023 and 2024 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 31 December 2024, only certain bank balances were denominated in HKD.

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

During 2023 and 2024, certain subsidiaries of the Group were sued by creditors of the Group to settle the considerations of drama series acquired by the Group in prior years, and by a lender of the Group to settle a short-term other loan granted to the Group. The total amount of the above claims, including principals, interest and add-ons, amounted to RMB197,766,000. Of the above claim amount, principals and interest accrued thereof of RMB182,726,000 have been recognised in the Group's interim financial statements as at 31 December 2024. 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 31 December 2024, the Group had 38 employees (48 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 twelve months ended 31 December 2024.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

For the twelve months ended 31 December 2024, the Group did not have any significant investment and material acquisition or disposal of subsidiaries, associates and joint ventures.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this report.

Corporate Governance and Other Information

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.

Throughout the twelve months ended 31 December 2024, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code in Appendix C1 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions of 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 throughout the twelve months ended 31 December 2024.

AUDIT COMMITTEE

The Company established the Audit Committee which currently comprises three independent non-executive Directors, Mr. Tse Kwok Hing Henry (謝國興先生), Mr. Xie Taoquan (謝濤權先生), and Mr. Yam Yuet Hang (任悅恒先生). 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 of the Company, has reviewed the interim results of the Group for the twelve months ended 31 December 2024. 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.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules)) from 1 January 2024 and up to the date of this report.

The Company did not hold any treasury shares as of 31 December 2024.

MATERIAL LEGAL PROCEEDINGS

Save as disclosed in the section headed "Contingent Liabilities" in the management discussion and analysis of this report, from 1 January 2024 and up to the date of this report, the Company was not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, as at the date of this report, there is no other material legal proceeding or claim which is pending or threatened against the Company.

INTERIM DIVIDEND

The Board resolved not to recommend the payment of any interim dividends for the twelve months ended 31 December 2024 (twelve months ended 31 December 2023: Nil).

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

As of 31 December 2024, the interests and short positions of Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have taken under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in the Company

Name	Capacity/ Nature of interest	Number of Shares	Long/short position	Approximate percentage of shareholding in the Company ⁽¹⁾
Mr. Yuan Li	Interest in a controlled corporation ⁽²⁾	68,282,350	Long position	22.76%
	Spouse interest ⁽³⁾	64,380,501	Long position	21.46%
Ms. Tian Tian	Interest in a controlled corporation ⁽⁴⁾	64,380,501	Long position	21.46%
	Spouse interest ⁽⁵⁾	68,282,350	Long position	22.76%

Notes:

- (1) As of 31 December 2024, the total number of issued Share of the Company was 300,000,000 Shares.
- (2) Mr. Yuan Li is the sole shareholder of Litian Century and he is therefore deemed to be interested in the Shares held by Litian Century under the SFO.
- (3) Ms. Tian Tian is the spouse of Mr. Yuan Li. Therefore, Mr. Yuan Li is deemed to be interested in the Shares held by Marshal Investment under the SFO.
- (4) Ms. Tian Tian is the sole shareholder of Marshal Investment and she is therefore deemed to be interested in the Shares held by Marshal Investment under the SFO.
- (5) Mr. Yuan Li is the spouse of Ms. Tian Tian. Therefore, Ms. Tian Tian is deemed to be interested in the Shares held by Litian Century under the SFO.

Corporate Governance and Other Information

(ii) Interests in associated corporations of the Company

Name	Name of associated corporation	Capacity/ Nature of interest	Long/short position	Registered capital contributed to the associated corporation RMB	Approximate percentage of shareholding in the associated corporation
Mr. Yuan Li	LiTian TV & Film	Beneficial owner	Long position	14.0 million	30.35%
		Spouse interest ⁽¹⁾	Long position	13.2 million	28.61%
Ms. Tian Tian	LiTian TV & Film	Beneficial owner	Long position	13.2 million	28.61%
		Spouse interest ⁽¹⁾	Long position	14.0 million	30.35%

Note:

(1) Ms. Tian Tian is the spouse of Mr. Yuan Li. Therefore, Mr. Yuan and Ms. Tian is respectively deemed to be interested in the shares held by Ms. Tian and Mr. Yuan in LiTian TV & Film under the SFO.

Save as disclosed above, as of 31 December 2024, no Directors or chief executives of the Company had an interest or a short position in the shares, underlying shares or debentures of the Company or its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Corporate Governance and Other Information

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As of 31 December 2024, to the knowledge of the Directors, the following persons, other than Directors and chief executives of the Company, had interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein:

Name	Capacity/ Nature of interest	Number of Shares	Long/short position	Approximate percentage of shareholding in the Company ⁽¹⁾
Litian Century	Beneficial owner	68,282,350	Long position	22.76%
Marshal Investment	Beneficial owner	64,380,501	Long position	21.46%

Note:

(1) As of 31 December 2024, the total number of issued Shares of the Company was 300,000,000 Shares.

Save as disclosed above, as of 31 December 2024, to the knowledge of the Directors, no other persons (other than Directors or chief executives of the Company) had an interest or a short position in the shares or underlying shares of the Company which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the twelve months ended 31 December 2024 was the Company, its holding company, or any of its subsidiary corporations or fellow subsidiary corporations, a party to any arrangement that would enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors of the Company or any of their respective spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate or had exercised by them any of such rights.

Corporate Governance and Other Information

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to the shareholders' resolution of the Company 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 ("**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 items (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. Pursuant to the amendments to the Listing Rules with effect from 1 January 2024, the eligible persons under the Share Option Scheme is subject to Rule 17.03A of the Listing Rules.

No share options has been granted since the adoption date of the Share Option Scheme and there are no outstanding share options as of 31 December 2024. The number of options available for grant under the scheme mandate limit of the Share Option Scheme at the beginning and the end of the twelve months ended 31 December 2024 is 30,000,000. The total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme was 30,000,000 Shares, representing 10% of the issued Shares as at 31 December 2024 and the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintains a sufficient public float (at least 25% of the Company's issued Shares) as required under the Listing Rules throughout the twelve months ended 31 December 2024.

By order of the Board
Yuan Li
Chairman and Executive Director

Hong Kong, 28 February 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the twelve months ended 31 December 2024 – unaudited
(Expressed in Renminbi (“RMB”))

	Notes	Twelve months ended 31 December	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Revenue	4	15,123	113,445
Cost of sales		(10,471)	(181,121)
Gross profit/(loss)		4,652	(67,676)
Other income	5	529	(81)
Selling and marketing expenses		(1,579)	(2,379)
Administrative expenses		(21,517)	(22,833)
Impairment loss on trade and other receivables		(14,963)	(31,868)
Loss from operations		(32,878)	(124,837)
Finance costs	6(a)	(10,231)	(18,683)
Loss before taxation	6	(43,109)	(143,520)
Income tax	7	(12)	(11,938)
Loss attributable to equity shareholders of the Company for the period		(43,121)	(155,458)
Other comprehensive income for the period (after tax):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of the financial statements denominated in foreign currencies into the Group's presentation currency		(151)	1,454
Total comprehensive loss attributable to equity shareholders of the Company for the period		(43,272)	(154,004)
Loss per share	8		
Basic and diluted (RMB)		(0.14)	(0.52)

Consolidated Statement of Financial Position

At 31 December 2024 – unaudited
(Expressed in RMB)

	Notes	At 31 December 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property and equipment	9	2,529	4,634
Deferred tax assets		5,883	5,883
		8,412	10,517
Current assets			
Drama series copyrights	10	562,718	550,222
Trade and bills receivables	11	76,266	126,823
Prepayments, deposits and other receivables	12	29,986	29,344
Cash at bank and on hand	13	8,285	4,503
		677,255	710,892
Current liabilities			
Trade payables	14	214,534	221,307
Other payables and accrued expenses	15	149,766	147,415
Contract liabilities	16	167,700	149,980
Bank and other loans	17	151,925	158,775
Lease liabilities		4,335	3,371
Current taxation		4,713	4,713
		692,973	685,561
Net current (liabilities)/assets		(15,718)	25,331
Total assets less current liabilities		(7,306)	35,848
Non-current liabilities			
Bank loan	17	1,740	1,740
Lease liabilities		1,350	1,232
		3,090	2,972
NET (LIABILITIES)/ASSETS		(10,396)	32,876

Consolidated Statement of Financial Position

At 31 December 2024 – unaudited
(Expressed in RMB)

	Notes	At 31 December 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
CAPITAL AND RESERVES	18		
Share capital		2,742	2,742
Reserves		(13,138)	30,134
TOTAL (DEFICIT)/EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		(10,396)	32,876

Approved and authorised for issue by the board of directors on 28 February 2025.

Yuan Li
Chairman

Tian Tian
Director

Consolidated Statement of Changes in Equity

For the twelve months ended 31 December 2024 – unaudited
(Expressed in RMB)

	Attributable to equity shareholders of the Company					
	Share capital	Share premium	Other reserve	Exchange reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	2,742	160,389	165,870	(8,722)	(133,399)	186,880
Changes in equity for the twelve months ended 31 December 2023:						
Loss for the period	-	-	-	-	(155,458)	(155,458)
Other comprehensive income	-	-	-	1,454	-	1,454
Total comprehensive income	-	-	-	1,454	(155,458)	(154,004)
At 31 December 2023 and 1 January 2024	2,742	160,389	165,870	(7,268)	(288,857)	32,876
Changes in equity for the twelve months ended 31 December 2024:						
Loss for the period	-	-	-	-	(43,121)	(43,121)
Other comprehensive income	-	-	-	(151)	-	(151)
Total comprehensive income	-	-	-	(151)	(43,121)	(43,272)
At 31 December 2024	2,742	160,389	165,870	(7,419)	(331,978)	(10,396)

Condensed Consolidated Cash Flow Statement

For the twelve months ended 31 December 2024 – unaudited
(Expressed in RMB)

	Note	Twelve months ended 31 December	
		2024 RMB'000	2023 RMB'000
Operating activities			
Cash generated from operations		11,133	64,062
Income tax paid		(12)	–
Net cash generated from operating activities		11,121	64,062
Investing activities			
Payments for purchase of property and equipment		–	(211)
Interest received		4	31
Net cash generated from/(used in) investing activities		4	(180)
Financing activities			
Proceeds from bank and other loans		2,831	144,577
Repayment of bank and other loans		(3,330)	(196,732)
Capital element of lease rentals paid		(152)	(413)
Interest element of lease rentals paid		(93)	(152)
Interest paid		(9,183)	(18,304)
Net cash used in financing activities		(9,927)	(71,024)
Net increase/(decrease) in cash and cash equivalents		1,198	(7,142)
Cash and cash equivalents at the beginning of the period	13	4,314	10,002
Effect of foreign exchanges rates changes		(151)	1,454
Cash and cash equivalents at the end of the period	13	5,361	4,314

Notes to the Unaudited Interim Financial Statement

(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 Act of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 22 June 2020 (the “**Listing Date**”). 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 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the “**IASB**”). It was authorised for issue on 28 February 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024/2025 final financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards as issued by the IASB.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

2 BASIS OF PREPARATION (continued)

The Group incurred a net loss of RMB43,121,000 during the twelve months ended 31 December 2024. The Group expects to pay financial liabilities of RMB529,763,000 as and when they fall due within one year. However, the net current liabilities of RMB15,718,000 as at 31 December 2024, and majority of the current assets were drama series copyrights of RMB562,718,000, which may not be realised in full within one year. The Group's cash at bank and on hand only amounted to RMB8,285,000 as at 31 December 2024. The Group will be unable to meet its liabilities in full when they fall due unless the Group is able to generate sufficient cash flow from future operations and/or other sources.

The Group has been experiencing liquidity pressure in view of the slow recovery of the entertainment industry and more intensified competition in the drama series market, resulted in the tightening of the procurement budgets of broadcast platforms. These have led to delays in drama series production and their licensing and broadcasting, which has affected the Group's ability to realise cash from its drama series copyrights, settle trade and other payables, produce and acquire drama series, and repay bank and other loans. The Group's drama series operations remain under pressure in the near term, which may consequently result in the Group being unable to meet its working capital and financial requirements in the next twelve months.

In addition, as disclosed in Note 20, certain subsidiaries of the Group is under various litigations initiated by certain creditors and lenders. Of the above claim amount, principals and interest accrued thereof of RMB182,726,000 have been recognised in the Group's consolidated financial statements as at 31 December 2024. Depending on the outcome of the proceedings, the Group may be required to settle the claims on demand in future.

These events or conditions indicate the existence of a material uncertainty which may 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 accelerate their broadcastings, which includes the sale of the broadcasting rights of these drama series for a longer period, in order to accelerate their recognition as the Group's revenue and expedite the recovery of the costs of the drama series;
- To expedite the sale of outright-purchased drama series to broadcast platforms;

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

2 BASIS OF PREPARATION (continued)

- 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 alleviate 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 financing from banks and other financial institutions, as and when needed, to ensure the Group's continuing operation for a period of at least twelve months from 31 December 2024.

Based on the cash flow forecast of the Group prepared by the management and assuming success of the above measures, the directors of the Company are of the opinion that the Group would have adequate funds to meet its liabilities as and when they fall due at least twelve months from the end of the reporting period. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRS Accounting Standards issued by the IASB that are first effective for the current accounting period of the Group:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("**2020 amendments**")
- 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: Disclosures – Supplier finance arrangements*

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES (continued)

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 in this interim financial result. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 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 4(b).

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

	Twelve months ended 31 December	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Revenue from the distribution and licensing of broadcasting rights of self-produced drama series	6,409	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	3,359	8,212
	15,123	113,445

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(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, provision producing services of drama series 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. No inter-segment sales have occurred for the twelve months ended 31 December 2024 and 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, selling and marketing expenses, administrative expenses, 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.

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results (continued)

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 twelve months ended 31 December 2024 and 2023 is set out below.

	Twelve months ended 31 December 2024 (Unaudited)			
	Self-produced drama series RMB'000	Outright-purchased drama series RMB'000	Others RMB'000	Total RMB'000
Revenue from external customers	6,409	5,355	3,359	15,123
Reportable segment gross profit	3,168	1,184	300	4,652

	Twelve months ended 31 December 2023 (Audited)			
	Self-produced drama series RMB'000	Outright-purchased drama series RMB'000	Others RMB'000	Total RMB'000
Revenue from external customers	69,133	36,100	8,212	113,445
Reportable segment gross (loss)/profit	(51,682)	5,588	(21,582)	(67,676)

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Reconciliation of reportable segment profit or loss

	Twelve months ended 31 December	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Reportable segment gross profit	4,652	(67,676)
Other income	529	(81)
Selling and marketing expenses	(1,579)	(2,379)
Administrative expenses	(21,516)	(22,833)
Impairment loss on trade and other receivables	(14,964)	(31,868)
Finance costs	(10,231)	(18,683)
Consolidated loss before taxation	(43,109)	(143,520)

(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.

5 OTHER INCOME

	Twelve months ended 31 December	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Government grants	382	1,053
Interest income	4	31
Net foreign exchange gain	143	74
Changes in fair value of financial assets measured at FVPL	–	(1,220)
Others	–	(19)
	529	(81)

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

6 LOSS BEFORE TAXATION

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

(a) Finance costs

	Twelve months ended 31 December	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Interest expenses on:		
– bank and other loans	10,151	23,167
– lease liabilities	80	152
	10,231	23,319
Less: interest expenses capitalised into drama series copyrights	–	(4,636)
	10,231	18,683

(b) Other items

	Twelve months ended 31 December	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Depreciation expenses:		
– owned property and equipment	1,532	2,472
– right-of-use assets	1,716	1,745
	3,248	4,217
Operating lease expenses relating to short-term leases	62	32
Cost of drama series copyrights (Note 10)	10,471	107,256

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

7 INCOME TAX

	Twelve months ended 31 December	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Current taxation		
Provision for the period	12	–
Deferred taxation		
Origination and reversal of temporary differences	–	11,938
	12	11,938

Notes:

- (i) The Company and the subsidiaries of the Group incorporated in the British Virgin Islands (the "BVI") are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.
- (ii) The Company and the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax for the twelve months ended 31 December 2024 and 2023.
- (iii) The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to PRC Corporate Income Tax rate of 25% for the twelve months ended 31 December 2024 (2023: 25%).
- (iv) In accordance with the income tax rules and regulations in the PRC, entities established in the Xinjiang Kashi/Horgos special economic areas before 31 December 2021 can enjoy full exemption on PRC Corporate Income Tax for five years starting from the year in which revenue was generated. The Group has established subsidiaries in the Xinjiang Kashi/Horgos special economic areas in 2017, 2018 and 2020, and accordingly, these subsidiaries are entitled to full exemption on PRC Corporate Income Tax from the calendar year of their respective establishments to the calendar year of 2021, 2022 and 2024, respectively.

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company for the twelve months ended 31 December 2024 of RMB43,121,000 (2023: RMB155,458,000) and the weighted average of 300,000,000 ordinary shares (2023: 300,000,000 ordinary shares) in issue during the interim period.

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the twelve months ended 31 December 2024 and 2023.

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

9 PROPERTY AND EQUIPMENT

During the twelve months ended 31 December 2024, the Group acquired equipment with a cost of RMBNil (twelve months ended 31 December 2023: RMB68,500).

10 DRAMA SERIES COPYRIGHTS

	At 31 December 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Self-produced drama series with production completed (Note (i))	597,881	583,702
Outright-purchased drama series	24,505	24,505
Co-financed drama series with production completed (Note (ii))	70,119	73,178
Script copyrights (Note (iii))	182,525	182,339
	875,030	863,724
Less: impairment losses	(312,312)	(313,502)
	562,718	550,222

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 payment on obtaining the literature patent and the cost incurred in relation to adaptation of these intellectual properties.

Movements of drama series copyrights are set out below:

	Twelve months ended 31 December	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
At 1 January	550,222	545,630
Additions	22,967	169,288
Recognised in cost of sales (Note 6(b))	(10,471)	(107,256)
Impairment losses	–	(57,440)
At 31 December	562,718	550,222

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

11 TRADE AND BILLS RECEIVABLES

	At 31 December 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Trade receivables	232,905	261,032
Less: loss allowance	(157,639)	(142,434)
Bills receivables	75,266 1,000	118,598 8,225
	76,266	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 31 December 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Within 6 months	1,149	22,942
6 to 12 months	3,456	36,019
1 to 2 years	31,662	18,700
2 to 3 years	8,958	34,886
Over 3 years	31,041	14,276
	76,266	126,823

- (b) 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 31 December 2024, the carrying amounts of the associated bank loans, and trade and other payables amounted to RMB991,000 (31 December 2023: RMB8,167,000).

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

12 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 31 December 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
VAT recoverable	23,446	26,769
Prepayments for production and promotion of drama series	6,225	1,000
Others	1,204	2,705
	30,875	30,474
Less: loss allowance	(888)	(1,130)
	29,986	29,344

13 CASH AT BANK AND ON HAND

	At 31 December 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Cash at bank	8,267	4,469
Cash on hand	18	34
Cash at bank and on hand included in the consolidated statement of financial position	8,285	4,503
Less: restricted cash (Note)	(2,924)	(189)
Cash and cash equivalents included in the consolidated cash flow statement	5,361	4,314

The Group's operations in the PRC (excluding Hong Kong) conducted its business in RMB. RMB is not a freely convertible currency and the remittance of funds out of the PRC (excluding Hong Kong) is subject to the exchange restrictions imposed by the PRC government.

Note: At 31 December 2024, restricted cash represents bank balance frozen by the creditors and the lender as collateral for the Group to settle its payable to these creditors and lender in accordance with the agreed settlement arrangement. At 31 December 2023, restricted cash represents bank balance frozen by a creditor as collateral for the Group to settle its payable to this creditor in accordance with the agreed settlement arrangement.

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

14 TRADE PAYABLES

	At 31 December 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Payables for productions and acquisitions of drama series	214,534	221,307

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 31 December 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Within 6 months	4,960	25,969
6 to 12 months	2,542	–
1 to 2 years	14,995	5,693
More than 2 years	192,037	189,645
	214,534	221,307

Note: At 31 December 2024, the Group's balance of trade payables included RMB111,034,000 where the creditors have initiated litigations against subsidiaries of the Group in requesting these subsidiaries to repay the outstanding balance. For details of this litigation, refer to Note 20.

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

15 OTHER PAYABLES AND ACCRUED EXPENSES

	At 31 December 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Payables to co-investors of drama series under co-financing arrangements	115,320	114,929
Interest payables	29,554	28,598
Payables for staff related costs	52	1,510
Payables for other taxes	8	223
Others	4,832	2,155
Financial liabilities measured at amortised cost	149,766	147,415

All of the other payables and accrued expenses are expected to be settled within one year or are repayable on demand.

16 CONTRACT LIABILITIES

	At 31 December 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Receipts in advance from customers	167,700	149,980

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

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

17 BANK AND OTHER LOANS

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

	At 31 December 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Bank loans:		
– Secured by bills receivables	991	8,167
Other loans from third parties (Notes (i) and (ii)):		
– Guaranteed by the controlling parties (Note (iii))	92,000	92,000
– Unsecured and unguaranteed	58,411	58,608
	150,411	150,608
Other loans from related parties:		
– Guaranteed by the controlling parties	523	–
	151,925	158,775

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 (31 December 2023: 15% per annum).
- (ii) At 31 December 2024, RMB113,151,000 of the Group's short-term other loans were overdue. The Group is in the process of negotiating with the lenders in restructuring the repayment terms and schedules.
- (iii) At 31 December 2024, the Group's short-term other loans included RMB10,000,000 where the lender has initiated a litigation against a subsidiary of the Group in requesting this subsidiary to repay the outstanding balance and related interests. For details of this litigation, refer to Note 20.

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

17 BANK AND OTHER LOANS (continued)

The Group's long-term bank and other loans are analysed as follows:

	At 31 December 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Bank loans:		
– Guaranteed by controlling parties	1,740	1,740

The Group's long-term bank loan is repayable after one year but within two years.

18 CAPITAL, RESERVES AND DIVIDENDS

Dividends

The directors of the Company did not recommend an interim dividend for the twelve months ended 31 December 2024 (twelve months ended 31 December 2023: RMBNil).

19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as of 31 December 2024 and 31 December 2023.

20 CONTINGENT LIABILITIES

During the twelve months ended 31 December 2023 and 2024, certain subsidiaries of the Group were sued by creditors of the Group to settle the considerations of drama series acquired by the Group in prior years, and by a lender of the Group to settle a short-term other loan granted to the Group. The total amount of the above claims, including principals, interest and add-ons, amounted to RMB197,766,000. Of the above claim amount, principals and interest accrued thereof of RMB182,726,000 have been recognised in the Group's interim financial report as at 31 December 2024 (see Notes 14, 15 and 17). 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.

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

21 MATERIAL RELATED PARTY TRANSACTIONS

Transactions and balances with the controlling parties and senior management of the Company during the period

	Twelve months ended 31 December	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Proceeds of loans to controlling parties	848	8,000
Repayment of loans to controlling parties	—	28,000
Proceeds of loans from senior management	2,579	9,610
Repayment of loans to senior management	1,840	20,100
Loans from controlling parties at the end of the reporting period	848	—
Guarantees received from controlling parties for bank and other loans at the end of the reporting period	93,740	93,740

Definitions

"Audit Committee"	the audit committee of the Company
"Board"	the board of directors of the Company
"China" or "PRC"	the People's Republic of China, excluding for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company"	Litian Pictures Holdings Limited (力天影業控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 17 June 2019 and whose Shares are listed on the Main Board of the Stock Exchange (Stock code: 9958)
"Corporate Governance Code"	the corporate governance code contained in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company
"Group" or "We"	the Company and its subsidiaries
"HK\$" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Listing"	the Listing of Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Litian Century"	Litian Century Media Co., Ltd., a company established under the laws of the British Virgins Islands and is wholly owned by the Director, Mr. Yuan Li (袁力)
"LiTian TV & Film"	Zhejiang LiTian TV & Film Co., Ltd.* (浙江力天影視有限公司), a company established under the laws of the People's Republic of China, and a consolidated affiliated entity of the Company, which is owned as to approximately 30.35% by the Director, Mr. Yuan Li (袁力) and approximately 28.61% by his spouse, Ms. Tian Tian (田甜) and approximately 0.87% by the Director, Ms. Fu Jieyun (傅潔雲) as at the date of this report
"Marshal Investment"	Marshal Investment Co. Ltd. (元帥投資有限公司), a company established under the laws of the British Virgin Islands and is wholly owned by Ms. Tian Tian (田甜), the spouse of the Director, Mr. Yuan Li (袁力)

Definitions

"Model Code"	the model code for securities transactions by directors of listed issuers as set out in Appendix C3 to the Listing Rules
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
"Share(s)"	the ordinary share(s) of the Company with a nominal value of HK\$0.01 each, in the share capital of the Company
"Shareholder(s)"	the holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it in the Listing Rules
"%"	per cent.

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.*