力天影业
LITIAN PICTURES

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
Annual Report

Contents

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（黃淨榆）*(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（任悦恒）*(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. Teng Bing Sheng（滕斌聖）*(appointed on 26 April 2024 and resigned on 8 November 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. Yam Yuet Hang（任悦恒）*(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（任悦恒）*(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 reisgned 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（任悦恒）*(Chairman) (appointed on 8 November 2024)*

JOINT COMPANY SECRETARY

Ms. Fu Jieyun（傅潔雲）*(resigned on 27 June 2025)*
Ms. Ho Yin Kwan（何燕群）*(resigned on 19 June 2024)*
Mr. Wong Sai Hung *(appointed on 19 June 2024)*

AUTHORISED REPRESENTATIVES

Ms. Tian Tian（田甜）
Ms. Fu Jieyun（傅潔雲）*(resigned on 27 June 2025)*
Mr. Wong Sai Hung *(appointed on 27 June 2025)*

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
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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)

AUDITORS

KPMG
Certified Public Accountants
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

ELECTED CONSOLIDATED STATEMENT OF PROFIT OR LOSS DATA

	Period from 1 January 2024 to 30 June 2025 RMB'000 (Audited)	Year ended 31 December 2023 RMB'000 (Audited)	Percentage change
Revenue	**132,812**	113,445	17.1%
Gross loss	**(394,184)**	(67,676)	482.5%
Loss attributable to equity shareholders of the Company	**(554,066)**	(155,458)	256.4%
Basic and diluted loss per Share (RMB)	**(1.79)**	(0.52)	244.2%

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of Litian Pictures Holdings Limited ("**Litian Pictures**" or the "**Company**", together with its subsidiaries, the "**Group**"), I present this report to summarise our business performance for the eighteen-month period ended 30 June 2025 ("**Reporting Period**") and the future outlook of the Group.

BUSINESS

The past eighteen months have been a period of significant challenge and transformation for the global entertainment industry. While the market continued its post-pandemic recovery, it was also characterised by shifting consumer preferences, increased competition from streaming platforms, and macroeconomic uncertainties. Against this backdrop, the Group demonstrated notable resilience.

During the Reporting Period, we recorded revenue mainly 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.

During the Reporting Period, the Group achieved a total revenue of approximately RMB132.8 million (Year ended 31 December 2023: RMB113.4 million) and loss attributable to equity shareholders of the Company amounted to approximately RMB554.1 million. (Year ended 31 December 2023: RMB155.5 million).

FUTURE OUTLOOK

The Chinese audiovisual market is undergoing a seismic transformation. For decades, traditional TV dramas, broadcast on state-owned and satellite channels, dominated living rooms and shaped popular culture. However, the past few years have witnessed a dramatic power shift, fueled by the rise of mobile internet and changing consumer habits. The most disruptive force to emerge is the online drama – a format that is redefining content consumption, production, and monetization.

The rise of the online drama in China is more than just a new trend; it is a fundamental reflection of a new media consumption paradigm. It demonstrates the power of a format built from the ground up for the mobile, algorithmic, and attention-scarce reality of the modern audience.

While traditional TV drama will remain a vital part of China's cultural landscape, particularly for large-scale, prestigious projects, its future lies in adaptation and integration with the digital ecosystem. The most successful players in the PRC market will be those who can master the art of storytelling across this spectrum.

Looking ahead, we will try our best to constantly film our expected self-produced drama series and expedite our distribution and licensing of broadcasting rights of existing self-produced drama series through traditional TV channels as well as online video streaming platforms. 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.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders for their continued trust and support. Your patience as we execute this strategic transformation is invaluable. I also extend my heartfelt thanks to our dedicated management team and all our employees for their unwavering commitment, creativity, and hard work. Finally, I thank our business partners and the creative talents we work with for their collaboration and shared vision.

Yuan Li
Chairman

Hong Kong, 21 November 2025

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 mainly 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 Reporting Period. 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 RMB'000	Year ended 31 December 2023 RMB'000
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 provision by each category of the Copyrights:

	At 30 June 2025 RMB'000
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 provision	**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 RMB'000	**Gross (Loss)/ profit Margin %**	Gross (Loss)/profit RMB'000	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 RMB'000	Year ended 31 December 2023 RMB'000
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税優惠政策的通知》) 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税優惠目錄》) 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 (企業所得税優惠事項備案表) 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 period/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 report.

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.

DISCLAIMER OF OPINION

As detailed in Note 2 (b) and the section headed "Independent Auditor's Report in the annual report, there were 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. As a result, the auditors' of the Company (the "**Auditors**") 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 (the "**Disclaimer of Opinion**"), it is not possible for them to form an opinion on the consolidated financial statements.

The management's position on the Disclaimer of Opinion

The management of the Group (the "**Management**") is of the view that the multiple uncertainties relating to going concern as mentioned in the Disclaimer of Opinion could be resolved by undertaking the measures (the "**Remedial Measures**") as set out in Note 2(b) to the Annual Report, and the management of the Group is of the view that the Group is able to continue as a going concern.

The Disclaimer of Opinion of the Auditors arises principally from the absence of sufficient documentary evidence available to the Auditors at the time of their audit of the final results of the Group for the 18 months ended 30 June 2025 (the "**Final Results**") to substantiate (i) the feasibility and likelihood of successful implementation of the Remedial Measures to be adopted by the Group as stated in Note 2 (b) to the annual report; and (ii) the anticipated outcomes and effectiveness of the Remedial Measures in mitigating the Group's current liquidity pressures and financial constraints, thereby enabling the Group to continue as a going concern in the foreseeable future. In the absence of such supporting documentation and evidence, the Auditors were unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the assumption of going concern as the basis of accounting in preparing the consolidated financial statements for the Final Results, which resulted in the issue of the Disclaimer of Opinion.

Notwithstanding the foregoing, the Company acknowledges and understands the basis for the difference in assessment between the Management and the Auditors as to the Group's ability to operate as a going concern, and the Company remains confident in its ability to successfully implement the Remedial Measures and to operate the Group as a going concern.

Audit Committee's view towards the Disclaimer of Opinion

The view of the audit committee of the Board (the "**Audit Committee**") towards the Disclaimer of Opinion is in line with that of the Management's position and basis as set forth above. The Audit Committee's views are based on (i) a critical review of the Remedial Measures to address the Disclaimer of Opinion (and the assumption of successful and continued implementation), and also (ii) discussions between the Audit Committee, the Auditor and the Directors regarding the Disclaimer of Opinion. The Audit Committee is also of the view that the Directors shall and continue its efforts in implementing the Remedial Measures, with the intention of removing the Disclaimer of Opinion.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Yuan Li（袁力）, aged 47, was appointed as a Director on 17 June 2019 and was re-designated to the chairman of the Board and an executive Director on 27 September 2019. Mr. Yuan has over 24 years' experience in the television and film industry. The following table shows the key working experience of Mr. Yuan:

Period	Company	Latest position	Roles and responsibilities
August 2013 to present	LiTian TV & Film	Director and general manager	Oversee management and operations of the company
June 1998 to June 2013	Great Wall Movie and Television Co., Ltd.* (長城影視股份有限公司, "**Great Wall Movie and Television**"), a company listed on the Shenzhen Stock Exchange (stock code: 002071)	Deputy general manager	Oversee management and operations of the distribution department

Mr. Yuan was an executive director, supervisor and/or legal representative of the below companies established in the PRC at the time of or within one year prior to its dissolution. Mr. Yuan confirmed that (i) these companies were solvent and not in operation immediately prior to their dissolution, (ii) there was no wrongful act on his part leading to the dissolution of these companies, (iii) he was not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution of these companies, and (iv) that no misconduct or misfeasance has been involved in the dissolution of these companies.

Company	Principal business	Methods of dissolution	Role(s)
Dongyang Changli Firm Services Co. Ltd.*（東陽長立影視服務有限公司）	Rental & sale of film and television equipment	Dissolved by deregistration	Legal representative and supervisor
Beijing Great Wall Huanyu International Film Advertising Co. Ltd.*（北京長城環宇國際影視廣告有限公司）	Design, production, agency and release of domestic and foreign advertisements	Dissolved by deregistration	Legal representative and executive director

Mr. Yuan has graduated from The Open University of China（國家開放大學）in Beijing, the PRC in January 2016 with a diploma in administration management. Mr. Yuan was awarded the Outstanding Distributor Award（優秀發行人）by the Shanghai Eastern Television Channel（上海東方電影頻道）in 2017.

Ms. Tian Tian is the spouse of Mr. Yuan Li.

Ms. Tian Tian（田甜）, aged 42, was appointed as an executive Director on 27 September 2019 and the chief executive officer of the Group on 24 May 2020.

Ms. Tian has over 18 years' experience in the television and film industry. The following table shows the key working experience of Ms. Tian:

Period	Company	Latest position	Roles and responsibilities
August 2016 to present	LiTian TV & Film	Director	Oversee operation of the company
August 2018 to February 2019	Chongqing Wanmei Zhenzhi Film Co., Ltd.*[(1)]（重慶完美臻至影視文化有限公司）	Director and general manager	Oversee management and operations of the company
October 2017 to February 2019	Beijing Perfect World Pictures Limited Liability Company*（北京完美影視傳媒有限責任公司）	Vice president	Responsible for the investment, production, promotion and distribution of film
February 2004 to November 2016	Beijing Enlight Media Co., Ltd.*（北京光線傳媒股份有限公司）, a company listed on the Shenzhen Stock Exchange (stock code: 300251)	General manager of distribution department and producer	Responsible for the investment, production, promotion and distribution of film

Note:

(1) Chongqing Wanmei Zhenzhi Film Co., Ltd is a subsidiary of Perfect World Joint Stock Company（完美世界股份有限公司）, a company listed on the Shenzhen Stock Exchange (stock code: 002624).*

Ms. Tian has graduated from the Beijing Normal University（北京師範大學）in Beijing, the PRC in June 2004 with a diploma in music education. Ms. Tian is in the course of obtaining a degree in EMBA from the Cheung Kong Graduate School of Business（長江商學院）in Beijing, the PRC.

Mr. Yuan Li is the spouse of Ms. Tian Tian.

Mr. Lin Mingwei（**林明偉先生**）(“**Mr. Lin**”), aged 61, joined the Company as an executive Director in July 2024. Mr. Lin graduated from Panamerican University (Universidad Panamericana) in Mexico City with a Bachelor of Business Administration and a Master of Business Administration in June 2017 and September 2018, respectively. Mr. Lin has served as the executive director of Sanya International Hotel Limited（三亞國際飯店有限公司）and whose principal business includes hotel business, since May 2006.

Ms. Huang Meiyuan（**黃美緣女士**）(“**Ms. Huang**”), aged 42, she has more than 15 years of experiences in various industries. Prior to the joining of the Group, she served as the general manager of Shishi Hudi Education Technology Co., Ltd., which is engaged in media production and advertising. Ms. Huang obtained a bachelor of business administration from the Business University of Costa Rica in 2016 and a master of business administration from the same school in 2018.

Mr. Huang Zhiqiang（**黃志強先生**）(“**Mr. Huang**”), aged 41, joined the Company as an executive Director in July 2024. Mr. Huang graduated from Panamerican University (Universidad Panamericana) in Mexico City with a Bachelor of Business Administration and a Master of Business Administration in June 2019 and September 2020, respectively. Mr. Huang served as the general manager of Shenzhen Zhiyan Electronic Technology Company Limited（深圳市志研電子科技有限公司）and Shenzhen Glitron Technology Co., Ltd（深圳市格利創科技有限公司）, whose principal business includes sale of electronic components. Mr. Huang has also served as the chairman of Shenzhen Yixinyuan Technology Company Limited（深圳市意心源科技有限公司）, whose principal business includes E-commerce, since June 2017.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Tse Kwok Hing Henry（**謝國興先生**）("**Mr. Tse**"), aged 40, has extensive experience in accounting, auditing and finance fields. He was the chief financial officer and company secretary of China Yuanbang Property Holdings Limited, a company listed on the mainboard of the Singapore Exchange Securities Trading Limited (Stock Code: BCD.SI) from April 2016 to May 2018. He is currently the company secretary of Moody Technology Holdings Limited (stock code: 1400), a company listed on the main board of the Stock Exchange and the company secretary and chief financial officer of Futian Holdings Limited (stock code: 8196), a company listed on the main board of the Stock Exchange. He also serves as the independent non-executive director of China Environmental Technology and Bioenergy Holdings Limited (stock code: 1237), a company listed on the main board of the Stock Exchange since September 2022. He further serves as the independent non-executive director of CROSSTEC Group Holdings Limited (stock code: 3893), a company listed on the main board of the Stock Exchange since July 2023.

Mr. Yan Yuet Hang（**任悅恒先生**）("**Mr. Yam**"), aged 37, has over 10 years of accounting, audit and finance experience. Mr. Yam obtained his master degree of science in data science and business statistic from The Chinese University of Hong Kong in November 2017 and bachelor degree of commerce in accounting from Macquarie University in April 2012. He has been Certified Practising Accountant (CPA Australia) since August 2015. He serves as the independent non-executive director of Fullwealth International Group Holdings Limited (stock code: 1034), a company listed on the main board of the Stock Exchange since January 2024. Mr. Yam worked as a auditor junior in Akin CPA Limited for the period from May 2012 to May 2013; a global trust accounting in HSBC Trustee (Hong Kong) Limited for the period from August 2013 to July 2014; a senior financial analysis officer in Corporate Credit Information of Corporate Credit Management Center of Bank of China (Hong Kong) Limited for the period from August 2014 to August 2015; a contract teacher in Bethel High School for the period from September 2015 to August 2017; a financial manager in VMI Securities Limited for the period from August 2017 to December 2020; and a senior vice-president in Venture Markit (Hong Kong) Limited for the period from January 2021 to October 2023.

Mr. Xie Taoquan（**謝濤權先生**）("**Mr. Xie**"), aged 34, he has over 10 years of experience in media industry. He served as a general manager of Zhaoqing Tiansheng Culture Media Co., Limited（肇慶天晟文化傳媒有限公司）and he is responsible for staff recruitment and formulating the financial system of the company from May 2021 to May 2024. He also served as the planning director for Zhaoqing Lifeng Media Planning Co., Limited（肇慶立豐傳媒策劃有限公司）and he was responsible for the planning and execution of major events such as spring festivals in Zhaoqing city from May 2019 to May 2021. Mr. Xie obtained a bachelor's degree of business management at China University of Geosciences in June 2013. He also studied business management at SEGi University in Malaysia from September 2013 to December 2014.

COMPANY SECRETARY

Mr. Wong Sai Hung, aged 51, was appointed as the company secretary of the Company on 19 June 2024. He has been a practicing solicitor in Hong Kong since 2010 and is currently a partner of a law firm in Hong Kong. Mr. Wong Sai Hung obtained his Bachelor of Commerce degree from the University of Toronto and his Bachelor of Laws degree from the City University of Hong Kong in 2006. He obtained the Postgraduate Certificate in Laws from the University of Hong Kong in 2008.

Save as otherwise disclosed in this annual report, there is no relationship between any of the members of the Board and senior management, and there is no information relating to the Directors which is required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1).

The Board is pleased to present the corporate governance report for the annual report of the Company for the period from 1 January 2024 to 30 June 2025.

CORPORATE GOVERNANCE PRACTICES

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 CG Code and adopted most of the recommended best practices as set out therein.

CULTURES AND VALUES

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

1. ***Integrity and code of conduct***
   The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct), the anti-corruption policy and the whistleblowing policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

2. ***Commitment***
   The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had also adopted the Model Code for Securities Transactions (the "**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 throughout the Reporting Period.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group, and there is a clear division of responsibilities between the Board and the management. To oversee particular aspects of the Company's affairs, the Board has established three Board Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The Board directly, and indirectly through the Board Committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

Composition

During the Reporting Period, the Board is comprised of eight Directors, with five executive Directors, namely Mr. Yuan Li（袁力）, Ms. Tian Tian（田甜）, Mr. Huang Zhiqiang（黃志強）, Mr. Lin Mingwei（林明偉）and Ms. Huang Meiyuan（黃美緣）and three independent non-executive Directors, namely Mr. Tse Kwok Hing Henry（謝國興）, Mr. Xie Taoquan（謝濤權）and Mr. Yam Yuet Hang（任悅恒）.

Ms. Huang Jingyu（黃淨榆）was appointed as an executive Director with effect from 19 January 2024 and subsequently resigned on 26 April 2024. Mr. Yu Yang（余楊）and Mr. Tang Zhiwei（唐志偉）resigned as non-executive Directors with effect from 26 April 2024.

Mr. Huang Zhiqiang（黃志強先生）and Mr. Lin Mingwei（林明偉先生）were appointed as executive Directors on 19 July 2024.

Ms. Hu Na（胡娜）was appointed as an executive Director with effect from 13 August 2024 and subsequent resigned with effect from 8 November 2024. Ms. Fu Jieyun（傅潔雲）resigned as executive Director with effect from 13 August 2024. Mr. Liu Hanlin（劉翰林）and Mr. Gan Weimin（甘為民）resigned as independent non-executive Directors with effect from 13 August 2024. Mr. Tse Kwok Hing Henry（謝國興）and Mr. Xie Tao Quan（謝濤權）were appointed as independent non-executive Directors on 13 August 2024.

Mr. Teng BingSheng（滕斌聖）resigned and Mr. Yam Yuet Hang（任悦恒）were appointed as independent non-executive Directors with effect from 8 November 2024. Ms. Huang Meiyuan（黃美緣）was appointed as an executive Director on 8 November 2024.

Ms. Huang Jingyu（黃淨榆）, who was appointed as an executive Director on 19 January 2024 has obtained the legal advice referred to under Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to her as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 15 January 2024. Ms. Huang has confirmed that she understood her obligations as an executive Director.

Mr. Huang Zhi Qiang（黃志強）, who was appointed as an executive Director on 19 July 2024 has obtained the legal advice referred to under Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to him as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 4 July 2024. Mr. Huang has confirmed that he understood his obligations as an executive Director.

Mr. Lin Ming Wei（林明偉）, who was appointed as an executive Director on 19 July 2024 has obtained the legal advice referred to under Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to him as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 4 July 2024. Mr. Lin has confirmed that he understood his obligations as an executive Director.

Ms. Hu Na（胡娜）, who was appointed as an executive Director on 13 August 2024 has obtained the legal advice referred to under Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to her as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 10 August 2024. Ms. Hu has confirmed that she understood her obligations as an executive Director.

Ms. Huang Mei Yuan（黃美緣）, who was appointed as an executive Director on 8 November 2024 has obtained the legal advice referred to under Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to her as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 1 November 2024. Ms. Huang has confirmed that she understood her obligations as an executive Director.

Mr. Tse Kwok Hing Henry（謝國興）, who was appointed as an independent non-executive Director on 13 August 2024 has obtained the legal advice referred to under Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to him as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 6 August 2024. Mr. Tse has confirmed that he understood his obligations as an independent non-executive Director.

Mr. Xie Taoquan（謝濤權）, who was appointed as an independent non-executive Director on 13 August 2024 has obtained the legal advice referred to under Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to him as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 6 August 2024. Mr. Xie has confirmed that he understood his obligations as an independent non-executive Director.

Mr. Yam Yuet Hang（任悅恒）, who was appointed as an independent non-executive Director on 8 November 2024 has obtained the legal advice referred to under Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to him as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 1 November 2024. Mr. Yam has confirmed that he understood his obligations as an independent non-executive Director.

A list of Directors and their respective biographies are set out in the section headed "Directors and Senior Management" of this annual report.

Save as disclosed in this annual report, to the best knowledge of the Board, there is no relationship (including financial, business, family or other material relationship(s)) among the Board members.

The Board's composition is in compliance with the requirement under Rule 3.10A and Rule 3.10 of the Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board and at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. The Board believes that the balance between the executive Directors and the independent non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the Shareholders and the Group.

The Company has received written annual confirmation from each independent non-executive Director of his independence. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines set out under Rule 3.13 of the Listing Rules.

According to the code provision C.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established. Mr. Yuan Li currently assumes the role of chairman of the Board while Ms. Tian Tian assumes the role of chief executive officer. The Board considers that this structure could enhance efficiency in formulation and implementation of the Company's strategies.

Each of the Directors (including the non-executive Directors and independent non-executive Directors) has entered into a service contract or an letter of appointment with the Company. The terms of the Directors are set out in the paragraph headed "Directors' Service Contracts" under "Report of the Directors" of this annual report.

In accordance with Article 84(1) of the Articles of Association, notwithstanding any other provisions in the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

In accordance with Article 83(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director so appointed shall hold office until the first annual general meeting of the Company after his appointment and be subject to re-election.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Nomination Committee (as defined below) is responsible for reviewing the Board composition, considering and formulating the relevant procedures for nomination and appointment of Directors and monitoring the appointment and succession planning of Directors and assessing the independence of the independent non-executive Directors.

Each of the non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than one month's notice in writing by served by the non-executive Director to the Company or with immediate effect following the notice in writing served by the Company to the non-executive Director. Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of one year commencing from the Listing Date and will continue thereafter until terminated by not less than one month's notice in writing by served by the independent non-executive Director to the Company or with immediate effect following the notice in writing served by the Company to the independent non-executive Director.

Mechanisms for the Board to Obtain Independent Views and Opinions

The Board has also established mechanisms to ensure independent views are available to the Board, including providing the Directors with sufficient resources to perform its duties and shall seek, at the Company's expense, independent professional advice to perform its responsibilities if necessary.

The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgment. All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns.

Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting.

The Board has reviewed and considered that the mechanisms are effective in ensuring that independent views and input are provided to the Board during the eighteen months period ended 30 June 2025.

Training and Continuous Professional Development

Pursuant to code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director has been provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations.

All the Directors have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

All the Directors confirmed that they had complied with code provision C.1.4 of the CG Code during the Reporting Period, that all Directors had participated in the continuous professional developments in relation to regulatory update, the duties and responsibility of the Directors and the business of the Group including reading materials in relation to regulatory update and/or attending seminar to develop professional skills. The company secretary of the Company (the "Company Secretary") is responsible for maintaining and updating records for the Directors' training.

	Reading regulatory updates	**Attending expert briefings/seminars/ conferences relevant to the business or Directors' duties**
Executive Directors		
Mr. Yuan Li	✓	✓
Ms. Tian Tian	✓	✓
Mr. Huang Zhiqiang	✓	✓
Mr. Lin Mingwei	✓	✓
Ms. Huang Meiyuan	✓	✓
Independent Non-executive Directors		
Mr. Tse Kwok Hing Henry	✓	✓
Mr. Xie Taoquan	✓	✓
Mr. Yam Yuet Hang	✓	✓

Attendance Records at the Meetings of the Board, the Board Committees and General Meeting

The attendance records of the individual Directors at the meetings of the Board, the Board Committees and the general meeting during the Reporting Period are set out as follows:

	Number of Meetings Attended/Held				
Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**General Meeting**
Executive Directors					
Mr. Yuan Li	7/7	N/A	N/A	N/A	1/1
Ms. Tian Tian	6/7	N/A	N/A	N/A	1/1
Ms. Fu Jieyun *(resigned on 13 August 2024)*	3/3	N/A	N/A	N/A	1/1
Ms. Huang Jingyu	1/1	N/A	N/A	N/A	1/1
Mr. Huang Zhiqiang *(appointed on 19 July 2024)*	3/4	N/A	N/A	N/A	N/A
Mr. Lin Mingwei *(appointed on 19 July 2024)*	3/4	N/A	N/A	N/A	N/A
Ms. Hu Na *(appointed on 13 August 2024 and resigned on 8 November 2024)*	1/1	N/A	N/A	N/A	N/A
Ms. Huang Meiyuan *(appointed on 8 November 2024)*	3/4	N/A	N/A	N/A	N/A
Non-executive Directors					
Mr. Yu Yang *(resigned on 26 April 2024)*	2/2	N/A	N/A	N/A	N/A
Mr. Tang Zhiwei *(resigned on 26 April 2024)*	2/2	N/A	N/A	N/A	N/A
Independent Non-executive Directors					
Mr. Teng Bing Sheng *(resigned on 8 November 2024)*	4/4	N/A	1/1	1/1	N/A
Mr. Liu Hanlin *(resigned on 13 August 2024)*	3/3	2/2	1/1	1/1	N/A
Mr. Gan Weimin *(resigned on 13 August 2024)*	3/3	2/2	1/1	N/A	N/A
Mr. Tse Kwok Hing Henry *(appointed on 13 August 2024)*	3/4	2/2	2/2	2/2	N/A
Mr. Xie Taoquan *(appointed on 13 August 2024)*	3/4	2/2	2/2	2/2	N/A
Mr. Yam Yuet Hang *(appointed on 8 November 2024)*	3/4	2/2	2/2	2/2	N/A

The Company expects to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code. Notices for all regular Board meetings and the agenda and accompanying Board paper will be given to all Directors at least 14 days before the meetings in order that they have sufficient time to review the papers.

Apart from the regular Board meetings, the Chairman also held a meeting with independent non-executive Directors without the presence of other Directors during the Reporting Period.

The Board will hold other Board meetings from time to time whenever necessary. Reasonable notice will be given to all Directors and they can include matters for discussion in the agenda as they think fit.

Minutes of meetings are kept by the Company Secretary with copies circulated to all Directors or Board Committee members for information and records. Directors who have conflicts of interest in a board resolution have abstained from voting for that resolution.

The Company Secretary is responsible for taking and keeping minutes of all Board meetings and Board Committee meetings. In compliance with the code provision C.5.5 of the CG Code, minutes of Board meetings and meetings of Board Committees were recorded in sufficient detail covering the matters considered by the Board and decisions reached, including any concerns raised by the Directors, or dissenting views expressed. Draft and final versions of minutes of Board meetings were sent to all the Directors for their comment and record respectively, in both cases within a reasonable time after the Board meeting was held.

Every Board member has full access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations are followed and he is also entitled to have full access to Board papers and related materials so that he is able to make an informed decision and to discharge his duties and responsibilities.

The Board has established procedure to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

CORPORATE GOVERNANCE FUNCTIONS

The Board recognizes that corporate governance should be the collective responsibility of Directors and their corporate governance duties include:

- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the code provisions of the CG Code and disclosure in the corporate governance report under the Listing Rules.

The Board has reviewed the policies and practices on corporate governance and this corporate governance report.

BOARD COMMITTEES

Audit Committee

The Audit Committee was established by the Company with written terms of reference in compliance with the Rule 3.22 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules.

During the Reporting Period, the Audit Committee consists of three members, namely, Mr. Tse Kwok Hing Henry, Mr. Xie Taoquan and Mr. Yam Yuet Hang, independent non-executive Directors. The chairman of the Audit Committee is Mr. Tse Kwok Hing Henry who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review and supervise our financial reporting process, to nominate and monitor our external auditors, and to oversee the risk management, internal control procedures and the effectiveness of internal control procedures of the Company.

During the Reporting Period, two Audit Committee meetings were held to review (i) the annual financial results for the eighteen months period ended 30 June 2025 and report and major internal audit issues, re-appointment of external auditor and relevant scope of works and continuing connected transactions and (ii) the interim financial results for the twelve months ended 31 December 2024.

The Audit Committee also reviewed the financial reporting system, compliance procedures, the effectiveness of the internal audit function, and risk management and internal control systems and processes. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor. They also reviewed final results of the Group for the financial year as well as the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

Remuneration Committee

The Remuneration Committee was established by the Company with written terms of reference in compliance with Rule 3.26 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules.

The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Xie Taoquan, Mr. Tse Kwok Hing Henry and Mr. Yam Yuet Hang. The chairman of the Remuneration Committee is Mr. Xie Taoquan. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Company, to make recommendation to the Board to approve the management's remuneration proposals with reference to the Board's corporate goals objectives, to ensure that none of the Board members determine their own remuneration, and to review and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Reporting Period, one Remuneration Committee meeting was held for considering and recommending to the Board the remuneration and other benefits paid by the Company to the Directors and senior management and other related matters.

The remuneration of Directors is determined with reference to the qualification, experience, responsibility, performance of the individual, performance of the Group and the market practices.

The Remuneration Committee discussed and reviewed the remuneration policy for Directors and senior management of the Company, made recommendations to the Board on the remuneration packages of individual executive Directors and senior management, assessed the performance of the executive Directors, reviewed the terms of executive directors' service contracts and the share option scheme adopted by the Company, and fulfilled duties as required aforesaid as set out in the code provision E.1.2(c) of the CG Code.

Details of the remuneration by band of the members of senior management of the Company (excluding Directors) for the Reporting Period fell within the following bands:

	Number of individuals
Less than HK$1,000,000	1
HK$2,000,001 to HK$2,500,000	1

Nomination Committee

The Nomination Committee was established by the Company with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules.

The Nomination Committee consists of three members, namely, Mr. Tse Kwok Hing Henry and Mr. Yam Yuet Hang, independent non-executive Directors, and Ms. Huang Meiyuan, an executive Director. The chairman of the Nomination Committee is Mr. Yam Yuet Hang. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and the Board Diversity Policy (as defined below), to identify individuals suitably qualified to become members of the Board, to assess the independence of our independent non-executive Directors, and to make recommendations to the Board on relevant matters relating to appointments of Directors.

During the Reporting Period, one Nomination Committee meeting was held to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors and make recommendation to the Board on the re-election of the retiring Directors.

The Company has also received from each independent non-executive Director an annual confirmation of his independence and the Nomination Committee has conducted an annual review and considered that all independent non-executive Directors are independent, taking into account of the independence guidelines set out in Rule 3.13 of the Listing Rules.

NOMINATION POLICY

In evaluating and selecting any candidate for directorship, the Nomination Committee would consider the criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board Committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

BOARD DIVERSITY POLICY

The Company embraces the benefits of diversity in the Board and have adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board and to maintain the high standards of corporate governance. The Board Diversity Policy provides that the Company should endeavor to ensure that the Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy. Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to professional experience, gender, age, cultural background, educational background and length of service.

The Nomination Committee will review the Board's composition under diversified perspectives and monitor the implementation of the Board Diversity Policy annually. During the Reporting Period, the Nomination Committee has reviewed the Board's composition (including gender, age, cultural and education background, ethnicity, professional skills, knowledge and length of service) which has been disclosed on pages 22 to 26 in this annual report. Currently, the Board consists of two female Directors and six male Directors with a balanced mix of knowledge and skills. Furthermore, the Board has a wide range of age ranging from 34 years old to 61 years old.

The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board. The Board believes that such merit-based appointments will best enable the Company to serve the Shareholders and other stakeholders going forward. The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

As at 30 June 2025, female and male employees represented approximately 62.22% and 37.78%, respectively of our total number of employees (including senior management). The Company recognises and embraces the benefits of having a diverse team. We target to have both genders at our Board composition, senior management team and at all levels of our employees. And our recruitment process will mainly consider the aspects of educational background, professional qualifications, skills, knowledge and industry experiences of candidates to mitigate factors or circumstances which make achieving gender diversity across workforce (including senior management) more challenging or less relevant.

REMUNERATION POLICY

The remuneration of Directors and senior executives is determined with reference to benchmarking of relevant competitors in geographical areas where the Group carries on its businesses, career progressions of the individual, economic trend in geographical areas where the Group carry on its businesses, recognition of experience, role contribution; performance of the Group and the individual's performance.

The Directors' fees and all other emoluments paid or payable to the Directors during the Reporting Period are set out on an individual and named basis in note 8 to the consolidated financial statements.

COMPANY SECRETARY

In order to uphold good corporate governance and ensure compliance with the Listing Rules and the applicable Hong Kong laws, the Company engaged Mr. Wong Sai Hung as the company secretary of the Company, primarily responsible for the corporate secretarial matters of the Company. The secretary of the company report to the chairman of the Board on Board/committee matters and to the Chief Executive Officer on administrative matters.

The primary contact person at the Company for Mr. Wong Sai Hung is Mr. Lin Mingwei, an executive Director.

The Company Secretary confirmed that each of them has taken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules during the eighteen months period ended 30 June 2025.

AUDITOR'S REMUNERATION

The Group's consolidated financial statements for the eighteen months period ended 30 June 2025 have been audited by KPMG, Certified Public Accountants. Service fees which shall be paid/payable by the Company to KPMG for the eighteen months period ended 30 June 2025 amounted to RMB1.2 million.

Service rendered	**Fees paid/ payable** RMB'000
Audit services	1,200
Non-audit services (including financial advisory services)	–
Total	1,200

DIRECTORS' RESPONSIBILITY ON FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group for the eighteen months period ended 30 June 2025.

The Directors are responsible for overseeing the preparation of financial statements of the Group with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with. The Directors, having made appropriate enquiries, consider that the Company has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

The consolidated financial statements of the Group for the eighteen months period ended 30 June 2025 have been audited by KPMG in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. The auditor's report is set out on pages 71 to 74. The financial statements of the Group for the eighteen months period ended 30 June 2025 have also been reviewed by the Audit Committee.

DIVIDEND POLICY

The Company has adopted dividend policy which does not have any pre-determined dividend payout ratio. In considering any dividend, the Board shall consider the actual and expected financial performance of the Group, retained earnings and distributable reserves of the Company and each of the members of the Group, the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants, any restrictions on payment of dividends that may be imposed by the Group's lenders or other contractual restrictions, the Group's expected working capital requirements and future expansion plans, general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Group, and any other factors that the Board deems appropriate. The Board has the absolute discretion to recommend any dividends.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal controls to safeguard our business and asset at all times.

The Group has established risk management procedures to address and handle all significant risks associated with the business of the Group. The Board would perform annual review on any significant change of the business environment and establish procedures to response the risks result from significant change of business environment.

The risk management and internal control systems are designed to mitigate the potential losses of the business.

The management would identify the risks associated with the business of the Group by considering both internal and external factors and events which include politics, economy, technology, environmental, social and staff. Each of risks has been assessed and prioritised based on their relevant impact and occurrence opportunity. The relevant risk management strategy would be applied to each type of risks according to the assessment results, type of risk management strategy has been listed as follow:

– Risk retention and reduction: accept the impact of risk or undertake actions by the Group to reduce the impact of the risks;

– Risk avoidance: change business process or objective so as to avoid the risk;

– Risk sharing and diversification: diversify the effect of the risk or allocate to different location or product or market;

– Risk transfer: transfer ownership and liability to a third party.

The Company has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the financial, operational and compliance controls, and the risk management and internal control systems and reports the review results to the Board on an annual basis. Such procedures are designed to manage rather than to eliminate risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The review report showed that the Group maintained an effective internal control system and no major control deficiency had been identified during the eighteen months period ended 30 June 2025. The scope and findings of the review had been reported to and reviewed by the Audit Committee. The Board also reviewed and was satisfied with the adequacy of resources, qualifications and experience of the employees of the Group's accounting and financial reporting function, and their training programmes and budget.

The Board has received a confirmation from management on the effectiveness of the risk management and internal control systems.

The Board is not aware of any significant internal control and risk management weaknesses nor significant breach of limits or risk management policies, and considers that the current internal control systems of the Company are effective and adequate and that the qualifications and experience of the staff, performing accounting and financial reporting functions and the training programmes of the Company as well as the experiences and resources for setting the budget of the Company are adequate. The Company has complied with the requirements under D.2.1 to D.2.5 and D.3.3 of the CG Code relating to risk management and internal control.

ANTI-CORRUPTION AND WHISTLE-BLOWING POLICIES

The Company regards knowledge of and compliance with laws as the foundation of our business. The Group always adheres to its core values and establish an honest, trustworthy and transparent business environment. In order to ensure the compliance of the Company's business operations and the suitability of relevant regulations in the industry, the Group has formulated internal policies which cover management system in different scopes, including board governance, business operations, financial management, personnel management, general management and information security. The Group will regularly review the prevailing laws and regulations, industry norms and its business development, so as to update and revise the compiled articles in due course. During the Reporting Period, the Group was not aware of any non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

In additions, the Company attaches great importance to the corporate culture of integrity and anti-corruption, adheres to the highest standards of ethics and business integrity at all times, and abides by the laws and regulations to prevent bribery, corruption, money laundering and fraud in its business operation. The Group has formulated the anti-corruption and anti-bribery policies which are required to be strictly followed by all employees.

The Group has also formulated sound whistle-blowing policies to encourage all directors, employees and third parties (including customers and suppliers of the Company) to report any misconduct, dereliction of duty or violations. The whistle-blower can report any suspected illegal acts or dereliction of duty to the Company in the form of writing such as mails or e-mails. The identity of the whistle-blower will be kept strictly confidential. The whistle-blowing mechanism is coordinated by the Group's internal audit department. Upon receiving whistle-blowing incidents, the department will analyse and sort out the whistle-blowing information. After preliminary review and verification, if it is believed that the reported person does have the facts of disciplinary violations, the investigation shall be formally filed and handled in accordance with the relevant regulations of the discipline inspection and supervision department. During the Reporting Period, the Company did not have any lawsuits related to corruption, nor violated relevant laws and regulations that have a significant impact on the operations of the Company. There was no concluded legal cases regarding corrupt practices brought against its employees during the Reporting Period.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meeting, including the election of individual Director(s). All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Procedures for Shareholders to Convene an Extraordinary General Meeting

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to Article 58 of the Articles of Association, the Board may whenever it thinks fit call extraordinary general meetings (the "**EGM**"). Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the secretary(ies) of the Company, to require an EGM to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM as follows: At least fourteen (14) clear days' notice in writing. Such requisition shall be made in writing to the Board or the secretary(ies) of the Company to the principal place of business of the Company in Hong Kong or by email to ir@litian.tv for the attention to the Board or the Company Secretary.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Procedures for Shareholders to Put Forward Proposals at Shareholders' Meetings

There are no provisions allowing Shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the Articles of Association, Shareholders who wish to move a resolution may by means of requisition convene an EGM following the procedures set out above.

Procedures for Shareholders to Propose a Person for Election as a Director

If a Shareholder duly qualified to attend and vote at the general meeting convened to deal with appointment/election of Director(s) wishes to propose another person ("**Candidate**") for election as a Director at a general meeting, he/she should deposit (i) a written notice ("**Proposal Notice**") signed by the Shareholder of his/her intention to propose the Candidate for election as a Director; and (ii) a written notice ("**Consent Notice**") signed by the Candidate of his/her willingness to be elected, at either of the Hong Kong branch share registrar and transfer office or the principal place of business of the Company in Hong Kong during a period, which shall be at least seven days, and if submitted after despatch of the notice of the general meeting appointed for such election, commencing no earlier than the day after the despatch of the notice of the general meeting and ending no later than seven days before the date of such general meeting. To enable the Shareholders to make an informed decision on their election at a general meeting, the Company shall publish an announcement or issue a supplementary circular as soon as practicable after the receipt of the Proposal Notice and the Consent Notice. The Company shall include particulars of the Candidate in the announcement or the supplementary circular. The Company shall assess whether or not it is necessary to adjourn the meeting for the election to give Shareholders at least 10 business days to consider the relevant information disclosed in the announcement or the supplementary circular.

Shareholders' Inquires

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividends to the Company's branch share registrar in Hong Kong, details of which are as follows:

Tricor Investor Services Limited
Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email: is-enquiries@hk.tricorglobal.com
HK Tel: (852) 2980 1333
Fax: (852) 2810 8185

Shareholders may, at any time, direct enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong or by email to ir@litian.tv for the attention to the Board and the Company Secretary.

SHAREHOLDERS COMMUNICATION POLICY

The Company recognises the importance of communications with the Shareholders as well as potential investors. This shareholders communication policy aims to set out the provisions with the objective of ensuring that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and potential investors to engage actively with the Company. Via the Company's website at www.litian.tv, Shareholders can obtain updated and key information on the major developments of the Group. Information, such as financial statements, results announcements, circulars, notices of general meetings and all announcements, released by the Company on the Stock Exchange's at http://www.hkexnews.hk is also posted on the Company's website immediately thereafter.

The Board has reviewed the implementation and effectiveness of the Shareholders' communication policy. It is satisfied that the shareholders communication policy has been implemented during the Reporting Period and is effective.

GOING CONCERN

The Directors draw attention to Note 2(b) to the consolidated financial statements of the Group for the period from 1 January 2024 to 30 June 2025, which indicates that 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 Group's ability to meet its liabilities depends on its ability to generate sufficient cash flows from future operations and/or other sources.

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 new drama series production and their licensing and broadcasting.

(ii) The Group also has difficulties in collecting trade receivables from broadcast platforms due to the overall liquidity squeeze in the industry.

(iii) With deterioration in business performance and challenges in realising cash inflow from revenue, the Group has been delaying payment of its trade and other payable.

(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.

(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.

The above events or conditions, along with other matters set forth in Note 2(b) to the financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The auditor of the Company issues a Disclaimer of Opinion on the financial statements of the Group in respect of this matter.

These financial statements have been prepared on a going concern basis even though there are material uncertainties as explained in Note 2(b) to the financial statements. In view of these, the directors of the Company have been given considerations to future liquidity and performance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Should the Group fail to achieve one or more of its plans and measures on a timely basis as mentioned in Note 2(b) to the financial statements, 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 noncurrent assets and non-current liabilities as current assets and current liabilities respectively.

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 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, which are also set out in Note 2(b) to the financial statements.

MANAGEMENT OF INSIDE INFORMATION

In order to promote transparency, accountability and responsibility in respect of the operation of a listed company, and for the maintenance of good corporate governance, the Company, assisted by legal advisors and financial advisors, would notify the Stock Exchange and make relevant disclosure to the public as soon as practicable of any inside information of the Company pursuant to the Listing Rules and SFO.

The Board is pleased to present the report of the Directors together with the audited consolidated financial statements of the Group for the eighteen months period ended 30 June 2025.

Report of the Directors

The Board presents the report of the Directors together with the audited consolidated financial statements of the Group for the eighteen months period ended 30 June 2025.

GLOBAL OFFERING

The Company is an exempted company incorporated in the Cayman Islands with limited liability on 17 June 2019.

The Company carried out the global offering in 2020 comprising 75,000,000 Shares at HK$2.56 per Share and the Shares were listed on the Stock Exchange on 22 June 2020. For details of the relevant use of proceeds, please refer to the paragraph headed "Use of Net Proceeds" in the section headed "Management Discussion and Analysis" of this annual report.

PRINCIPAL ACTIVITIES

The Group is primarily engaged in the production, distribution and licensing of broadcasting rights of drama series in the PRC.

RESULTS

The results of the Group for the eighteen months period ended 30 June 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 75 and 76 of this annual report.

FINAL DIVIDEND

The Board resolved not recommend the payment of final dividends by the Company for the eighteen months period ended 30 June 2025 (2023: Nil).

BUSINESS REVIEW

The business review of the Group for the eighteen months period ended 30 June 2025 and the discussion regarding the future business development of the Group are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

FINANCIAL SUMMARY

The financial summary of the Group for the last five financial years is set out on page 136 of this annual report.

RISKS AND UNCERTAINTIES

An analysis of the Group's financial risk management (including credit risk, interest rate risk and liquidity risk) are provided in note 24 to the consolidated financial statements. Other risks facing the Group are set out in the section headed "Risk Factors" of the Prospectus.

ANALYSIS USING FINANCIAL KEY PERFORMANCE INDICATORS

The analysis of the Group's performance for the eighteen months period ended 30 June 2025 with key financial performance indicators is set out under the paragraphs headed "Key Financial Ratios" in the section headed "Management Discussion and Analysis" of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to contributing to the sustainability of the environment and is committed to becoming an environmentally-friendly corporation. Details of our environmental, social and governance policies and performance during the eighteen months period ended 30 June 2025 is set out in the section headed of "Environmental, Social and Governance Report" of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, sales to the Group's five largest customers accounted for 94.7% of the total sales for the Reporting Period and sales to the largest customer included therein amounted to 87.3%. None of the Directors of the Company or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers during the Reporting Period.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group.

RELATIONSHIPS WITH STAKEHOLDERS

The Group's success depends on the support from key stakeholders which comprise our Directors and senior management members, employees, customers and suppliers.

Employees

Committed to establishing a competitive, fair remuneration and benefits system, we continually refine our remuneration and incentive policies through market research and comparison with our competitors, in order to ensure that our employees receive competitive remuneration packages.

Effective talent management is the foundation for the Group's successful long-term development. The Group greatly values its employees and will continue to attract, cultivate and retain talent through its internal training programs. The Group offers salaries and benefits to its employees that are competitive in the geographic location where the Group conducts business to manage employee attrition.

Customers

Our Group's major customers primarily include TV channels (including satellite TV channels and terrestrial TV channels) and online media platforms.

Suppliers

Our Group's major suppliers primarily include (i) producers or copyrights owners of the drama series, who license the copyrights or broadcasting rights of the drama series to us; and (ii) third-party service providers relating to drama series production and promotional activities.

Our Group generally engage suppliers through a variety of methods, including, but not limited to, television festivals, supplier publicity materials, peer recommendations and referrals from TV channels. We select suppliers based on their reputation, past experience, the scope of the task and the quality of services/ products to be provided and their proposed prices.

SEGMENT INFORMATION

Details of the segment information of the Group for the eighteen months period ended 30 June 2025 are set out in section headed "Management Discussion and Analysis" of this annual report and note 4 to the consolidated financial statements.

RESERVES AND DISTRIBUTABLE RESERVE

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity. Please refer to note 23 to the consolidated financial statements of this report for details of the Company's distributable reserve as at 30 June 2025.

SHARE CAPITAL

Details of movements in the share capital of the Company for the eighteen months period ended 30 June 2025 and details of the Shares issued during the eighteen months period ended 30 June 2025 are set out in note 23 to the consolidated financial statements.

DEBENTURE

The Company did not issue any debentures during the eighteen months period ended 30 June 2025.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the paragraph headed "Share Option Scheme" below, the Company did not enter into any equity-linked agreements during the eighteen months period ended 30 June 2025.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Reporting Period are set out in note 11 to the consolidated financial statements.

CHARITABLE DONATIONS

During the Reporting Period, the Company did not make any charitable and other donations.

BORROWINGS

Particulars of borrowings of the Group as at 30 June 2025 are set out in the paragraph headed "Liquidity and Financial Resources" in the section headed "Management Discussion and Analysis" of this annual report and note 20 to the consolidated financial statements.

DIRECTORS

During the Reporting Period and up to the date of this annual report is as follows:

Executive Directors

Mr. Yuan Li *(Chairman)*
Ms. Tian Tian *(Chief Executive Officer)*
Ms. Fu Jieyun *(resigned on 13 August 2024 to devote more time to her personal endeavors)*
Ms. Huang Jingyu *(appointed on 19 January 2024 and resigned on 26 April 2024 to devote more time to her personal endeavors)*
Mr. Huang Zhiqiang *(appointed on 19 July 2024)*
Mr. Lin Mingwei *(appointed on 19 July 2024)*
Ms. Hu Na *(appointed on 13 August 2024 and resigned on 8 November 2024 to devote more time to her personal endeavors)*
Ms. Huang Meiyuan *(appointed on 8 November 2024)*

Non-Executive Directors

Mr. Yu Yang *(resigned on 26 April 2024 to devote more time to his personal endeavors)*
Mr. Tang Zhiwei *(resigned on 26 April 2024 to devote more time to his personal endeavors)*

Independent Non-Executive Directors

Mr. Teng Bing Sheng *(resigned on 8 November 2024 to devote more time to his personal endeavors)*
Mr. Liu Hanlin *(resigned on 13 August 2024 to devote more time to his personal endeavors)*
Mr. Gan Weimin *(resigned on 13 August 2024 to devote more time to his personal endeavors)*
Mr. Tse Kwok Hing Henry *(appointed on 13 August 2024)*
Mr. Xie Taoquan *(appointed on 13 August 2024)*
Mr. Yam Yuet Hang *(appointed on 8 November 2024)*

In accordance with Article 84(1) of the Articles of Association, Mr. Yuan Li shall retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered himself for re-election at the forthcoming annual general meeting.

In accordance with Article 83(3) of the Articles of Association, each of Mr. Huang Zhiqiang, Mr. Lin Mingwei, Ms. Huang Meiyuan and Mr. Xie Taoquan will offer themselves for re-election at the AGM whereas Mr. Tse Kwok Hing Henry and Mr. Yam Yuet Hang have decided not to offer themselves for re-election and will therefore retire at the AGM as they intend to spend more time on their personal business commitments.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial fixed term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of the non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of three years and will continue thereafter until terminated by not less than one month's notice in writing by served by the non-executive Director to the Company or with immediate effect following the notice in writing served by the Company to the non-executive Director.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial fixed term of three year and will continue thereafter until terminated by not less than one month's notice in writing by served by the independent non-executive Director to the Company or with immediate effect following the notice in writing served by the Company to the independent non-executive Director.

Relevant appointments shall be in accordance with the requirements on Directors' retirement by rotation under the Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CHANGES TO INFORMATION IN RESPECT OF THE DIRECTORS

Save as disclosed in the section headed "Directors and Senior Management" of this annual report, during the eighteen months period ended 30 June 2025, there was no change to the information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules, where applicable.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that, amongst others, the Directors and other officers of the Company acting or who have acted in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons. Such provision and the Directors and Officers Liability Insurance Policy maintained by the Company which provides insurance coverage for liabilities of the Directors and officers the Group were in force during the eighteen months period ended 30 June 2025 and remained in force as of the date of this annual report. The insurance coverage will be reviewed on an annual basis.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE GROUP'S BUSINESS

Other than disclosed in the section headed "Material Related Party Transactions" in note 26 to the consolidated financial statements contained in this annual report, no transaction, arrangement and contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director had a material interest, whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the eighteen months period ended 30 June 2025.

EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND THE FIVE HIGHEST PAID INDIVIDUALS

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are recommended by the Remuneration Committee and determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group. No Director, or any of their respective associates, was involved in deciding his/her own remuneration.

Details of the emoluments of the Directors, chief executive and the five highest paid individuals of the Group are set out in notes 8 and 9 to the consolidated financial statements.

During the eighteen months period ended 30 June 2025, none of the Directors had waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

EMOLUMENT POLICY

The emolument policy of the Group is on the basis of the qualifications and contributions of individuals to the Group. The Company has adopted a share option scheme as an incentive to eligible participants, details of which are set out in the paragraph headed "Share Option Scheme" below. Details of the retirement benefits scheme are set out in the paragraph headed "Retirement Benefits Scheme" below.

RETIREMENT BENEFITS SCHEME

The employees of the Group are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the Group are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

Particulars of the employee retirement benefits of the Group are set out in note 6 to the consolidated financial statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the eighteen months period ended 30 June 2025, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefit by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors or any of their respective spouses or children under the age of 18 were granted any right to subscribe for the share in, or debentures of, the Company or any other body corporate or had exercised any such right.

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

As of 30 June 2025, 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	Interest in a controlled corporation[2]	68,282,350	Long position	18.97%
	Spouse interest[3]	64,380,501	Long position	17.88%
Ms. Tian	Interest in a controlled corporation[4]	64,380,501	Long position	17.88%
	Spouse interest[5]	68,282,350	Long position	18.97%

Notes:

(1) *As of 30 June 2025, the total number of issued Share of the Company was 360,000,000 Shares.*

(2) *Mr. Yuan 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 is the spouse of Mr. Yuan. Therefore, Mr. Yuan is deemed to be interested in the Shares held by Marshal Investment under the SFO.*

(4) *Ms. 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 is the spouse of Ms. Tian. Therefore, Ms. Tian is deemed to be interested in the Shares held by Litian Century under the SFO.*

(ii) Interests in associated corporations of the Company

Name	Name of associated corporation	Capacity/ Nature of interest	Long/short position	Registered capital of the associated corporation	Approximate percentage of shareholding in the associated corporation
Mr. Yuan	LiTian TV & Film	Beneficial owner	Long position	14.0 million	30.35%
		Spouse interest(1)	Long position	13.2 million	28.61%
Ms. 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 is the spouse of Mr. Yuan. 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 30 June 2025, 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.

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

As of 30 June 2025, 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	18.97%
Marshal Investment	Beneficial owner	64,380,501	Long position	17.88%

Notes:

(1) As of 30 June 2025, the total number of issued Shares of the Company was 360,000,000 Shares.

Save as disclosed above, as of 30 June 2025, to the knowledge of the Directors, no other persons (not being 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.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDER

Save as disclosed under the section headed "Material Related Party Transactions" stated in note 26 to the consolidated financial statements, there was no contract of significance entered into between the Company, or any of its subsidiaries, and a controlling Shareholder of the Company, or any of its subsidiaries, during the eighteen months period ended 30 June 2025.

SHARE OPTION SCHEME

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of the then shareholder of the Company passed on 24 May 2020 and adopted by a resolution of the Board on 24 May 2020 (the "**Adoption Date**"). The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as defined 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.

(b) Who may join

The Board may, at its absolute discretion, offer options ("**Options**") to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:

(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 ("**Employee**");

(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 (the person referred above are the "**Eligible Persons**").

Pursuant to the amendments to Listing Rules with effect from 1 January 2023, the Eligible Persons under the Share Option Scheme is subject to Rule 17.03A of the Listing Rules.

(c) *Maximum number of Shares*

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date (such 10% limit representing 30,000,000 Shares) excluding Shares which may fall to be issued upon the exercise of the Over-allotment Option granted by the Company (the "**Scheme Mandate Limit**") provided that:

(a) the Company may at any time as the Board may think fit seek approval from the Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not exceed 10% of the Shares in issue as at the date of approval by the Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the Share Option Scheme and any other schemes of the Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other schemes of the Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. The Company shall send to the Shareholders a circular containing the details and information required under the Listing Rules;

(b) the Company may seek separate approval from the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by the Company before such approval is obtained. The Company shall issue a circular to the Shareholders containing the details and information required under the Listing Rules; and

(c) the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Group shall not exceed 30% of the Company's issued share capital from time to time. No Options may be granted under the Share Option Scheme and any other share option scheme of the Company if this will result in such limit being exceeded.

(d) Maximum entitlement of each participants

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period exceeds 1% of the Company's issued share capital from time to time. Where any further grant of Options to such an Eligible Person would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be separately approved by the Shareholders in general meeting with such Eligible Person and his close associates (or his associates if such Eligible Person is a connected person) abstaining from voting. The Company shall send a circular to the Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted) to such Eligible Person, and containing the details and information required under the Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Eligible Person must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such grant shall be taken as the offer date for the purpose of calculating the subscription price of those Options.

(e) Offer and grant of Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

(f) Restriction on the time of grant of Options

The Board shall not grant any Option under the Share Option Scheme after inside information has come to its knowledge until such inside information has been announced pursuant to the requirements of the Listing Rules. In particular, no Option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and the deadline for the Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements.

(g) Minimum holding period, vesting and performance target

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the Option in respect of any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the Option can be exercised.

(h) Amount payable for Options and offer period

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favor of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date no later than 28 days after the offer date (the "**Acceptance Date**"). Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option. To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.

(i) Subscription price

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

(a) the nominal value of a Share;

(b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and

(c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.

(j) Life of Share Option Scheme

Subject to the terms of this Share Option Scheme, the Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme. As at the date of this report, the remaining life of the Share Option Scheme is four years and 7 months.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information – F. Share Option Scheme" in Appendix V to the Prospectus.

No share options have been granted since the Adoption Date and there are no outstanding share options as at 30 June 2025. The number of options available for grant under the Scheme Mandate Limit at the beginning and the end of the Reporting Period 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 Share as at 30 June 2025 and the date of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and the laws of Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

CONNECTED TRANSACTIONS

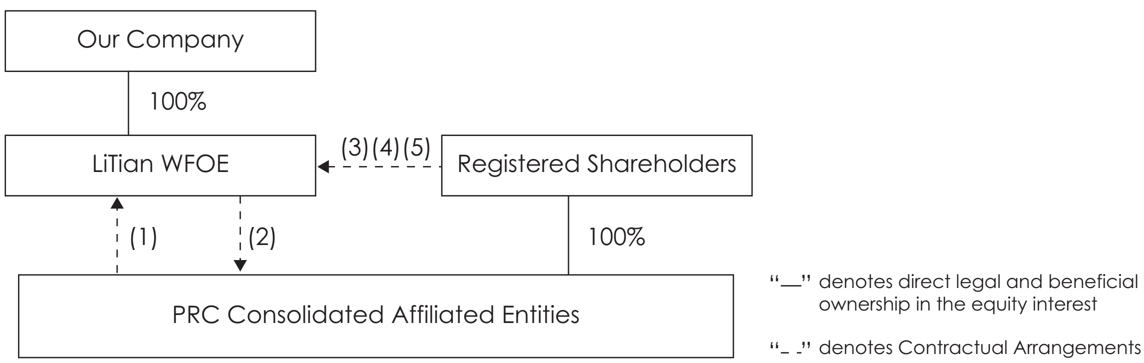
Non-exempt Continuing Connected Transactions Contractual Arrangements

Background

The Group is primarily engaged in the business of licensing the broadcasting rights of self-produced and outright-purchased drama series. In addition, we are also engaged in other businesses which include (i) acting as a distribution agent of the broadcasting rights of TV series; (ii) selling drama series scripts; and (iii) investing in drama series in which we act as a non-executive producer.

The Group conducts its business and investment through its Consolidated Affiliated Entities, which hold the requisite permit and approval required for our business, including the Licence to Produce and Distribute Radio or Television Programmes. Under the applicable PRC laws and regulations, foreign investors are prohibited from holding equity interest in any enterprise conducting the production and operation of drama series. As a result, the Company is not able to acquire and hold the equity interest in the Consolidated Affiliated Entities under the applicable PRC laws and regulations. In order to comply with the PRC laws and regulations as set out above while availing ourselves of international capital markets and maintaining effective control over all of our operations, on 14 October 2019, our wholly-owned subsidiary, LiTian WFOE, entered into various agreements that constitute the Contractual Arrangements with, among others, LiTian TV & Film, under which all economic benefits arising from the business of our Consolidated Affiliated Entities are transferred to LiTian WFOE to the extent permitted under the PRC laws and regulations by means of service fees payable by our Consolidated Affiliated Entities to LiTian WFOE. The Registered Shareholders are parties to certain agreements which constitute the Contractual Arrangements to ensure that the relevant interests of our Consolidated Affiliated Entities are actually controlled by LiTian WFOE.

The following simplified diagram illustrates the flow of economic benefits from the Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:



Notes:

(1) Payment of service fee.

(2) Provision of exclusive technical and management consultancy services.

(3) Exclusive call option to acquire all or part of the Registered Shareholders' interest in LiTian TV & Film.

(4) Pledge of equity interest by the Registered Shareholders of their equity interest in LiTian TV & Film.

(5) Entrustment of Registered Shareholders' right including Registered Shareholders' power of attorney.

Summary of the Material Terms of the Contractual Arrangements

(1) Exclusive Consultancy and Service Agreement

Pursuant to the exclusive consultancy and service agreement (the "**Exclusive Consultancy and Service Agreement**") dated 14 October 2019 entered into between LiTian WFOE and LiTian TV & Film, LiTian TV & Film agreed to engage LiTian WFOE as its exclusive provider of technical support, consultation and other services.

Under the Exclusive Consultation and Service Agreement, the service fee shall consist of 100% of the total consolidated profit of LiTian TV & Film together with dividends received from its subsidiaries, after offsetting the prior-year loss (if any), operating costs, expenses, taxes and other statutory contributions. Notwithstanding the foregoing, LiTian WFOE shall have the right to adjust the amount of service fees based on the service scope. LiTian TV & Film shall make payment to the bank account designated by LiTian WFOE upon the written request of LiTian WFOE, quarterly or annually within the specified time.

In addition, absent the prior written consent of LiTian WFOE, during the term of the Exclusive Consultation and Service Agreement, with respect to the services subject to the Exclusive Consultation and Service Agreement and other matters, LiTian TV & Film shall not, and shall procure the Consolidated Affiliated Entities not to, directly or indirectly accept the same or any similar services provided by any third party, establish cooperation relationships similar to that formed by the Exclusive Consultation and Service Agreement with any third party, or in its own initiative perform any acts which might affect the confidentiality of the technology and secrets involved in the service provided by LiTian WFOE or the effectiveness and efficiency of the technical supports or allow any third party to do the same.

The Exclusive Consultation and Service Agreement also provides that LiTian WFOE has the sole exclusive proprietary rights to and interests in any and all intellectual property rights generated, developed or created by LiTian TV & Film during the performance of the Exclusive Consultation and Service Agreement.

The validity period of the Exclusive Consultation and Service Agreement shall start from the execution date and shall remain effective unless (a) terminated by written agreement between LiTian WFOE and LiTian TV & Film; or (b) all the equity interest of LiTian TV & Film have been legally transferred to LiTian WFOE or nominee(s) designated by LiTian WFOE; or (c) terminated in accordance with the provisions of the Exclusive Consultation and Service Agreement. Additionally, LiTian WFOE shall have the right to terminate the agreement by giving written notice of termination.

(2) *Exclusive Call Option Agreement*

Pursuant to the exclusive call option agreement (the "**Exclusive Call Option Agreement**") dated 14 October 2019 entered into among LiTian WFOE, the Registered Shareholders and LiTian TV & Film, LiTian WFOE has been granted an irrevocable, unconditional and exclusive right to require the Registered Shareholders to transfer any or all of their equity interests in LiTian TV & Film to LiTian WFOE and/or its designated third party (excluding non-independent persons or persons who may give rise to conflicts of interests), in whole or in part at any time and from time to time (the "**Exclusive Call Option**").

The validity period of the Exclusive Call Option Agreement shall take effect upon the execution date and shall remain effective unless terminated (a) when the entire equity interests held by the Registered Shareholders or their successors or the transferees in LiTian TV & Film have been transferred to LiTian WFOE or nominee(s) designated by LiTian WFOE; or (b) by written notice from LiTian WFOE or any of the Registered Shareholders.

(3) *Equity Pledge Agreements*

Pursuant to the equity pledge agreements (the "**Equity Pledge Agreements**") dated 14 October 2019 entered into among LiTian WFOE, each of the Registered Shareholders and LiTian TV & Film, the Registered Shareholders agreed to unconditionally and irrevocably pledge all their respective equity interests in LiTian TV & Film, including any interest or dividend paid arising therefrom, to LiTian WFOE as a security interest to guarantee the performance of contractual obligations and other payment obligations under the Equity Pledge Agreement, including but not limited to liquidated damages, compensations and relevant expense (the "**Secured Indebtedness**").

Under the Equity Pledge Agreements, the Registered Shareholders represent and warrant to LiTian WFOE that appropriate arrangements have been made to protect LiTian WFOE's interests in the event of death, bankruptcy, divorce or other circumstances relating to the Registered Shareholders which may affect the exercise of its/his/her direct or indirect equity interest in LiTian TV & Film.

If LiTian TV & Film declares any dividend during the term of the pledge, LiTian WFOE is entitled to receive all such dividends, bonus issue or other income arising from the pledged equity interests, if any. If any of the Registered Shareholders or LiTian TV & Film breaches or fails to fulfill the obligations under the agreements underlying the Contractual Arrangements (other than the Spouse Undertaking), LiTian WFOE, as the pledgee, has the priority to be indemnified from the proceeds from the disposal of pledged equity interests. In addition, pursuant to the Equity Pledge Agreements, each of the Registered Shareholders and LiTian TV & Film has undertaken to LiTian WFOE, among other things, not to increase or reduce the registered capital of LiTian TV & Film, transfer the interest in his/her/its equity interests in LiTian TV & Film or create or allow any pledge thereon that may affect the rights and interest of LiTian WFOE without its prior written consent.

The equity pledge shall remain valid until all the contractual obligations of LiTian TV & Film and the Registered Shareholders are satisfied and all Secured Indebtedness are settled in full under the Contractual Arrangements, or the nullification or termination of the Contractual Arrangements, whichever is later.

Upon the occurrence and during the continuance of an event of default (as defined in the Equity Pledge Agreements), unless such default is cured within ten business days following the Registered Shareholders or LiTian TV & Film's receipt of the written notice which requests for the cure of such default, LiTian WFOE shall have the right to exercise all such rights as a secured party under the Equity Pledge Agreements and in compliance with applicable PRC law.

The equity pledge is required to be registered under the relevant laws and regulations. The equity pledge registration of LiTian TV & Film with the Haining Administration for Market Regulation was completed on 13 February 2020.

(4) *Shareholders' Voting Rights Entrustment Agreement*

Pursuant to the shareholders' voting rights entrustment agreement (the "**Shareholders' Voting Rights Entrustment Agreement**") dated 14 October 2019, entered into among LiTian WFOE, the Registered Shareholders and LiTian TV & Film, each of the Registered Shareholders irrevocably, unconditionally and exclusively appointed the persons designated by LiTian WFOE as its attorneys-in-fact to exercise on his/her/its behalf, any and all shareholder's right that he/she/it has in respect of its equity interests in LiTian TV & Film.

The Shareholders' Voting Rights Entrustment Agreement has an indefinite term and will only be terminated when (i) all the equity interest or assets have been legally and effectively transferred to LiTian WFOE or its appointed representative in accordance with the Exclusive Option Agreement; (ii) LiTian WFOE terminates this Shareholders' Voting Rights Entrustment Agreement in accordance with the provisions herein; or (iii) this agreement is terminated pursuant to the operation of laws of the PRC. In addition, LiTian WFOE shall have the right to terminate this agreement by giving written notice to the Registered Shareholders and LiTian TV & Film.

(5) *Shareholders' Powers of Attorney*

Pursuant to the Shareholders' Powers of Attorney dated 14 October 2019 and executed by the Registered Shareholder in favor of LiTian WFOE, each of the Registered Shareholder irrevocably authorized and appointed LiTian WFOE, as his/her/its agent to act on his/her/its behalf to exercise or delegate the exercise of all his/her/its rights as shareholders of LiTian TV & Film.

LiTian WFOE shall have the right to further delegate its power to other designated person(s), including but not limited to (i) the director(s) of LiTian WFOE and/or its holding company, and (ii) any person as successor of or liquidator to replace such director(s). Each of the Registered Shareholders irrevocably agreed that the authorization and appointment pursuant to the Shareholders' Powers of Attorney shall not be invalid, prejudiced or otherwise adversely affected by reason of his/her/its loss of or restriction on capacity, death or other similar events.

(6) Spouse Undertakings

Pursuant to the Spouse Undertakings, each of the individual Registered Shareholders and the respective spouse has irrevocably undertaken and acknowledged that:

(a) the respective spouse has full knowledge of the entering into of the Contractual Arrangements by LiTian WFOE, the Registered Shareholders and LiTian TV & Film;

(b) the Registered Shareholder is the only beneficial owner of the equity interests in LiTian TV & Film; the rights and obligations under the Contractual Arrangements do not apply to the spouse; the performance, amendment or termination of the Contractual Arrangements by the Registered Shareholder does not require consent from the spouse; and at any time, the spouse shall not take any actions against the disposal of any equity interest in LiTian TV & Film and shall not make any claim relating to such equity interest;

(c) the respective spouse has consented that the equity interest of LiTian TV & Film held and to be held by the Registered Shareholder (together with any other interests therein) do not fall within the scope of communal properties in case of divorce;

(d) the respective spouse will execute all necessary documents and perform all necessary procedures from time to time to ensure the performance of the Contractual Arrangements; and

(e) any undertaking, confirmation, consent and authorization under the Spouse Undertakings shall not be revoked, prejudiced, invalidated or otherwise adversely affected by death, loss of or restriction on capacity of the spouse, divorce or other similar events.

Significance and financial contributions of the Consolidated Affiliated Entities to the Group

Pursuant to the Contractual Arrangements, the Group obtains control over and derives the economic benefits from the Consolidated Affiliated Entities. The table below sets out the financial contribution of the Consolidated Affiliated Entities to the Group:

	Revenue for the eighteen months period ended 30 June 2025	**Net profit for the eighteen months period ended 30 June 2025**	**Total Assets as of 30 June 2025**
Significances and financial contribution to the Group	100%	98.6%	92.1%

Revenue and total assets involved in Contractual Arrangements

The table below sets out (i) revenue and (ii) total assets involved in the Consolidated Affiliated Entities for the reporting period, which would be consolidated into the Group's financial statements pursuant to the Contractual Arrangements:

	Revenue for the eighteen months period ended 30 June 2025 RMB	**Total assets as of 30 June 2025** RMB
Consolidated Affiliated Entities	132,812,000	96,541,000

"**Consolidated Affiliated Entities**" means the entities we control through the Contractual Arrangements, namely, LiTian TV & Film and its subsidiaries.

"**Contractual Arrangements**" means a series of contractual arrangements entered into among LiTian WFOE, LiTian TV & Film and the Registered Shareholder of LiTian TV & Film.

"**LiTian WFOE**" means Haining Marshal Films Planning Co., Ltd.*（海寧元帥影視策劃有限公司）, a limited liability company established under the laws of the PRC on 25 September 2019 and a wholly-owned subsidiary of the Company.

"**Relevant Shareholders**" means the registered shareholders of LiTian TV & Film consisting of the following persons and entities: Mr. Yuan Li（袁力）, Ms. Tian Tian（田甜）, Ningbo Meishan Bonded Port District Haohao Xuexi Investment Management Partnership (Limited Partnership)*（寧波梅山保稅港區好好學習投資管理合夥企業（有限合夥）), Hangzhou Zhihui Xinlong Equity Investment Fund Partnership (Limited Partnership)*（杭州智匯欣隆股權投資基金合夥企業（有限合夥）), Ningbo Meishan Bonded Port District Zhihui Lixiang Equity Investment Fund Partnership (Limited Partnership)*（寧波梅山保稅港區智匯力象股權投資基金合夥企業（有限合夥）), Shenzhen Junfeng Huayi Xinxing Industrial Investment Partnership (Limited Partnership)*（深圳市君豐華益新興產業投資合夥企業（有限合夥）), Ms. Fu Jieyun（傅潔雲）, Mr. Huang Weishu（黃衛書）, Mr. Li Danjun（勵丹駿）, Mr. Gong Yueliang（龔越亮）, Mr. Zhu Huanghang（朱黃杭）and Ms. Si Houfang（斯厚芳）.

No service fee was paid by LiTian TV & Film to LiTian WFOE pursuant to the Exclusive Consultancy and Service Agreement for the eighteen months period ended 30 June 2025.

Risks associated with the Contractual Arrangements and measures taken to mitigate the risks

The Group conducts our businesses in the PRC through our Consolidated Affiliated Entities, based on the Contractual Arrangements entered into by among others, LiTian WFOE, our Consolidated Affiliated Entities and the Registered Shareholders.

Our PRC legal advisors are of the opinion that (i) the ownership structure of LiTian WFOE and our Consolidated Affiliated Entities does not violate prevailing PRC laws and regulations, (ii) except for certain clauses regarding the remedies that may be awarded by the arbitration tribunal and the power of courts in Hong Kong and the Cayman Islands to grant interim remedies in support of the arbitration and liquidation arrangement of our Consolidated Affiliated Entities, the Contractual Arrangements, taken individually or collectively, are valid, legally binding and enforceable against each party of such agreements in accordance with their terms, and (iii) the Contractual Arrangements do not fall within any of the circumstances (including, without limitation, "concealing illegal intentions with a lawful form") under Article 52 of the Contract Law of the People's Republic of China (《中華人民共和國合同法》), promulgated by the NPC on 15 March 1999 and implemented on 1 October 1999 (the "Contract Law"), pursuant to which the contracts would be determined to be invalid.

However, there can be no assurance that the PRC government authorities will take a view in the future that is not contrary to or otherwise different from the opinion of our PRC Legal Advisors stated above, and there is also the possibility that the PRC government authorities may adopt new laws and regulations in the future which may invalidate the Contractual Arrangements. If the PRC government determines that we are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations or failures, including, but not limited to:

- revoking our business and operating licenses;
- discontinuing or restricting our operations;
- imposing fines or confiscating any of our income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements with which we or LiTian WFOE and our Consolidated Affiliated Entities may not be able to comply;
- requiring us or LiTian WFOE and our Consolidated Affiliated Entities to restructure the relevant ownership structure or operations.

Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, financial condition and results of operations.

The Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(a) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

(b) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(c) our Company will disclose the overall performance and compliance with the Contractual Arrangements in its annual reports to update the Shareholders and potential investors; and

(d) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of LiTian WFOE and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

Material change in relation to the Contractual Arrangements

During the eighteen months period ended 30 June 2025, there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted.

Unwinding the Contractual Arrangements

Under the Foreign Investment Catalog and the Negative List, foreign investment in radio and television program production and operating business in the PRC is subject to foreign investment prohibition. If the PRC regulatory environment changes and the foreign investment prohibition on radio and television program production and operating business is removed (and assuming there are no other changes in the relevant PRC laws and regulations), LiTian WFOE will exercise the call option in full to hold all of the interest in the Consolidated Affiliated Entities and unwind the contractual arrangements accordingly.

The Company will unwind the Contractual Arrangements as soon as the laws allows the business of the Consolidated Affiliated Entities to be operated without the Contractual Arrangements. However, for the eighteen months period ended 30 June 2025, none of the Contractual Arrangements had been unwound as none of the restrictions that led to the adoption of the Contractual Arrangements had been removed.

Waiver from the Stock Exchange

The Stock Exchange has granted a waiver to the Company from strict compliance with the connected transactions requirements under Chapter 14A of the Listing Rules in respect of the Contractual Arrangements. For details, please refer to the section "Waivers from strict compliance with the Listing Rules" in the Prospectus.

Save as disclosed above, during the eighteen months period ended 30 June 2025, the Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

ANNUAL REVIEW BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS AND THE AUDITOR

The independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

(a) the transactions carried out during the eighteen months period ended 30 June 2025 had been entered into in accordance with the relevant provisions of the Contractual Arrangements, had been operated so that the profit generated by the Consolidated Affiliated Entities had been substantially retained by the Group;

(b) no dividends or other distributions had been made by the Consolidated Affiliated Entities to the respective holders of equity which were not otherwise subsequently assigned or transferred to the Group;

(c) no new contracts had been entered into, renewed and/or reproduced between the Group and the Consolidated Affiliated Entities during the Reporting Period; and

(d) the Contractual Arrangements had been entered into in the ordinary and usual course of business of the Group, are on normal commercial terms and are fair and reasonable in the interest of the Group and the Shareholders as a whole.

The Auditors has been reviewed and advised the Board in writing that the transactions carried out pursuant to the Contractual Arrangements during the Reporting Period has nothing come to their attention that causes them to believe (i) the transactions have not been approved by the Board; (ii) the transactions had not been entered into, in all material respects, in accordance with the relevant Contractual Arrangements; and (iii) that dividends or other distributions had been made by the Consolidated Affiliated Entities to the holders of the equity interests which were not otherwise subsequently assigned or transferred to the Group.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the eighteen months period ended 30 June 2025 are set out in note 26 to the consolidated financial statements contained herein. Save as disclosed, none of the related party transactions constitutes a connected transaction or continuing connected transaction subject to independent Shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

NON-COMPETE UNDERTAKING

The Controlling Shareholders entered into the deed of non-competition dated 24 May 2020 in respect of the non-compete undertaking under the Contractual Arrangements. For details of the non-compete undertakings, please refer to the Prospectus. The Company has received confirmations from the Controlling Shareholders confirming their compliance with the non-compete undertaking under the Contractual Arrangements during the eighteen months period ended 30 June 2025.

The independent non-executive Directors have reviewed the compliance with the non-compete undertaking under the Contractual Arrangements during the eighteen months period ended 30 June 2025 based on the information and confirmation provided by or obtained from the Controlling Shareholders, and were satisfied that the Controlling Shareholders have duly complied with the non-compete undertaking.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the businesses of the Company were entered into or existed during the eighteen months period ended 30 June 2025.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued Shares during the eighteen months period ended 30 June 2025 and as at the date of this annual report.

CORPORATE GOVERNANCE

The details of the Company's corporate governance practices are set out in the section headed "Corporate Government Report" of this annual report.

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 annual report.

AUDIT COMMITTEE

The Audit Committee, together with the management and the external auditor of the Company, has reviewed the annual results of the Group for the eighteen months period ended 30 June 2025. 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.

AUDITOR

The consolidated financial statements have been audited by KPMG, Certified Public Accountants, who will retire and, being eligible, offered themselves for re-appointment as auditor of the Company at the forthcoming annual general meeting. A resolution for their re-appointment as the auditor of the Company will be proposed at the forthcoming annual general meeting. There is no change of auditor of the Company since the Listing Date.

On behalf of the Board

Yuan Li
Chairman and Executive Director

Hong Kong, 21 November 2025

Independent auditor's report to the shareholders of Litian Pictures Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Litian Pictures Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 75 to 135, which comprise the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the eighteen-month period then ended and notes, comprising material accounting policy information and other explanatory information.

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 OF OPINION

Multiple uncertainties relating to going concern

As described in Note 2(b) to the consolidated financial statements, 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.

BASIS FOR DISCLAIMER OF OPINION (CONTINUED)

Multiple uncertainties relating to going concern (continued)

(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.

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.

BASIS FOR DISCLAIMER OF OPINION (CONTINUED)

Multiple uncertainties relating to going concern (continued)

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 or renewal 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. 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.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and to issue an auditor's report. However, because of the potential interaction of the 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 these consolidated financial statements. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), together with any other ethical requirements that are relevant to our audit of the consolidated financial statements in Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

The engagement partner on the audit resulting in this independent auditor's report is Wan Chi Yau, Charles (practising certificate number: P05058).

KPMG
Certified Public Accountants

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

21 November 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period from 1 January 2024 to 30 June 2025

(Expressed in RMB)

	Note	**Period from 1 January 2024 to 30 June 2025 RMB'000**	Year ended 31 December 2023 RMB'000
Revenue	*4*	**132,812**	113,445
Cost of sales		**(526,996)**	(181,121)
Gross loss	*4(b)*	**(394,184)**	(67,676)
Other income/(loss)	*5*	**699**	(81)
Selling and marketing expenses		**(3,972)**	(2,379)
Administrative expenses		**(35,946)**	(22,833)
Impairment loss on trade and other receivables	*6(c)*	**(69,328)**	(31,868)
Loss from operations		**(502,731)**	(124,837)
Finance costs	*6(a)*	**(45,440)**	(18,683)
Loss before taxation	*6*	**(548,171)**	(143,520)
Income tax	*7*	**(5,895)**	(11,938)
Loss for the period/year		**(554,066)**	(155,458)
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.*

The notes on pages 82 to 135 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period from 1 January 2024 to 30 June 2025
(Expressed in RMB)

	Note	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
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 (RMB)	*10*	**(1.79)**	(0.52)

* *Represent amounts less than RMB1,000.*

The notes on pages 82 to 135 form part of these financial statements.

Consolidated Statement of Financial Position

At 30 June 2025

(Expressed in RMB)

	Note	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Non-current assets			
Property and equipment	11	**1,107**	4,634
Deferred tax assets	22(b)	**–**	5,883
		1,107	10,517
Current assets			
Drama series copyrights	13	**84,693**	550,222
Trade and bills receivables	14	**6,804**	126,823
Prepayments, deposits and other receivables	15	**3,122**	29,344
Restricted cash	16	**5,060**	189
Cash and cash equivalents	16	**4,008**	4,314
		103,687	710,892
Current liabilities			
Trade payables	17	**214,892**	221,307
Other payables and accrued expenses	18	**205,692**	147,415
Contract liabilities	19	**30,792**	149,980
Bank and other loans	20	**160,094**	158,775
Lease liabilities	21	**4,299**	3,371
Current taxation	22(a)	**4,713**	4,713
		620,482	685,561
Net current (liabilities)/assets		**(516,795)**	25,331
Total assets less current liabilities		**(515,688)**	35,848
Non-current liabilities			
Bank loan	20	**–**	1,740
Lease liabilities	21	**–**	1,232
		–	2,972
NET (LIABILITIES)/ASSETS		**(515,688)**	32,876

The notes on pages 82 to 135 form part of these financial statements.

Consolidated Statement of Financial Position

At 30 June 2025

(Expressed in RMB)

	Note	**At 30 June 2025 RMB'000**	At 31 December 2023 RMB'000
CAPITAL AND RESERVES	*23*		
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		**(515,688)**	32,876

Approved and authorised for issue by the board of directors on 21 November 2025.

Yuan Li
Chairman

Tian Tian
Director

The notes on pages 82 to 135 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the period from 1 January 2024 to 30 June 2025

(Expressed in RMB)

	Attributable to equity shareholders of the Company							
	Share capital RMB'000 *(Note 23(b))*	Share premium RMB'000 *(Note 23(d))*	Other reserve RMB'000 *(Note 23(e))*	Exchange reserve RMB'000 *(Note 23(f))*	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity/ (equity-deficit) RMB'000
At 1 January 2023	2,742	160,389	165,870	(8,722)	(133,399)	186,880	–	186,880
Changes in equity for the year ended 31 December 2023:								
Loss for the year	–	–	–	–	(155,458)	(155,458)	–	(155,458)
Other comprehensive income for the year	–	–	–	1,454	–	1,454	–	1,454
Total comprehensive income for the year	–	–	–	1,454	(155,458)	(154,004)	–	(154,004)
At 31 December 2023 and 1 January 2024	**2,742**	**160,389**	**165,870**	**(7,268)**	**(288,857)**	**32,876**	**-**	**32,876**
Changes in equity for the period from 1 January 2024 to 30 June 2025:								
Loss for the period	**-**	**-**	**-**	**-**	**(554,066)**	**(545,066)**	**-**	**(554,066)**
Other comprehensive income for the period	**-**	**-**	**-**	**(72)**	**-**	**(72)**	**-**	**(72)**
Total comprehensive income for the period	**-**	**-**	**-**	**(72)**	**(554,066)**	**(554,138)**	**-**	**(554,138)**
Issuance of shares (Note 23(b))	**554**	**4,870**	**-**	**-**	**-**	**5,424**	**-**	**5,424**
Capital contribution from a non-controlling equity holder	**-**	**-**	**-**	**-**	**-**	**-**	**150**	**150**
Subtotal	**554**	**4,870**	**-**	**-**	**-**	**5,424**	**150**	**5,574**
At 30 June 2025	**3,296**	**165,259**	**165,870**	**(7,340)**	**(842,923)**	**(515,838)**	**150**	**(515,688)**

The notes on pages 82 to 135 form part of these financial statements.

Consolidated
Cash Flow Statement

For the period from 1 January 2024 to 30 June 2025

(Expressed in RMB)

	Note	**Period from 1 January 2024 to 30 June 2025 RMB'000**	Year ended 31 December 2023 RMB'000
Cash flows from operating activities			
Loss before taxation		**(548,171)**	(143,520)
Adjustments for:			
Depreciation expenses	*6(c)*	**4,210**	4,217
Finance costs	*6(a)*	**45,440**	18,683
Interest income		**(8)**	(31)
Changes in fair value of financial assets measured at fair value through profit or loss ("**FVPL**")	*5*	**–**	1,220
Changes in working capital:			
Decrease/(increase) in drama series copyrights		**465,529**	(4,592)
Decrease in trade and bills receivables		**120,019**	28,541
Decrease in prepayments, deposits and other receivables		**26,222**	3,560
(Increase)/decrease in restricted cash		**(4,871)**	49,387
Decrease in trade payables		**(6,415)**	(31,173)
Increase in other payables and accrued expenses		**35,392**	22,056
(Decrease)/increase in contract liabilities		**(119,188)**	115,714
Cash generated from operating activities		**18,159**	64,062
Income tax paid	*22(a)*	**(12)**	–
Net cash generated from operating activities		**18,147**	64,062
Cash flows from investing activities			
Payments for purchase of property and equipment		**–**	(211)
Interest received		**8**	31
Net cash generated from/(used in) investing activities		**8**	(180)

The notes on pages 82 to 135 form part of these financial statements.

Consolidated Cash Flow Statement

For the period from 1 January 2024 to 30 June 2025

(Expressed in RMB)

	Note	**Period from 1 January 2024 to 30 June 2025 RMB'000**	Year ended 31 December 2023 RMB'000
Cash flows from financing activities			
Proceeds from issuance of shares, net of issuance expenses		**5,424**	–
Capital contribution from a non-controlling equity holder		**150**	–
Proceeds from bank and other loans	*16(b)*	**9,584**	144,577
Repayment of bank and other loans	*16(b)*	**(20,005)**	(196,732)
Capital element of lease rentals paid	*16(b)*	**(1,010)**	(413)
Interest element of lease rentals paid	*16(b)*	**(77)**	(152)
Interest paid	*16(b)*	**(12,455)**	(18,304)
Net cash used in financing activities		**(18,389)**	(71,024)
Net decrease in cash and cash equivalents		**(234)**	(7,142)
Cash and cash equivalents at the beginning of the period/year	*16(a)*	**4,314**	10,002
Effect of foreign exchange rate changes		**(72)**	1,454
Cash and cash equivalents at the end of the period/year	*16(a)*	**4,008**	4,314

The notes on pages 82 to 135 form part of these financial statements.

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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

Change of financial year end date (continued)

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 as explained in the accounting policies as set in Note 2(e).

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.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

Multiple uncertainties relating 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

Multiple uncertainties relating to going concern (continued)

(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;

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

Multiple uncertainties relating to going concern (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 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (continued)

Multiple uncertainties relating to going concern (continued)

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.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests (continued)

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(m) and (n) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)(ii)), unless it is classified as held for sale.

(e) Other investments in securities

Investments in securities other than investments in subsidiaries, associates and joint ventures are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognised directly in profit or loss. An investment in equity securities is classified as FVPL and subsequent changes in fair value are recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) *Property and equipment*

Property and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(h)(ii)).

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvements, office equipment and others	Over the term of lease or 2 to 5 years
Right-of-use assets	Over the term of lease

Depreciation methods, useful lives and residual values (if any) are reviewed annually and adjusted if appropriate.

(g) *Leased assets*

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the Group has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) *Leased assets (continued)*

As a lessee (continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(h)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such lease modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses ("**ECL**"s) on financial assets measured at amortised cost (including cash at bank and on hand, and trade and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls of trade and other receivables and contract assets are discounted using the effective interest rate determined at initial recognition or an approximation thereof where the effect of discounting is material.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

– lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

– financial instruments that are determined to have low credit risk at the reporting date; and

– other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and contract assets (continued)

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is past the contractual due date.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is past the contractual due dates.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or being past the contractual due date;

– the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or

– it is probable that the debtor will enter bankruptcy or other financial reorganisation.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments and contract assets (continued)

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months (and twelve months due to the change of financial year end date mentioned in Note 2(b)) of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 2(h)(i) and 2(h)(ii)).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Drama series copyrights

Drama series copyrights comprise the (i) distribution rights and copyrights of drama series and (ii) script copyrights, either acquired or produced by the Group. Drama series copyrights are stated at cost less accumulated amortisation and impairment losses (see Note 2(h)(ii)). Costs of drama series copyrights comprise consideration payable upon acquisition of drama series and/or costs/expenses incurred during the production of drama series. Script copyrights are stated at cost less impairment losses (see Note 2(h)(ii)).

The amortisation of drama series copyrights is determined using the drama series forecast computation method. Under this method, the amount of amortisation is determined based on the proportion of the revenue recognised in the reporting period for each individual drama series to the estimated total revenue expected to be recognised throughout the life cycle of the drama series.

(j) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(r)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 2(h)(i) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(k)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 2(r)). A contract liability is also recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(k)).

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost using the effective interest method, net of loss allowance (see Note 2(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in Note 2(h)(i).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(m) *Trade and other payables*

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) *Interest-bearing borrowings*

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(t).

(o) *Employee benefits*

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(p) *Income tax*

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the period and any adjustments to the tax payable or receivable in respect of previous periods. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(p) *Income tax (continued)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

– temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(q) *Provisions and contingent liabilities*

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from distribution and licensing of broadcasting rights of drama series

Revenue from distribution and licensing of broadcasting right of drama series to the customer is recognised when the drama series materials are made available to the customer.

(ii) Sale of script copyrights

Revenue from the sale of script copyright is recognised when the title and copy of script copyright are transferred to the customer.

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

Revenue from distribution and licensing of broadcasting right under co-financing arrangement relates to the Group's investment in drama series as non-executive producer. Revenue under such arrangement is recognised when the drama series materials are made available to the customer by the executive producer.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(h)(i)).

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as other income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss on a systematic basis over the useful life of the asset.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB, the Group's presentation currency, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the exchange reserve.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group.

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Related parties (continued)

(b) (continued)

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

The significant sources of estimation uncertainty are as follows:

(a) Going concern assessment

These financial statements have been prepared on a going concern basis even though there are material uncertainties as explained in Note 2(b). In view of these, the directors of the Company have been given considerations to future liquidity and performance in assessing whether the Group will have sufficient financial resources to continue as a going concern. If the Group fails to achieve the intended effects resulting from the measures as mentioned in Note 2(b), it may not be able to operate as a going concern and adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts and to provide for future liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

(Expressed in RMB unless otherwise indicated)

3 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Expected credit losses for receivables

The credit losses for trade and other receivables are assessed based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the expected loss calculation, based on the Group's past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Note 24(a). Changes in these assumptions and estimates could materially affect the result of the assessment and the Group may make additional loss allowances in future periods.

(c) Amortisation of drama series copyrights

Drama series copyrights are amortised using the drama series forecast computation method, of which the amount is determined based on the proportion of the revenue recognised in the reporting period for each individual drama series to the estimated total revenue expected to be recognised throughout the life cycle of the drama series.

The management of the Group reviews the estimated total revenue throughout the life cycle of the drama series regularly in order to determine the amount of amortisation expenses to be recorded during any reporting period. The determination of the estimated total revenue is based on historical experience with similar drama series existing market conditions as well as forward looking estimates. The amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

(d) Impairment of drama series copyrights

If circumstances indicated that the carrying amount of a drama series copyright may not be recoverable, the drama series copyright may be considered "impaired", and an impairment loss may be recognised in accordance with accounting policy for impairment of drama series copyrights as described in Note 2(h)(ii). Drama series copyrights are tested for impairment periodically or whenever the events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected future cash flows generated by the drama series copyright are discounted to their present value, which requires significant judgement relating to the level of revenue to be generated over the life cycle of the drama series copyright. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue to be generated over the life cycle of the drama series copyright. Changes in these estimates could have a significant impact on the recoverable amount of drama series copyrights and could result in additional impairment charge or reversal of impairment in future periods.

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:

	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
	132,812	113,445

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 RMB'000	Year ended 31 December 2023 RMB'000
Customer A	**115,892**	–
Customer B	**–**	45,306
Customer C	**–**	30,967

Details of concentration of credit risks of the Group are set out in Note 24(a).

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, 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.

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 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 drama series RMB'000	**Outright-purchased drama series RMB'000**	**Others RMB'000**	**Total RMB'000**
Revenue from external customers	**121,544**	**5,355**	**5,913**	**132,812**
Reportable segment gross loss	**(163,893)**	**(7,246)**	**(223,045)**	**(394,184)**

	Year ended 31 December 2023			
	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)

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(ii) Reconciliation of reportable segment profit or loss

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
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	**(45,440)**	(18,683)
Consolidated loss before taxation	**(548,171)**	(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/(LOSS)

	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 *(Note)*	**–**	(1,220)
Others	**(24)**	(19)
	699	(81)

Note:

The Group's interest in unlisted equity securities comprised an investment in a limited partnership established in the Chinese Mainland which principally engaged in investing activities, where the underlying investment comprised a listed company which subsequently delisted, and hence the amount of which was written down to Nil in 2023.

6 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
	45,440	23,319
Less: interest expenses capitalised into drama series copyrights*	**–**	(4,636)
	45,440	18,683

* *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
	19,995	9,612

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.

(Expressed in RMB unless otherwise indicated)

6 LOSS BEFORE TAXATION (CONTINUED)

(c) Other items

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Depreciation expenses *(Note 11)*:		
– owned property and equipment	**1,727**	2,472
– right-of-use assets	**2,483**	1,745
	4,210	4,217
Impairment losses on:		
– drama series copyrights *(Note 13)*	**201,939**	57,440
– trade and other receivables *(Notes 14(b) and 15)*	**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 *(Note 13)*	**288,494**	107,256

7 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 *(Note 22(a))*:		
Provision for the year	**12**	–
Deferred taxation *(Note 22(b))*:		
Origination and reversal of temporary differences	**5,883**	11,938
	5,895	11,938

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Loss before taxation	**(548,171)**	(143,520)
Expected tax on loss before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii) and (iii))*	**(135,016)**	(35,470)
Tax effect of non-deductible expenses	**296**	279
Tax effect of unused tax losses and deductible temporary differences not recognised	**140,615**	47,129
	5,895	11,938

Notes:

*(i) The Company and the subsidiary 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 rate of 16.5% for the period from 1 January 2024 to 30 June 2025 (year ended 31 December 2023: 16.5%).

(iii) The subsidiaries of the Group established in the Chinese Mainland are subject to PRC Corporate Income Tax rate of 25% for the period from 1 January 2024 to 30 June 2025 (year ended 31 December 2023: 25%).

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Period from 1 January 2024 to 30 June 2025			
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors				
Mr. Yuan Li	–	1,671	100	1,771
Ms. Tian Tian	–	1,684	112	1,796
Ms. Fu Jieyun *(resigned on 13 August 2024) (Note (i))*	–	628	40	668
Ms. Huang Jingyu *(appointed on 19 January 2024 and resigned on 26 April 2024)*	–	345	–	345
Mr. Huang Zhiqiang *(appointed on 19 July 2024)*	–	341	–	341
Mr. Lin Mingwei *(appointed on 19 July 2024)*	–	303	–	303
Ms. Hu Na *(appointed on 13 August 2024 and resigned on 8 November 2024)*	–	71	–	71
Ms. Huang Meiyuan *(appointed on 8 November 2024)*	–	190	–	190
Non-executive directors				
Mr. Yu Yang *(resigned on 26 April 2024)*	20	–	–	20
Mr. Tang Zhiwei *(resigned on 26 April 2024)*	20	–	–	20
Independent non-executive directors				
Mr. Teng Bing Sheng *(resigned on 8 November 2024)*	117	–	–	117
Mr. Liu Hanlin *(resigned on 13 August 2024)*	94	–	–	94
Mr. Gan Weimin *(resigned on 13 August 2024)*	94	–	–	94
Mr. Tse Kwok Hing Henry *(appointed on 13 August 2024)*	73	–	–	73
Mr. Xie Taoquan *(appointed on 13 August 2024)*	18	–	–	18
Mr. Yam Yuet Hang *(appointed on 8 November 2024)*	34	–	–	34
	470	5,233	252	5,955

8 DIRECTORS' EMOLUMENTS (CONTINUED)

	Year ended 31 December 2023			
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors				
Mr. Yuan Li	–	1,107	63	1,170
Ms. Tian Tian	–	1,116	72	1,188
Ms. Fu Jieyun	–	956	62	1,018
Ms. Huang Jingyu *(appointed on 19 January 2024)*	–	–	–	–
Non-executive directors				
Mr. Yu Yang	60	–	–	60
Mr. Tang Zhiwei	60	–	–	60
Independent non-executive directors				
Mr. Teng Bing Sheng	200	–	–	200
Mr. Liu Hanlin	150	–	–	150
Mr. Gan Weimin	150	–	–	150
	620	3,179	197	3,996

Note:

(i) Ms. Fu Jieyun resigned as an executive director on 13 August 2024 and continued employment with the Company thereafter. The emolument disclosed in the above table represents her compensation for the directorship period. Her total compensation for the period from 1 January 2024 to 30 June 2025 was RMB1,542,000.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2023: three) are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the other two (2023: two) individuals are as follows:

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Salaries and other emoluments	**2,940**	1,247
Retirement scheme contributions	**67**	78
	3,007	1,325

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Period from 1 January 2024 to 30 June 2025 Number of individuals	Year ended 31 December 2023 Number of individuals
Hong Kong dollar ("**HK$**") Nil to HK$1,000,000	**1**	2
HK$2,000,001 to HK$2,500,000	**1**	–

10 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	**309,982**	300,000

(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.

11 PROPERTY AND EQUIPMENT

	Leasehold improvements, office equipment and others RMB'000	Right-of-use assets RMB'000	Total RMB'000
Cost:			
At 1 January 2023	11,087	7,101	18,188
Additions	211	474	685
At 31 December 2023	11,298	7,575	18,873
Additions	–	1,189	1,189
Disposals	(185)	(7,101)	(7,286)
At 30 June 2025	11,113	1,663	12,776
Accumulated depreciation:			
At 1 January 2023	(6,870)	(3,152)	(10,022)
Charge for the year	(2,472)	(1,745)	(4,217)
At 31 December 2023	(9,342)	(4,897)	(14,239)
Charge for the period	(1,727)	(2,483)	(4,210)
Written back on disposals	162	6,618	6,780
At 30 June 2025	(10,907)	(762)	(11,669)
Carrying amount:			
At 30 June 2025	206	901	1,107
At 31 December 2023	1,956	2,678	4,634

(i) Property and equipment of the Group are located in the PRC.

(ii) The carrying amounts of the Group's right-of-use assets represented leases entered into by the Group for office premises for its own use, where the lease terms are within two years. Further details on lease liabilities are set out in Note 21 and expenses items related to leases are set out in Notes 6(a) and 6(c).

(Expressed in RMB unless otherwise indicated)

12 INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

			Proportion of ownership interest			
Name of subsidiaries	Place and date of establishment	Particulars of registered and paid-up capital	The Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
LiTian TV & Film 浙江力天影視有限公司 *(Notes (i) and (ii))*	The PRC 2 August 2013	RMB46,131,980	100%	–	100%	Production, distribution and licensing of broadcasting rights of drama series
Zhejiang LiTian Media Co., Ltd. 浙江力天傳媒有限公司 *(Notes (i) and (ii))*	The PRC 9 July 2014	RMB10,000,000	100%	–	100%	Production, distribution and licensing of broadcasting rights of drama series
Horgos Tiantian Meimei Film Co., Ltd. 霍爾果斯甜甜美美影業有限公司 *(Notes (i), (ii) and (iv))*	The PRC 24 January 2017	Registered capital of RMB30,030,000 and paid-up capital of RMB30,000,000	99.9%	–	99.9%	Production, distribution and licensing of broadcasting rights of drama series
Horgos Haohao Xuexi Film Co., Ltd. 霍爾果斯好好學習影業有限公司 *(Notes (i) and (ii))*	The PRC 26 May 2017	RMB30,000,000	100%	–	100%	Production, distribution and licensing of broadcasting rights of drama series
Horgos Tiantian Xiangshang Film Co., Ltd. 霍爾果斯天天向上影業有限公司 *(Notes (i), (ii) and (iv))*	The PRC 15 June 2017	Registered capital of RMB30,030,000 and paid-up capital of RMB30,000,000	99.9%	–	99.9%	Production, distribution and licensing of broadcasting rights of drama series
Xinjiang Qingchun LiTian Film Co., Ltd. 新疆青春力天影業有限公司 *(Notes (i), (ii) and (iv))*	The PRC 22 June 2018	Registered capital of RMB10,020,000 and paid-up capital of RMB10,000,000	99.8%	–	99.8%	Production, distribution and licensing of broadcasting rights of drama series
Beijing Litian Zhenzhi Film Co., Ltd. 北京力天臻至影業有限公司 *(Notes (i), (ii) and (iv))*	The PRC 9 May 2019	Registered capital of RMB10,000,000 and paid-up capital of RMB2,879,300	99%	–	99%	Licensing of broadcasting rights of drama series
LiTian WFOE 海寧元帥影視策劃有限公司 *(Note (i))*	The PRC 25 September 2019	*(Note (iii))*	100%	–	100%	Investment holding
Horgos Baima Film Co., Ltd. 霍爾果斯白馬影業有限公司 *(Notes (i), (ii) and (iv))*	The PRC 7 September 2020	RMB3,000,000	99%	–	99%	Production, distribution and licensing of broadcasting rights of drama series
Horgos Yuema Film Co., Ltd. 霍爾果斯躍馬影業有限公司 *(Notes (i), (ii) and (iv))*	The PRC 7 September 2020	Registered capital of RMB3,030,000 and paid-up capital of RMB3,000,000	99%	–	99%	Production, distribution and licensing of broadcasting rights of drama series

(Expressed in RMB unless otherwise indicated)

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place and date of establishment	Particulars of registered and paid-up capital	Proportion of ownership interest: The Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities
Horgos Zhizhen Film Co., Ltd. 霍爾果斯至臻影視有限公司 *(Notes (i), (ii) and (iv))*	The PRC 7 September 2020	RMB3,030,000	99%	–	99%	Production, distribution and licensing of broadcasting rights of drama series
Sichuan Litian Zhenzhi Film Culture Co., Ltd. 四川力天臻至影視文化有限公司 *(Notes (i) and (ii))*	The PRC 7 September 2023	Registered capital of RMB10,000,000 and paid-up capital of RMB261,734	100%	–	100%	Production, distribution and licensing of broadcasting rights of drama series
Xiamen Litian Zhenzhi Film Culture Co., Ltd. 廈門力天臻至影視文化有限公司 *(Notes (i) and (ii))*	The PRC 17 October 2023	Registered capital of RMB10,000,000 and paid-up capital of RMB700	100%	–	100%	Production, distribution and licensing of broadcasting rights of drama series

Notes:

(i) The official names of these entities are in Chinese. The English translations are for identification only.

(ii) These entities were registered as limited liability companies under the laws and regulations in the Chinese Mainland.

(iii) This entity was registered as a wholly foreign-owned enterprise under the laws and regulations in the Chinese Mainland. At 30 June 2025, the registered capital is HK$200,000,000 and paid-up capital is HK$124,720,000.

(iv) These entities received capital injections from a non-controlling equity holder during the period from 1 January 2024 to 30 June 2025. The Group has no material NCI.

(Expressed in RMB unless otherwise indicated)

13 DRAMA SERIES COPYRIGHTS

	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Self-produced drama series with production completed *(Note (i))*	**146,083**	583,702
Outright-purchased drama series	**7,897**	24,505
Co-financed drama series with production completed *(Note (ii))*	**46,965**	73,178
Script copyrights *(Note (iii))*	**179,526**	182,339
	380,471	863,724
Less: impairment losses	**(295,778)**	(313,502)
	84,693	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 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 estimates of recoverable amounts were based on value in use as described in Note 2(h)(ii). 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%).

13 DRAMA SERIES COPYRIGHTS (CONTINUED)

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 *(Note 6(c))*	(107,256)
Impairment losses	(57,440)
At 31 December 2023	550,222
Additions	24,904
Recognised in cost of sales *(Note 6(c))*	(288,494)
Impairment losses	(201,939)
At 30 June 2025	84,693

14 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 *(Note 14(b))*	**(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.

14 TRADE AND BILLS RECEIVABLES (CONTINUED)

(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

Further details on the Group's credit policy and credit risk are set out in Note 24(a).

(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).

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Prepayments for productions of drama series	**–**	1,000
VAT recoverable	**2,771**	26,769
Others	**867**	2,705
	3,638	30,474
Less: loss allowance	**(516)**	(1,130)
	3,122	29,344

All of the prepayments, deposits and other receivables are expected to be recovered or recognised as expenses within one year.

16 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND OTHER CASH FLOW INFORMATION

(a) Cash at bank and on hand comprise:

	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Cash at bank	**9,058**	4,469
Cash on hand	**10**	34
Cash at bank and on hand	**9,068**	4,503
Less: Restricted cash *(Note (i))*	**(5,060)**	(189)
Cash and cash equivalents included in the consolidated cash flow statement	**4,008**	4,314

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

Note:

(i) At 30 June 2025, restricted cash represents bank balance frozen by courts due to the litigations against the subsidiaries of the Group (see Note 25). 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.

16 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) *Reconciliation of liabilities arising from financing activities*

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank and other loans	**Interest payable**	**Lease liabilities**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 20)	*(Note 18)*	*(Note 21)*	
At 1 January 2023	212,670	23,735	4,542	240,947
Changes from financing cash flows:				
Proceeds from bank and other loans	144,577	–	–	144,577
Repayment of bank and other loans	(196,732)	–	–	(196,732)
Capital element of lease rentals paid	–	–	(413)	(413)
Interest element of lease rentals paid	–	–	(152)	(152)
Interest paid	–	(18,304)	–	(18,304)
Total changes from financing cash flows	(52,155)	(18,304)	(565)	(71,024)
Other changes:				
Net increase in lease liabilities	–	–	474	474
Interest expenses *(Note 6(a))*	–	23,167	152	23,319
Total other changes	–	23,167	626	23,793
At 31 December 2023 and 1 January 2024	160,515	28,598	4,603	193,716
Changes from financing cash flows:				
Proceeds from bank and other loans	9,584	–	–	9,584
Repayment of bank and other loans	(20,005)	–	–	(20,005)
Capital element of lease rentals paid	–	–	(1,010)	(1,010)
Interest element of lease rentals paid	–	–	(77)	(77)
Interest paid	–	(12,455)	–	(12,455)
Total changes from financing cash flows	(10,421)	(12,455)	(1,087)	(23,963)
Other changes:				
Net increase in lease liabilities	–	–	706	706
Interest expenses *(Note 6(a))*	–	45,363	77	45,440
Modification of co-financing arrangements to loan arrangement (non-cash transaction)	10,000	–	–	10,000
Total other changes	10,000	45,363	783	56,146
At 30 June 2025	160,094	61,506	4,299	225,899

16 CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) *Total cash outflow for leases*

Amounts included in the consolidated cash flow statement for leases comprise the following:

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Within operating cash flows – lease rentals paid	**246**	32
Within financing cash flows – lease rentals paid	**1,087**	565
	1,333	597

17 TRADE PAYABLES

	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Payables for productions and acquisitions of drama series *(Note)*	**214,892**	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 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Within 6 months	**1,834**	25,969
6 to 12 months	**922**	–
1 to 2 years	**17,368**	5,693
More than 2 years	**194,768**	189,645
	214,892	221,307

Note: 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. For details of these litigations, refer to Note 25.

18 OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Payables to co-investors of drama series under co-financing arrangements	**132,485**	114,929
Interest payables	**61,506**	28,598
Payables for staff related costs	**3,714**	1,510
Payables for other taxes	**3,763**	223
Payables for professional services	**2,611**	1,850
Others	**1,613**	305
Financial liabilities measured at amortised cost	**205,692**	147,415

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

At 30 June 2025, the Group's balance of interest payables included RMB21,339,000 where the creditors and lenders have initiated litigations against subsidiaries of the Group in requesting these subsidiaries to repay the outstanding balance. For details of these litigations, refer to Note 25.

19 CONTRACT LIABILITIES

	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Receipts in advance from customers	**30,792**	149,980

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

20 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**	–
	2,951	8,167
Other loans from third parties *(Notes (i) and (ii))*:		
– Guaranteed by the controlling parties *(Note (iii))*	**87,200**	92,000
– Unsecured and unguaranteed	**69,514**	58,608
	156,714	150,608
Other loans from related parties *(Note 26(a))*:		
– Unsecured and unguaranteed	**429**	–
	160,094	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 (2023: 15% per annum).

(ii) At 30 June 2025, RMB150,355,000 of the Group's short-term other loans were overdued (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. For details of these litigations, refer to Note 25.

(Expressed in RMB unless otherwise indicated)

20 BANK AND OTHER LOANS (CONTINUED)

(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

21 LEASE LIABILITIES

At 30 June 2025, the lease liabilities were repayable as follows:

	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Within 1 year	**4,299**	3,371
After 1 year but within 2 years	**–**	1,232
	4,299	4,603

22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	At 30 June 2025 RMB'000	At 31 December 2023 RMB'000
Income tax payable at the beginning of the period/year	**4,713**	4,713
Charged to profit or loss *(Note 7(a))*	**12**	–
Tax paid during the period/year	**(12)**	–
Income tax payable at the end of the period/year	**4,713**	4,713

22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) *Deferred tax assets and liabilities recognised*

The deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the period/year are as follows:

	Credit loss allowance RMB'000	Impairment losses on drama series copyrights RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Accruals RMB'000	Total RMB'000
At 1 January 2023	7,012	10,809	–	–	–	17,821
(Charged)/credited to the consolidated statement of profit or loss *(Note 7(a))*	(7,012)	(4,926)	(670)	670	–	(11,938)
At 31 December 2023	–	5,883	(670)	670	–	5,883
(Charged)/credited to the consolidated statement of profit or loss *(Note 7(a))*	–	(5,883)	445	(445)	–	(5,883)
At 30 June 2025	–	–	(225)	225	–	–

(c) *Deferred tax assets not recognised*

In accordance with the accounting policy set out in Note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses and deductible temporary differences of RMB1,135,084,000 at 30 June 2025 (2023: RMB572,624,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant entities. The cumulative tax losses comprised tax losses arose from various years, and each year's tax loss can only be carried forward for five years.

23 CAPITAL, RESERVES AND DIVIDENDS

(a) *Movements in components of equity*

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total equity/ (equity-deficit) RMB'000
At 1 January 2023	2,742	160,389	(4,253)	(7,698)	151,180
Changes in equity for the year ended 31 December 2023:					
Loss for the year	–	–	–	(125,587)	(125,587)
Other comprehensive income for the year	–	–	2,116	–	2,116
Total comprehensive income for the year	–	–	2,116	(125,587)	(123,471)
At 31 December 2023 and 1 January 2024	**2,742**	**160,389**	**(2,137)**	**(133,285)**	**27,709**
Changes in equity for the period from 1 January 2024 to 30 June 2025:					
Loss for the period	**–**	**–**	**–**	**(38,980)**	**(38,980)**
Other comprehensive income for the period	**–**	**–**	**852**	**–**	**852**
Total comprehensive income for the period	**–**	**–**	**852**	**(38,980)**	**(38,128)**
Issuance of shares	**554**	**4,870**	**–**	**–**	**5,424**
At 30 June 2025	**3,296**	**165,259**	**(1,285)**	**(172,265)**	**(4,995)**

23 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) *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 HK$'000	Number of shares '000	Amount HK$'000
At 1 January 2023 and 2024	300,000	2,742	300,000	2,742
Issuance of new shares *(Note)*	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.

(c) *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).

(Expressed in RMB unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Share premium

The application of the share premium account is governed by Section 34 of the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time.

(e) Other reserve

Other reserve mainly comprised (i) the paid-in capital and other reserves of a PRC subsidiary of the Group, LiTian TV & Film, and (ii) the portion of the grant date fair value of equity interests in LiTian TV & Film granted to employees of the Group in excess of the proportion of paid-in capital of LiTian TV & Film these employees entitled to which had been recognised in 2015.

(f) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(s).

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor the Group are subject to externally imposed capital requirements.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity and interest rate risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash at bank and on hand and bills receivables is limited because the counterparties are banks and financial institutions with good credit standings, for which the Group considers to have low credit risk. The Group does not provide any other guarantees which would expose the Group to credit risk.

Trade receivables

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Payment terms varies under the Group's contracts with each customer, and are negotiated on an individual contract basis. For the distribution and licensing of the broadcasting rights of drama series, the total consideration of each contract is settled by instalments with reference to the point in time when the drama series materials are delivered and/or the commencement of the broadcasting of the drama series. Generally, the full payment cycle will span over a period of six months to four years. For the Group's other sources of revenue, credit term of 60 days is generally granted to customers. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 30 June 2025, 51% (2023: 15%) and 96% (2023: 60%) of the total trade receivables was due from the Group's largest trade debtor and five largest trade debtors respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significant different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Credit risk (continued)

Trade receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	At 30 June 2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	1.0%	3,654	(37)
Less than 6 months past due	90.8%	3,271	(2,969)
More than 6 months but less than 12 months past due	100.0%	994	(994)
More than 12 months but less than 24 months past due	100.0%	18,914	(18,914)
More than 24 months but less than 36 months past due	100.0%	17,930	(17,930)
More than 36 months but less than 48 months past due	100.0%	35,420	(35,420)
More than 48 months past due	100.0%	136,112	(136,112)
		216,295	(212,376)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) *Credit risk (continued)*

Trade receivables (continued)

	At 31 December 2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	1.1%	18,078	(201)
Less than 6 months past due	2.6%	33,731	(872)
More than 6 months but less than 12 months past due	3.2%	6,855	(221)
More than 12 months but less than 24 months past due	19.3%	49,842	(9,596)
More than 24 months but less than 36 months past due	40.8%	13,300	(5,423)
More than 36 months but less than 48 months past due	75.1%	52,575	(39,470)
More than 48 months past due	100.0%	86,651	(86,651)
		261,032	(142,434)

Expected loss rates are based on actual loss experience over the recent past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

As mentioned in Note 2(b), the Group has difficulties in collecting its trade receivables, hence the increase in loss rates as of 30 June 2025.

(b) *Liquidity risk*

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Note 2(b) explains management's plans for managing liquidity needs of the Group to enable it to continue to meet its obligations as they fall due.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) *Liquidity risk (continued)*

The following table shows the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest dates the Group can be required to pay (i.e. overdued amounts are assumed to be recognised for immediate repayment):

	At 30 June 2025			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand RMB'000	**Over 1 year but within 2 years RMB'000**	**Total RMB'000**	**Carrying amount RMB'000**
Trade payables	**214,892**	**–**	**214,892**	**214,892**
Other payables and accrued expenses measured at amortised cost	**205,692**	**–**	**205,692**	**205,692**
Bank and other loans	**160,802**	**–**	**160,802**	**160,094**
Lease liabilities	**4,438**	**–**	**4,438**	**4,299**
	585,824	**–**	**585,824**	**584,977**

	At 31 December 2023			
	Contractual undiscounted cash outflow			
	Within 1 year or on demand RMB'000	Over 1 year but within 2 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade payables	221,307	–	221,307	221,307
Other payables and accrued expenses measured at amortised cost	147,415	–	147,415	147,415
Bank and other loans	177,515	1,832	179,347	160,515
Lease liabilities	3,454	1,242	4,696	4,603
	549,691	3,074	552,765	533,840

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) *Interest rate risk*

The Group's interest rate risk arises primarily from interest-bearing borrowings and lease liabilities. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. Details for overdue loans and borrowings refer to Note 20. The following table details the interest rate profile of the Group's total borrowings at the end of the reporting period:

	At 30 June 2025		At 31 December 2023	
	Effective interest rate %	**RMB'000**	Effective interest rate %	RMB'000
Fixed rate borrowings:				
– Bank and other loans	**10.80%–15.00%**	**160,094**	3.60%–15.00%	160,515
– Lease liabilities	**3.23%**	**4,299**	4.75%	4,603
		164,393		165,118

(d) *Fair value measurement*

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

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values at 30 June 2025 and 31 December 2023.

25 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 (see Notes 17, 18 and 20). 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.

26 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with the controlling parties and senior management of the Company during the period/year

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Proceeds of loans from controlling parties	**2,415**	8,000
Repayment of loans to controlling parties	**2,086**	28,000
Proceeds of loans from senior management	**2,040**	9,610
Repayment of loans to senior management	**1,940**	20,110
Guarantees received from controlling parties for bank and other loans at the end of the reporting period	**87,286**	93,740

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Period from 1 January 2024 to 30 June 2025 RMB'000	Year ended 31 December 2023 RMB'000
Short-term employee benefits	**7,173**	5,046
Contributions to defined contribution retirement plans	**384**	275
	7,557	5,321

Total remuneration is included in "staff costs" (see Note 6(b)).

(c) Applicability of the Listing Rules relating to connected transactions

The Contractual Arrangements entered into by the Group as mentioned in Note 2(b) constitute continuing connected transactions or connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section Connected Transactions of the Directors' Report. The loans from and repayments to related parties, and guarantees received from related parties for the Group's bank and other loans constitute connected transactions as defined in Chapter 14A of the Listing Rules but are exempted from the relevant disclosure requirements.

27 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	**At 30 June 2025 RMB'000**	At 31 December 2023 RMB'000
Non-current assets			
Interests in a subsidiary	*12*	**–**	29,871
Current assets			
Prepayments and other receivables		**1,003**	91
Cash and cash equivalents		**12**	480
		1,015	571
Current liabilities			
Amounts due to a related company		**2,733**	2,733
Other payables and accrued expenses		**1,631**	–
Bank and other loans		**1,646**	–
		6,010	2,733
Net current liabilities		**(4,995)**	(2,162)
NET (LIABILITIES)/ASSETS		**(4,995)**	27,709
Capital and reserves	*23*		
Share capital		**3,296**	2,742
Reserves		**(8,291)**	24,967
TOTAL (EQUITY-DEFICIT)/EQUITY		**(4,995)**	27,709

Approved and authorised for issue by the board of directors on 21 November 2025.

Yuan Li
Chairman

Tian Tian
Director

(Expressed in RMB unless otherwise indicated)

28 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

The directors of the Company consider the immediate holding companies of the Company at 30 June 2025 to be Litian Century Media Co., Ltd., a company wholly-owned by Mr. Yuan Li, and Marshal Investment Co., Ltd., a company wholly-owned by Ms. Tian Tian, and the ultimate controlling parties to be Mr. Yuan Li and Ms. Tian Tian. Neither Litian Century Media Co., Ltd. nor Marshal Investment Co., Ltd. produces financial statements available for public use.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2025

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the period from 1 January 2024 to 30 June 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Contracts referencing nature-dependent electricity*	1 January 2026
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2025 (CONTINUED)

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information except for the following.

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for annual reporting periods beginning on or after January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

Five-Year Financial Summary

	Period from 1 January 2024 to 30 June 2025	For the year ended 31 December			
	2025	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**132,812**	113,445	23,121	304,958	455,267
Gross (loss)/profit	**(394,184)**	(67,676)	(189,223)	(49,791)	125,882
(Loss)/profit attributable to equity shareholders of the Company for the year	**(554,066)**	(155,458)	(295,658)	(75,123)	70,080

	At 30 June	At 31 December			
	2025	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**104,794**	721,409	820,683	1,014,777	1,171,219
Total liabilities	**620,482**	688,533	633,803	537,026	616,315
Net assets/liabilities	**(515,688)**	32,876	186,880	477,751	554,904