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Litian Pictures Holdings Limited
力天影業控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9958)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR EIGHTEEN MONTHS ENDED 30 JUNE 2025

References are made to the announcement of Litian Pictures Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 21 November 2025 in relation to the annual results for the eighteen months ended 30 June 2025 (the "**Annual Results Announcement**") and the annual report of the Company for the eighteen months ended 30 June 2025 (the "**Annual Report**") published on 21 December 2025. Unless otherwise defined, terms used herein shall bear the same meanings as defined in the Annual Report.

The auditor of the Company (the "**Auditor**") expressed a disclaimer of opinion on the Company's financial statements for the eighteen-month period ended 30 June 2025 relating to going concern (the "**Disclaimer of Opinion**"), on the basis as set out in the paragraph headed "Basis for Disclaimer of Opinion" in the Independent Auditor's Report of the Annual Report.

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to supplement the following:

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 (collectively, the "**Remedial Measures**") as set out in Note 2(b) to the Annual Report, and the Management is of the view that the Group is able to continue as a going concern.

The Disclaimer of Opinion of the Auditor arises principally from the absence of sufficient documentary evidence, including but not limited to, concrete legal documents to be entered by the relevant parties in support of the Remedial Measures, such as transaction documents in relation to the proposed fundraising activity, written agreements for the extension of loans and borrowings, and distribution agreements with broadcasting platforms and distributors, to substantiate the feasibility and likelihood of successful implementation of the Remedial Measures available to the Auditor at the time of their audit of the final results of the Group for the 18 months ended 30 June 2025.

THE COMPANY'S ACTION PLAN TO RESOLVE THE DISCLAIMER OF OPINION

Set forth below is the Company's action plan (the "**Action Plan**") with concrete timeline to address the Disclaimer of Opinion in the next financial year:

No.	Actions	Timeline	Status
1.	The Company will conduct fundraising activities through the issue of new shares under its existing general mandate granted by its shareholders. The proposed fundraising is targeted to raise net proceeds of approximately RMB20 million, which will be applied towards financing the production costs of drama series that have already been planned and scheduled for filming, as well as other general working capital purposes.	January to April 2026	The Company completed a placing of 72,000,000 new shares under general mandate on 4 February 2026 (the "**Placing**") at a placing price of HK$0.20 per share. The gross proceeds from the Placing were approximately HK$14.4 million. The net proceeds (the "**Net Proceeds from Placing**") from the Placing, after deducting the placing commission and other related expenses incurred in relation to the Placing, amounted to approximately HK$14.0 million, which are intended to be applied for the payment for production costs of drama series which are expected to be fully utilised by the end of December 2026. In addition, on 10 April 2026, the Company and the placing agent (the "**Placing Agent**"), KGI Asia Limited, entered into a 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 68,000,000 new Shares ("**Placing Shares**") under general mandate at the placing price of HK$0.156 per Placing Share to not less than six (6) placees who and whose ultimate beneficial owners are independent third parties. The Placing was completed on 22 April 2026. The Net Proceeds from the Placing amounted to approximately HK$10.33 million, and are intended to be applied for general working capital purposes for the Group's existing business, and are expected to be fully utilised by the end of December 2026.

No.	Actions	Timeline	Status
2.	The Company's self-produced drama series, namely《綠水青山紅日子》,《白羽流星》and《小夫妻》, are scheduled to be broadcast successively during 2025 and 2026. Based on the Company's preliminary discussions and negotiations with broadcasting platforms and distributors, and taking into account prevailing market rates for drama series of comparable genre, production quality and cast, it is anticipated that the broadcast and distribution of the said drama series would generate aggregate estimated cash inflows of over RMB60 million to the Group. The broadcast of《小夫妻》has commenced on the iQIYI (愛奇藝) platform, with approximately RMB25 million recognized as the Group's revenue by the end of 2025 pursuant to the terms of the distribution agreement entered into with iQIYI and the agreed payment schedule thereunder.	First half of 2026	The Company is currently discussing with TV channels to finalise the broadcasting schedule. The Company expects to generate revenue (the "**Estimated Revenue from Self-Produced Dramas**") of approximately RMB18 million and approximately RMB21 million from the self-produced drama series, namely,《綠水青山紅日子》and《白羽流星》, respectively, in FY2026. As at 31 December 2025, approximately RMB25 million had been recognized as revenue generated from the broadcast of《小夫妻》. The above revenue estimates are based on the Company's assessment of prevailing market conditions, preliminary discussions with potential broadcast platforms and distribution partners, and the Company's historical experience with similar drama series productions. The actual revenue to be generated will depend on various factors including but not limited to the successful completion of production, obtaining necessary regulatory approvals and broadcast licences, negotiation and execution of distribution agreements, broadcast scheduling by the platforms, and audience reception. Accordingly, the actual revenue generated may differ from the estimates provided above.
3.	The Company will realise its scripts on hand for cash to the extent possible and try to recover as much of its impaired Copyrights (totalling RMB201.9 million) through various means, including but not limited to outright sale of script copyrights to third parties and licensing arrangements whereby the Company grants rights to use such scripts while retaining ownership thereof. The Company will also actively explore opportunities in the market to monetise these script assets in order to generate immediate cash inflows. The Company is also currently in discussion with certain production teams to refine the scripts and explore production plans. As of early 2026, the Company is currently developing its own broadcasting platform and creating online short videos based on the scripts on hand. The platform has gone into operation in May 2026. The Company will continue to monitor operations of the platform and continue to realise its scripts on hand through various means to the largest extent possible.	Throughout 2026	The Company is currently in discussion with certain production teams to refine the scripts and explore production plans. The Company expects to generate cash flows (the "**Estimated Cash Proceeds from Script Realisation**") of approximately RMB2 million to RMB10 million in total from the realisation of its scripts on hand by the end of 2026, whether by outright sale of script copyrights or through the production of short drama series.

No.	Actions	Timeline	Status
4.	The Company has issued demand letters to most of the counterparties in respect of the Group's outstanding trade receivables and has established a systematic monthly follow-up mechanism to monitor and track collection progress. The Company's finance department maintains regular communication with each debtor to understand their repayment capabilities and to negotiate realistic payment schedules. Where appropriate, the Company is prepared to consider entering into instalment payment arrangements or other commercially reasonable settlement terms to facilitate recovery for all outstanding Trade Receivables (the "**Collection of Trade Receivables**"). The Company is also conducting a comprehensive review of the ageing profile of its trade receivables to identify and prioritise collection efforts on material outstanding balances, and will, where necessary and commercially justified, consider engaging external debt collection agencies or pursuing legal remedies to recover long-outstanding debts.	Throughout 2026	The Company is currently in discussion with major debtors for a concrete repayment schedule. The total amount of Trade Receivables of the Company (after impairment) stood at RMB38.2 million as at 31 December 2025. Until 31 December 2025, the amount of Trade Receivables that has been settled was RMB10 million. As of early 2026, the amount of Trade Receivables that has been settled was RMB5.5 million, a total of RMB15.5 million of Trade Receivables has been settled thus far, with RMB22.7 million still outstanding. The Company's finance department, and its Director, Yuan Li, have been making consistent efforts to follow up with the Company's debtors through ongoing telephone conversations from time to time to discuss further settlements with the finance department and management of the relevant debtors. The Company has not entered into any settlement agreement or agreed on a repayment schedule with the relevant debtors as at the date of this Announcement. If the Trade Receivables' status remains unsettled by December 2026, the Company's Board of Directors will consider whether legal actions shall be taken accordingly, this has been communicated to the Company's debtors.
5.	The Company will continue to proactively engage in negotiations with its creditors to restructure the Group's outstanding debt obligations, with a view to securing extensions of repayment timelines and obtaining more favourable repayment terms that align with the Group's current cash flow position and financial capabilities. The Company is committed to maintaining open and constructive dialogue with all creditors to reach mutually acceptable arrangements. It is noted that among the Group's total liabilities as at 30 June 2025, approximately RMB87.2 million of the Group's borrowings have been guaranteed by the controlling shareholders of the Company. The controlling shareholders have confirmed their commitment to continue to provide such guarantees and, where necessary, to provide additional support to facilitate the successful restructuring of the Group's debt obligations and to ensure the Group's ability to meet its financial commitments as they fall due.	Throughout 2026	The Company is currently in discussion with major creditors to further extend or restructure the amount outstanding. As at the date of this announcement, no extension has been granted by any of the major creditors of the Group. The Company intends to repay the outstanding trade payables and bank and other loans (excluding those which are guaranteed by the controlling shareholders of the Company) from operating cash flows when sufficient funds become available. The sources of such operating cash flows are expected to include (i) the Estimated Revenue from Self-Produced Dramas, (ii) the Estimated Cash Proceeds from Script Realisation, (iii) the Collection of Trade Receivables, and (iv) the Net Proceeds from Placing (to the extent not fully utilised for production costs of drama series).

No.	Actions	Timeline	Status
			Subsequent to 30 June 2025, being the date to which the latest audited financial statements of the Group were prepared, and up to 31 December 2025, approximately RMB9.0 million and RMB9.3 million of the Group's bank borrowings and other loans and trade payables had been repaid, respectively. As at 31 December 2025, the total balance of the Group's bank borrowings and other loans and trade payables was RMB370 million. As at the date of this announcement, the Company has not formulated a concrete repayment schedule for these obligations. The timing and amount of repayments will depend on the actual cash inflows generated from the sources described above and the Company's ongoing working capital requirements. The Company will continue to monitor its cash flow position and maintain communication with creditors and lenders regarding repayment arrangements as the Group's liquidity position develops. The Company's finance department, and its Director, Yuan Li, have been making consistent efforts to follow up with the Company's creditors through ongoing telephone conversations from time to time to discuss its outstanding debt repayment schedule. The Company is currently in active negotiations with its creditors and expects to enter into a repayment schedule by the end of 2026.
6.	The Company will continue to monitor its restricted cash, being bank balance frozen by courts due to the litigations against the subsidiaries of the Group (RMB4.559 million as at 31 December 2025).	Throughout 2026	Relevant cases are still pending judgments as of the date of this announcement. The relevant cases are either: 1) cases whereby the Company has already filed an objection to jurisdiction and is now awaiting hearing at first instance; or 2) cases whereby judgment has been issued at first instance, and the Company has filed an appeal and is awaiting hearing at second instance. No specific hearing dates have been announced for any of the cases aforementioned.

Based on the foregoing Action Plan, the Directors are of the view that the successful and timely implementation of the above measures would collectively and materially improve the Group's liquidity position and working capital, thereby enabling the Group to meet its financial obligations as they fall due and to continue to operate as a going concern. In addition, as part of the Company's business plan to improve its operations, there are 6 outright purchased/self-produced films/drama series currently in the pipeline to be produced and distributed by the Company.

THE AUDIT COMMITTEE'S VIEW ON THE DISCLAIMER OF OPINION

The audit committee of the Board (the "**Audit Committee**") had critically reviewed the Disclaimer of Opinion, the Directors' position and the Action Plan to address the Disclaimer of Opinion. In conducting its review, the Audit Committee considered the following key factors:

(i) the nature and underlying causes of the going concern uncertainties giving rise to the Disclaimer of Opinion, including the Group's liquidity position, its ability to meet financial obligations as they fall due, and the cumulative effect of the multiple uncertainties identified by the Auditors;

(ii) the reasonableness and feasibility of the Action Plan proposed by the Directors to address the Disclaimer of Opinion, including the proposed fundraising activities, the expected cash inflows from the broadcast and distribution of drama series, the monetisation of script assets, the collection of outstanding trade receivables, and the restructuring of debt obligations with creditors;

(iii) the assumptions underlying the cash flow projections prepared by the Directors, including the timing and quantum of expected cash inflows and outflows; and

(iv) the commitment and support provided by the Controlling Shareholders of the Company in relation to the Group's borrowings and financial obligations.

Taking into account the factors set forth above, it is further respectfully submitted that the Audit Committee is in agreement with the Directors with respect to the Disclaimer of Opinion and the Group's ability to continue as a going concern, in particular, the Action Plan to be implemented by the Directors or the Group. Such view of the Audit Committee is based on the following work performed:

(i) a critical review of the Action Plan to address the Disclaimer of Opinion, including an assessment of the reasonableness of the assumptions underlying each component of the Action Plan and the likelihood of successful and continued implementation thereof;

(ii) a detailed review of the Group's cash flow projections which covers a period of not less than 12 months from 30 June 2025;

(iii) a series of discussions among the Audit Committee, the Auditor and the Directors regarding the Disclaimer of Opinion;

(iv) a review of the confirmation letters and undertakings provided by the Controlling Shareholders of the Company in relation to their continued support for the Group; and

(v) an assessment of the current market conditions and industry outlook for the drama series production and distribution business in the PRC.

Based on the foregoing, the Audit Committee is also of the view that the Directors shall keep and continue their efforts in implementing the Action Plan with the intention of mitigating the Group's liquidity pressure and removing the Disclaimer of Opinion in the next financial year.

THE AUDITOR'S VIEW ON THE DISCLAIMER OF OPINION

As part of the audit procedures performed, the Auditor has evaluated the relevant disclosures related to management's going concern assessment, including but not limited to management's plans for future actions. The Auditor has determined that the related disclosures, including management's plans, are adequate in the circumstances. As part of the Auditor's communications with the Company, the Auditor has indicated that the management's plans, if all implemented successfully, would help address the multiple uncertainties relating to going concern. If the multiple uncertainties relating to going concern are fully addressed and absent other reasons for modification, the Disclaimer of Opinion is not expected to recur.

THE BOARD'S ASSESSMENT ON THE COMPANY'S WORKING CAPITAL SUFFICIENCY

The Board has (i) established the Action Plan to address the Company's liquidity problem and assessed the reasonableness of the assumptions underlying each component of the Action Plan and the likelihood of successful and continued implementation thereof; (ii) prepared the Group's cash flow projections (the "**Cash Flow Forecast**") which covers a period of not less than 12 months from 30 June 2025 taking into account the cash flow effect of the Action Plan; (iii) reviewed the confirmation letters and undertakings provided by the Controlling Shareholders of the Company in relation to their continued support for the Group; and (iv) assessed the current market conditions and industry outlook for the drama series production and distribution business in the PRC.

Based on the above, the Board considered the Company will have sufficient working capital in the next 12 months.

THE AUDIT COMMITTEE'S VIEW ON THE CASH FLOW FORECAST

The Audit Committee has reviewed the general assumptions and the basis of preparation set out in the Cash Flow Forecast and considered that these were reasonable based on the current operating environment and the Group's historical experience. Additionally, the significant accounting policies adopted in the preparation of the Cash Flow Forecast were consistent in all material respects with those adopted by the Group as set out in the Annual Report and have not deviated from historical accounting policies.

MATERIAL IMPAIRMENT

As disclosed in the Annual Results Announcement, the Company recorded impairment losses on (i) drama series copyrights of RMB201.9 million; and (ii) trade and other receivables of RMB69.9 million (together, the "**Impairment**"), which represented 204%, 48% and 259% of the Company's total revenue, net loss and total assets as at 30 June 2025, respectively.

Set forth below is a breakdown of the impairment losses on drama series copyrights (the "**Copyrights**") and trade and other receivables (the "**Trade Receivables**"):

Items	**Impairment amount for the 18 months ended 30 June 2025** *RMB'000*
I. Drama series copyrights	**201,939**
Outright-purchased drama series	7,897
Drama series under co-financing arrangements and others	45,274
Scripts self-developed by the Group	148,768
II. Trade and other receivables	**69,942**
Total	**271,881**

Reasons for impairment

(a) Copyrights

For impairment losses on the Copyrights, the ageing of relevant copyrights are more than two years as at 30 June 2025, and the Group has not proceeded with filming in accordance with the original production of drama scripts primarily due to the outbreak of the COVID-19 pandemic in 2019, which resulted in prolonged disruptions to the Group's filming schedules, including but not limited to mandatory lockdowns and travel restrictions imposed by the PRC government, suspension of on-site production activities, limited availability of cast and crew, and significant logistical constraints in securing filming locations, all of which collectively caused substantial delays to the Group's planned production timelines and rendered certain original production schedules no longer commercially viable. Given the uncertainty surrounding future sales prospects, the prolonged industry downturn since 2024, and the application of the prudence principle, the Group has recognised a full impairment provision for these assets.

Additionally, considering the significant uncertainty over the Group's going concern, there is no supporting evidence indicating that the Group will be able to secure sufficient funding for the production of these scripts in the future due to the prevailing conditions in the PRC drama industry, including but not limited to the significant contraction in investment appetite among market participants, heightened regulatory scrutiny over content production and distribution, intensified competition from short-form video content, a general decline in advertising revenue and licensing fees for traditional long-form drama series, and the increasingly cautious approach adopted by financial institutions and investors towards funding drama series productions.

The Copyrights were impaired by comparing the respective net realisable value of these Copyrights against their corresponding net carrying value. The net realisable value of these Copyrights is primarily determined based on the cash flows expected to be generated therefrom and the relevant shooting plans available. Accordingly, for drama series copyrights that have been contracted for production or distribution, their net realisable value is principally determined by reference to the contract terms, the expected profit to be generated therefrom and the costs pertaining to the relevant production. For those drama series copyrights that have not been contracted for production or distribution, the net realisable value is assessed as being almost zero, as only minimal future contractual cash flows are expected to result therefrom as at 30 June 2025. The reasons for impairment losses made on the Copyrights are further set out below:

(1) Outright-purchased drama series: The Company made a provision for impairment of outright-purchased drama series, namely, 《獵金行動》and 《我為出嫁狂》, of RMB7.9 million for the eighteen months ended 30 June 2025. These drama series were first broadcasted in 2018 and 2012, respectively, during the time when traditional long-form drama series were still popular. These two drama series are currently available for viewing for free on multiple video streaming platforms. During the period from 1 January 2024 to 30 June 2025, the likelihood that these drama series will generate revenue for the Group is very low as the landscape of the PRC drama industry has undergone significant changes in recent years, with the rapid rise in popularity of short-form dramas and a substantial decline in viewership of traditional long-form drama series.

(2) Drama series under co-financing arrangements and others: The Company made a provision for impairment of drama series under co-financing arrangements, namely 《崑崙絲路寶藏》, 《來都來了》and 《限定24小時》, and others of RMB45.3 million for the 18 months ended 30 June 2025.

Specifically, although the distribution licence of《崑崙絲路寶藏》was obtained in 2024, the specific broadcast date has not yet been announced. The reasons for the delay in broadcasting are as follows: 1) commercial and debt disputes among the production companies: the series' main investors have issued multiple announcements disclosing that their film and television divisions face performance uncertainties, and that the series in question has been unable to secure a broadcast slot or generate revenue; 2) changes in the regulatory approach of the corresponding genre since 2019: the series focuses on historical and cultural exploration and the civilisations of western regions（文化探秘與西域文明）, the production team for this series underwent prolonged period of post-production revisions and supplementary documentation due to the tightened regulatory scrutiny regarding period dramas (regulation for period dramas has been introduced in 2019 and further tightened in 2023 following scrutiny from authorities including the National Cultural Heritage Administration). The aforementioned factors were not anticipated by the Group at the time of entering into the co-financing arrangements in 2018 and were beyond the Group's control for the subsequent development of such factors. As more than 18 months have elapsed since obtaining the said distribution licence for 《崑崙絲路寶藏》 and there are no upcoming plans to broadcast this drama series in the near future, the likelihood that this drama series will generate revenue for the Group is very low.

《來都來了》is a film that was released in early 2021. Due to unsatisfactory box office revenue, the likelihood that this film will generate revenue for the Group is very low despite being re-released on multiple video streaming platforms in early 2024. 《限定24小時》was broadcasted on Tencent Video in 2018 and has since received 270 million views. The production of this drama series incurred high costs primarily from building physical sets (as opposed to green-screen virtual sets) and hiring a production team from Hollywood. As a result, despite the Group's active costs control and management, the Group has not been able to recover its high production costs since the broadcast and has therefore not received any revenue sharing. This drama series is currently available for free viewing on Tencent Video, and therefore the likelihood that this drama series will generate revenue for the Group is very low.

(3) Scripts self-developed by the Group: The Company decided to make a provision for impairment of scripts self-developed by the Group of RMB148.8 million for the eighteen months ended 30 June 2025 as the Management conducted review of the management accounts of the Group for eighteen months ended 30 June 2025 as it was preparing for the publication of annual results of the Company for the relevant financial year end. These scripts were first self-developed by the Group during 2017 to 2022 following market research conducted by the Group's project department. The Group's senior management then set the direction for scripts of drama series to be developed, whereby the Group would then develop these scripts by in-house scriptwriters or commission external script writers. After a script is developed, this is reviewed by the Group's project planning team before the project investment committee considers the project for approval of final execution.

However, despite the efforts of the Company's management and operations team, most of the scripts were developed before the COVID-19 pandemic whereby the pandemic outbreak thereafter delayed most shooting plans. After the COVID-19 pandemic, the wider industry and market have deteriorated, and difficulties increased to obtain financing for production. With the aforesaid changes and developments in the market environment, which were not anticipated by the Group and were beyond the Group's control, during the period from 1 January 2024 to 30 June 2025, the Company noted that such script copyrights have become obsolete items as the Company was of the view that the storylines of such script copyrights were no longer aligned with prevailing market trends and audience preferences which could no longer meet customer demands. As such, the Company has not planned any new distribution lifecycle or further production plans for these script copyrights. In view of this, as it is expected that the relevant drama series scripts will not generate any revenue in the future, the Company has made full provision for impairment as at 30 June 2025.

(b) Trade Receivables

The Company made a provision for impairment of the Trade Receivables of RMB69.9 million for the 18 months ended 30 June 2025.

In this regard, expected loss rates were used to determine the amount of impairment loss. Such rates are based on actual loss experience over recent past years and 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. The impairment was recognised primarily for trade receivables that were overdue for more than 12 months, with a 100% expected credit loss rate applied to such balances. The Group has encountered significant difficulties in collecting trade receivables due to the prevailing conditions in the PRC drama industry as mentioned above, where the debtors of the Group, being primarily broadcasting platforms, content distributors and co-production partners, have themselves been experiencing severe liquidity constraints and financial difficulties as a result of the prolonged industry downturn, the significant contraction in advertising revenue and content licensing fees, intensified competition from short-form video platforms, and the general tightening of credit conditions in the PRC entertainment sector, all of which have materially impaired the ability of such debtors to settle their outstanding obligations to the Group in a timely manner, which necessitated an increase in the expected credit loss rates as at 30 June 2025.

Actions to recover the impaired Copyrights and Trade Receivables

(a) Realisation of Copyrights

The Company will realise its scripts on hand for cash to the extent possible and try to recover as much of its impaired Copyrights (totalling RMB201.9 million) through various means, including but not limited to outright sale of script copyrights to third parties and licensing arrangements whereby the Company grants rights to use such scripts while retaining ownership thereof. The Company will also actively explore opportunities in the market to monetise these script assets in order to generate immediate cash inflows.

The Company is also currently in discussion with certain production teams to refine the scripts and explore production plans. As of early 2026, the Company is currently developing its own broadcasting platform and creating online short videos based on the scripts on hand. The platform has gone into operation in May 2026. The Company will continue to monitor operations of the platform and continue to realise its scripts on hand through various means to the largest extent possible.

The Company expects to generate cash flows of approximately RMB2 million to RMB10 million in total from the realisation of its scripts on hand by the end of 2026, whether by way of outright sale of script copyrights and/or production of short drama series.

To the best knowledge, information and belief of the Company, the Company was not aware of or did not otherwise anticipate any factors leading to the delay in broadcasting of the relevant drama series as stated above as well as the eventual Impairment at the time of the purchase or production of the drama series.

(b) Recovery of Trade Receivables

The Company has issued demand letters to most of the counterparties in respect of the Group's outstanding trade receivables and has established a systematic monthly follow-up mechanism to monitor and track collection progress. The amount of Trade Receivables of the Company (after impairment) stands at RMB38.2 million as at 31 December 2025. Between the period of 1 July 2025 to 31 December 2025, the amount of Trade Receivables that has been settled was RMB10 million. As of early 2026, the amount of Trade Receivables that has been settled was RMB5.5 million, a total of RMB15.5 million of Trade Receivables has been settled thus far, with RMB22.7 million still outstanding.

The Company's finance department maintains regular communication with each debtor to understand their repayment capabilities and to negotiate realistic payment schedules. Where appropriate, the Company is prepared to consider entering into instalment payment arrangements or other commercially reasonable settlement terms to facilitate recovery. The Company is also conducting a comprehensive review of the ageing profile of its trade receivables to identify and prioritise collection efforts on material outstanding balances, and will, where necessary and commercially justified, consider engaging external debt collection agencies or pursuing legal remedies to recover long-outstanding debts. The Company is also currently in discussion with major debtors for a concrete repayment schedule, but this has yet to be agreed as of June 2026. The Company's finance department, and its Director, Yuan Li, have been making consistent efforts to follow up with the Company's debtors through ongoing telephone conversations from time to time to discuss further settlements with the finance department and management of the relevant debtors. The Company has not entered into any settlement agreement or agreed on a repayment schedule with the relevant debtors as at the date of this Announcement. If the Trade Receivables' status remains unsettled by December 2026, the Company's Board of Directors will consider whether legal actions shall be taken accordingly, this has been communicated to the Company's debtors.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

By order of the Board
Litian Pictures Holdings Limited
Xie Taoquan
Chairman

Hong Kong, 17 August 2026

As at the date of this announcement, the Board includes Mr. Xie Taoquan, Ms. Yu Ping and Ms. Huang Meiyuan as executive Directors, and Mr. Jing Quanliang, Mr. Chen Tong and Mr. Liang Jie as independent non-executive Directors.