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Litian Pictures Holdings Limited

力天影業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9958)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2026**

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 30 June 2026 was approximately RMB37.6 million as compared with approximately RMB132.8 million for the period from 1 January 2024 to 30 June 2025.
- Gross loss for the year ended 30 June 2026 was approximately RMB15.1 million as compared with approximately RMB394.2 million for the period from 1 January 2024 to 30 June 2025.
- Loss attributable to equity shareholders of the Company for the year ended 30 June 2026 was approximately RMB50.1 million as compared with approximately RMB554.1 million for the period from 1 January 2024 to 30 June 2025.
- Basic and diluted loss per share for the year ended 30 June 2026 was approximately RMB0.12 as compared with approximately RMB1.79 for the period from 1 January 2024 to 30 June 2025.
- The Board resolved not to recommend the payment of any final dividends for the year ended 30 June 2026.

The board (the “**Board**”) of directors (the “**Directors**”) of Litian Pictures Holdings Limited (the “**Company**”) hereby announces the consolidated financial results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 30 June 2026 (the “**Reporting Period**”), together with the comparative figures for the period from 1 January 2024 to 30 June 2025. The final results of the Group have been reviewed by the audit committee of the Board (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2026

(Expressed in Renminbi (“RMB”))

		Year ended 30 June 2026 RMB’000	Period from 1 January 2024 to 30 June 2025 RMB’000
	<i>Notes</i>		
Revenue	<i>3(a)</i>	37,641	132,812
Cost of sales		(52,755)	(526,996)
Gross loss		(15,114)	(394,184)
Other income, gains and losses	<i>4</i>	681	699
Selling and marketing expenses		(13,182)	(3,972)
Administrative expenses		(23,612)	(35,946)
Reversal of/(allowance for) expected credit losses (“ECL”) on trade and other receivables, net		24,043	(69,328)
Loss from operations		(27,184)	(502,731)
Finance costs	<i>5(a)</i>	(27,623)	(45,440)
Loss before tax	<i>5</i>	(54,807)	(548,171)
Income tax credit/(expenses)	<i>6</i>	4,713	(5,895)
Loss for the year/period		(50,094)	(554,066)
Other comprehensive income/(expense) for the year/period:			
Item that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of financial statements into presentation currency		410	(72)
Total comprehensive expense for the year/period		(49,684)	(554,138)

		Year ended 30 June 2026 <i>RMB'000</i>	Period from 1 January 2024 to 30 June 2025 <i>RMB'000</i>
	<i>Note</i>		
Loss for the year/period attributable to:			
Equity shareholders of the Company		(50,071)	(554,066)
Non-controlling interests		(23)	–
		<u>(50,094)</u>	<u>(554,066)</u>
Total comprehensive expense for the year/period attributable to:			
Equity shareholders of the Company		(49,661)	(554,138)
Non-controlling interests		(23)	–
		<u>(49,684)</u>	<u>(554,138)</u>
		<i>RMB</i>	<i>RMB</i>
Loss per share			
Basic and diluted	7	<u>(0.12)</u>	<u>(1.79)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

(Expressed in RMB)

	<i>Notes</i>	2026 RMB'000	2025 <i>RMB'000</i>
Non-current assets			
Property and equipment		353	1,107
Deposits		37	–
		390	1,107
Current assets			
Drama series copyrights	8	38,000	84,693
Trade and bills receivables	9	3,427	6,804
Prepayments, deposits and other receivables		24,089	3,122
Financial assets at fair value through profit or loss (“FVTPL”)		1,711	–
Restricted cash		855	5,060
Cash and cash equivalents		3,541	4,008
		71,623	103,687
Current liabilities			
Trade payables	10	212,488	214,892
Other payables and accrued expenses		223,464	205,692
Contract liabilities	11	43,490	30,792
Bank and other loans	12	134,751	160,094
Lease liabilities		242	4,299
Current taxation		–	4,713
		614,435	620,482
Net current liabilities		(542,812)	(516,795)
Total assets less current liabilities		(542,422)	(515,688)
Non-current liabilities			
Other payables		268	–
Other loans	12	1,000	–
		1,268	–
NET LIABILITIES		(543,690)	(515,688)

		2026	2025
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
CAPITAL AND RESERVES			
Share capital	<i>13</i>	4,524	3,296
Reserves		(548,325)	(519,134)
Total equity-deficit attributable to equity shareholders of the Company		(543,801)	(515,838)
Non-controlling interests		111	150
TOTAL EQUITY-DEFICIT		(543,690)	(515,688)

NOTES

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 17 June 2019 as an exempted company with limited liability under the Companies Act (as 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 is an investment holding company. The Group is principally engaged in the production, distribution and licensing of broadcasting rights of drama series and the provision of online platform services.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared 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. The consolidated financial statements of the Group also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The IASB has issued certain new and 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 the consolidated financial statements of the Group.

(b) Basis of preparation of the consolidated 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 changed its financial year end from 31 December to 30 June. The consolidated financial statements of the Group for the year ended 30 June 2026 cover the 12-month period from 1 July 2025 to 30 June 2026, whereas the comparative figures in the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and related notes cover the 18-month period from 1 January 2024 to 30 June 2025 and are therefore not directly comparable with the current-year figures.

The consolidated financial statements of the Group for the year ended 30 June 2026 incorporate the financial statements of the Company and the entities it controls.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the financial assets at FVTPL are stated at their fair values.

Multiple uncertainties relating to going concern

The Group recorded a net loss of approximately RMB50,094,000 for the year ended 30 June 2026. As at 30 June 2026, the Group had net current liabilities of approximately RMB542,812,000 and net liabilities of approximately RMB543,690,000 respectively.

The following events and conditions, among others, have adversely affected the Group's financial position and liquidity:

- (i) The Group's business operations have continued to be adversely affected by tightened procurement budgets of broadcast platforms and intense competition in the television and streaming industry. These conditions have led to delays in drama series production, licensing and broadcasting. The Group did not undertake any filming of films or television drama series during the year ended 30 June 2026 and had no such filming in progress as at the date of this announcement.
- (ii) The Group continues to experience difficulties in collecting its trade receivables. As at 30 June 2026, the allowance for ECLs on trade receivables amounted to approximately RMB187,393,000, representing approximately 98.2% of the gross carrying amount of trade receivables of approximately RMB190,820,000. These collection difficulties continue to put pressure on the Group's liquidity position.
- (iii) As at 30 June 2026, the Group had bank and other loans of approximately RMB135,751,000, of which approximately RMB134,751,000 were classified as current liabilities. Other loans with an aggregate principal amount of approximately RMB111,415,000 were overdue. Accrued interest and other finance charges relating to these overdue loans amounted to approximately RMB50,684,000 as at that date and were included in other payables and accrued expenses. These overdue loans remained unpaid as at the date of this announcement. Certain lenders have initiated lawsuits against subsidiaries of the Company for repayment of outstanding principal and related interest and charges. Judgments requiring repayment have been issued in certain cases, and certain proceedings, including appeals, remain ongoing.
- (iv) The Group has continued to delay settlement of its trade and other payables due to liquidity constraints. As at 30 June 2026, approximately 99% of the Group's trade payables of approximately RMB212,488,000 were aged over two years. Certain creditors have initiated lawsuits against subsidiaries of the Group demanding payment of outstanding balances, and certain of these cases have proceeded to enforcement.
- (v) The Group had cash at bank and on hand of approximately RMB4,396,000 as at 30 June 2026, of which approximately RMB855,000 was frozen by courts in connection with litigation against subsidiaries of the Company. Cash and cash equivalents, excluding these restricted balances, amounted to approximately RMB3,541,000.
- (vi) The Group raised net proceeds of approximately RMB21,581,000 (equivalent to approximately HK\$24,569,000) from two share placings during the year ended 30 June 2026. However, these proceeds were insufficient to settle the Group's overdue borrowings and payables and meet its ongoing operating requirements.
- (vii) Subsequent to the reporting period, the Company announced a proposed rights issue (the **"Proposed Rights Issue"**) on a non-underwritten basis, with no minimum amount to be raised. The Proposed Rights Issue has not been completed as at the date of this announcement, and its completion and the amount and timing of the proceeds remain uncertain.

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 have been undertaking a number of plans and measures to mitigate the Group's liquidity pressure, which include, but are not limited to, the followings:

- For self-produced drama series for which advances have been received from broadcast platforms, the Group will continue to negotiate with the relevant platforms to complete outstanding contractual requirements and agree arrangements for delivery, acceptance and broadcasting, as applicable, with a view to collecting the remaining contractual amounts;
- For other completed self-produced drama series, the Group will continue to explore licensing and distribution opportunities and negotiate with broadcast platforms on commercial terms, taking into account prevailing market conditions, with a view to securing licensing agreements and generating cash inflows;
- 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
- To pursue additional financing, including the Proposed Rights Issue, to meet the Group's financial obligations and operating requirements. Completion of the Proposed Rights Issue and the amount and timing of the proceeds remain subject to the relevant conditions and subscription results.

The Directors have assessed the Group's ability to continue as a going concern, taking into account its financial position, the expected cash flows from operations and the plans and measures described above. On the assumption that these plans and measures can be successfully implemented on a timely basis, the Directors consider it appropriate to prepare the consolidated financial statements of the Group on a going concern basis.

The successful implementation of these plans and measures depends on the timing and sufficiency of operating cash inflows and additional financing, as well as the outcome of negotiations with lenders and other creditors. The Group's ability to implement repayment arrangements depends on the availability of these funds, and any delays or shortfalls would increase its reliance on extensions of repayment terms. Enforcement action by creditors could further restrict the funds available to meet its operating requirements and financial obligations. These conditions indicate the existence of multiple material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

If the Group is unable to successfully implement these plans and measures on a timely basis, it may not be able to continue as a going concern. Adjustments would then have to be made to write down the carrying amounts of assets to their recoverable amounts, provide for further liabilities which might arise and 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 of the Group.

(c) **Changes in accounting policies**

The Group has applied the amendments to IAS 21 and IFRS 1, *Lack of exchangeability*, as issued by the IASB to the consolidated financial statements of the Group for the current accounting period. The amendments do not have a material impact on the consolidated financial statements of the Group as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new and amendments to IFRS Accounting Standards that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) **Revenue**

The Group is principally engaged in the production, distribution and licensing of broadcasting rights of drama series and the provision of online platform services.

During the year ended 30 June 2026, the Group commenced the operation of its online video platform, 9958tv, through which customers obtain access to video content by subscription or by purchasing access to individual drama series.

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

(i) ***Disaggregation of revenue***

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

	Year ended 30 June 2026 RMB'000	Period from 1 January 2024 to 30 June 2025 RMB'000
Revenue from the distribution and licensing of broadcasting rights of self-produced drama series	33,616	121,544
Revenue from the distribution and licensing of broadcasting rights of outright-purchased drama series	3	5,355
Revenue from the distribution and licensing of broadcasting rights under co-financing arrangements and others	12	5,913
Revenue from subscription services of online video platform	3,564	—
Revenue from paid video-on-demand services	446	—
	37,641	132,812

The disaggregation of revenue from contracts with customers within the scope of IFRS 15 by timing of revenue recognition is as follows:

	Year ended 30 June 2026 <i>RMB'000</i>	Period from 1 January 2024 to 30 June 2025 <i>RMB'000</i>
At a point in time	34,077	132,812
Over time	3,564	–
Total	37,641	132,812

Revenue from subscriptions to the Group's online video platform is recognised over the subscription period as the services are provided. Subscription fees received before the related services are provided are recognised as contract liabilities.

The Group's customers with whom transactions amounted to 10% or more of the Group's revenue are set out below:

	Year ended 30 June 2026 <i>RMB'000</i>	Period from 1 January 2024 to 30 June 2025 <i>RMB'000</i>
Customer A	30,395	115,892

Revenue from Customer A is attributable to the self-produced drama series segment.

(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 chief operating decision maker (the “CODM”), being the Group's most senior executive management, for the purposes of resource allocation and performance assessment, the Group has presented the following four 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.
- Online platform services: this segment includes the provision of subscription services and paid video-on-demand services through the Group's online video platform.
- 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.

During the year ended 30 June 2026, the Group commenced the provision of online video platform services.

(i) Segment results

For the purposes of assessing segment performance and allocating resources, the Group's CODM 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 year ended 30 June 2026 and the period from 1 January 2024 to 30 June 2025.

The Group's other income and expenses, such as other income, gains and losses, selling and marketing expenses, administrative expenses, reversal of or allowance for expected credit losses on trade and other receivables, finance costs, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor other segment information is presented.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the year ended 30 June 2026 and the period from 1 January 2024 to 30 June 2025 is set out below.

	Year ended 30 June 2026				Total RMB'000
	Self-produced drama series RMB'000	Outright- purchased drama series RMB'000	Online platform services RMB'000	Others RMB'000	
Revenue from external customers	33,616	3	4,010	12	37,641
Reportable segment gross (loss)/profit	(18,430)	3	3,301	12	(15,114)
Period from 1 January 2024 to 30 June 2025					
	Self-produced drama series RMB'000	Outright- purchased drama series RMB'000	Online platform services 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)

(ii) Reconciliation of reportable segment profit or loss

	Year ended 30 June 2026 RMB'000	Period from 1 January 2024 to 30 June 2025 RMB'000
Reportable segment gross loss	(15,114)	(394,184)
Other income, gains and losses	681	699
Selling and marketing expenses	(13,182)	(3,972)
Administrative expenses	(23,612)	(35,946)
Reversal of/(allowance for) ECL on trade and other receivables	24,043	(69,328)
Finance costs	(27,623)	(45,440)
Consolidated loss before tax	(54,807)	(548,171)

(iii) Geographical information

The Group's revenue from external customers, attributed by location of the operations providing the products and services, is as follows:

	Year ended 30 June 2026 <i>RMB'000</i>	Period from 1 January 2024 to 30 June 2025 <i>RMB'000</i>
Chinese Mainland (place of domicile)	33,631	132,812
Hong Kong	4,010	–
Total	37,641	132,812

The Group regards the Chinese Mainland as its place of domicile, where its principal operations and management headquarters are located.

The Group's property and equipment, including right-of-use assets, are substantially located in the Chinese Mainland.

4 OTHER INCOME, GAINS AND LOSSES

	Year ended 30 June 2026 <i>RMB'000</i>	Period from 1 January 2024 to 30 June 2025 <i>RMB'000</i>
Government grants	23	572
Bank interest income	5	8
Foreign exchange (loss)/gain, net	(48)	143
Fair value loss on financial assets at FVTPL	(811)	–
Gain/(loss) on disposal of property and equipment	57	(23)
Gain on early termination of a lease	44	–
Gain on settlement of litigation	1,633	–
Others	(222)	(1)
	681	699

5 LOSS BEFORE TAX

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

(a) Finance costs

	Year ended 30 June 2026 RMB'000	Period from 1 January 2024 to 30 June 2025 RMB'000
Interest and other finance charges on bank and other loans	27,612	45,363
Interest on lease liabilities	11	77
	<u>27,623</u>	<u>45,440</u>

(b) Staff costs

	Year ended 30 June 2026 RMB'000	Period from 1 January 2024 to 30 June 2025 RMB'000
Salaries, wages and other benefits	14,648	18,555
Contributions to defined contribution retirement plans	840	1,440
	<u>15,488</u>	<u>19,995</u>

(c) Other items

	Year ended 30 June 2026 RMB'000	Period from 1 January 2024 to 30 June 2025 RMB'000
(Reversal of)/allowance for ECL on:		
– trade receivables	(24,127)	69,942
– other receivables	84	(614)
	<u>(24,043)</u>	<u>69,328</u>
Auditor's remuneration:		
– audit services	1,400	1,200
Cost of drama series copyrights, included in cost of sales	26,772	288,494
Depreciation of property and equipment	81	1,727
Depreciation of right-of-use assets	257	2,483
Impairment losses on drama series copyrights, net (<i>Note</i>)	22,132	201,939
Operating lease expenses relating to short-term leases	275	246
	<u>275</u>	<u>246</u>

Note: The net impairment losses on drama series copyrights were included in “cost of sales”.

6 INCOME TAX (CREDIT)/EXPENSES

	Year ended 30 June 2026 RMB'000	Period from 1 January 2024 to 30 June 2025 RMB'000
Current tax – PRC Corporate Income Tax:		
Provision for the year/period	–	12
Over-provision in respect of prior years	(4,713)	–
	(4,713)	12
Deferred tax:		
Origination and reversal of temporary differences	–	5,883
	(4,713)	5,895

7 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the year attributable to equity shareholders of the Company of approximately RMB50,071,000 (period from 1 January 2024 to 30 June 2025: RMB554,066,000) and the weighted average number of ordinary shares of approximately 402,038,000 (period from 1 January 2024 to 30 June 2025: 309,982,000) in issue during the year/period, calculated as follows:

Weighted average number of ordinary shares

	Year ended 30 June 2026 '000	Period from 1 January 2024 to 30 June 2025 '000
Issued ordinary shares at the beginning of the year/period	360,000	300,000
Effect of ordinary shares issued during the year/period	42,038	9,982
Weighted average number of ordinary shares during the year/period	402,038	309,982

(b) Diluted loss per share

Diluted loss per share was the same as basic loss per share for the year ended 30 June 2026 and the period from 1 January 2024 to 30 June 2025 as there were no dilutive potential ordinary shares outstanding during the year/period.

8 DRAMA SERIES COPYRIGHTS

	At 30 June 2026 RMB'000	At 30 June 2025 RMB'000
Self-produced drama series with production completed	121,302	146,083
Outright-purchased drama series	7,897	7,897
Co-financed drama series with production completed	46,965	46,965
Script copyrights	179,097	179,526
Short drama copyrights	649	–
Gross carrying amount	355,910	380,471
Less: accumulated impairment losses	(317,910)	(295,778)
Net carrying amount	<u>38,000</u>	<u>84,693</u>

9 TRADE AND BILLS RECEIVABLES

	At 30 June 2026 RMB'000	At 30 June 2025 RMB'000
Trade receivables, gross	190,820	216,295
Less: allowance for ECL	(187,393)	(212,376)
Trade receivables, net	3,427	3,919
Bills receivables	–	2,885
	<u>3,427</u>	<u>6,804</u>

Trade and bills receivables are measured at amortised cost.

The ageing analysis of the Group's trade and bills receivables, based on the dates of revenue recognised and net of allowance for ECL, is as follows:

	At 30 June 2026 RMB'000	At 30 June 2025 RMB'000
Within 6 months	3,427	3,919
7 to 12 months	–	2,885
	<u>3,427</u>	<u>6,804</u>

10 TRADE PAYABLES

As at the end of the reporting period, the ageing analysis of trade payables, based on the transaction date, is as follows:

	At 30 June 2026 RMB'000	At 30 June 2025 RMB'000
Within 6 months	1,987	1,834
Over 6 months but within 12 months	–	922
Over 1 year but within 2 years	767	17,368
Over 2 years	209,734	194,768
	<u>212,488</u>	<u>214,892</u>

All of the trade payables are due for settlement within one year or are repayable on demand.

11 CONTRACT LIABILITIES

	At 30 June 2026 RMB'000	At 30 June 2025 RMB'000
Distribution and licensing of broadcasting rights of self-produced drama series	30,792	30,792
Pre-production services	2,818	–
Subscription services of online video platform	9,880	–
	<u>43,490</u>	<u>30,792</u>

12 BANK AND OTHER LOANS

	At 30 June 2026 RMB'000	At 30 June 2025 RMB'000
Bank loans:		
– Secured by the Group's bills receivables (Note 9)	–	2,865
– Guaranteed by the controlling parties	–	86
	<u>–</u>	<u>2,951</u>
Other loans from third parties:		
– Guaranteed by the controlling parties	90,074	87,200
– Unsecured and unguaranteed	35,956	69,514
	<u>126,030</u>	<u>156,714</u>
Other loans from related parties:		
– Unsecured and unguaranteed	9,721	429
	<u>135,751</u>	<u>160,094</u>
Amounts due within one year and included in current liabilities	(134,751)	(160,094)
Amounts due after one year and included in non-current liabilities	<u>1,000</u>	<u>–</u>

13 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	At 30 June 2026		At 30 June 2025	
	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 2026			At 30 June 2025		
	Number of shares '000	Amount HK\$'000	Equivalent to approximately RMB'000	Number of shares '000	Amount HK\$'000	Equivalent to approximately RMB'000
Ordinary shares, issued and fully paid, HK\$0.01 each:						
At 1 July 2025 and 1 January 2024	360,000	3,600	3,296	300,000	3,000	2,742
Placing of new shares	140,000	1,400	1,228	60,000	600	554
At 30 June 2026 and 2025	500,000	5,000	4,524	360,000	3,600	3,296

(b) Dividends

The directors of the Company do not recommend the payment of a final dividend for the year ended 30 June 2026 (period from 1 January 2024 to 30 June 2025: nil). No dividends were declared subsequent to 30 June 2026 and up to the date of approval of the consolidated financial statements of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Business Review

We are a drama series distribution company in the PRC. The Group was established in 2013, and is primarily engaged in the business of licensing the broadcasting rights of self-produced and outright-purchased drama series. During the Reporting Period, we recorded revenue mainly from the distribution and licensing of broadcasting rights of self-produced drama series. 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 also commenced the operation of our online video platform during the year through which customers obtain access to video content by subscription or by purchasing access to individual drama series.

FINANCIAL REVIEW

The current reporting period covers the 12 months ended 30 June 2026, whereas the comparative period covers the 18 months from 1 January 2024 to 30 June 2025. Accordingly, the amounts and percentage changes presented below are not directly comparable.

Revenue

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

	Year ended 30 June 2026 RMB'000	Period from 1 January 2024 to 30 June 2025 RMB'000
Revenue from the distribution and licensing of broadcasting rights of self-produced drama series	33,616	121,544
Revenue from the distribution and licensing of broadcasting rights of outright-purchased drama series	3	5,355
Revenue from the distribution and licensing of broadcasting rights under co-financing arrangements and others	12	5,913
Revenue from subscription services of online video platform	3,564	—
Revenue from paid video-on-demand services	446	—
Total	37,641	132,812

Our revenue decreased by approximately 71.7% from approximately RMB132.8 million for the period from 1 January 2024 to 30 June 2025 to approximately RMB37.6 million for the Reporting Period. The decrease was mainly due to the decrease of approximately RMB87.9 million in revenue from the distribution and licensing of broadcasting rights of self-produced drama series, as the majority of the revenue from licensing of the broadcasting right of “As Husband As Wife” (小夫妻) through a major online video streaming platform was recognised in the comparative period; this was partially offset by the revenue of approximately RMB4.0 million newly generated from the online video platform services.

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 decreased by approximately 72.3% from approximately RMB121.5 million for the period from 1 January 2024 to 30 June 2025 to approximately RMB33.6 million for the Reporting Period, primarily because the majority of the revenue from the licensing of the broadcasting right of “As Husband As Wife” (小夫妻) through a major online video streaming platform was recognised in the comparative period.

Under this business segment, most of the revenue were generated from our customers that are TV channels and online video streaming platforms, while the remainder of this segment revenue was attributable 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 99.9% from approximately RMB5.4 million for the period from 1 January 2024 to 30 June 2025 to an insignificant amount for the Reporting Period, mainly attributable to the absence of new outright-purchased drama licensing during the Reporting Period.

Under this business segment, most of the revenue were generated from our customers that are TV channels, while the remainder of our segment revenue was attributable to other third-party customers.

(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 99.8% from approximately RMB5.9 million for the period from 1 January 2024 to 30 June 2025 to an insignificant amount for the Reporting Period, mainly because the sale of script copyrights took place in the comparative period.

(iv) *Revenue from online platform services*

During the Reporting Period, we commenced the operation of our online video platform through which customers obtain access to video content by subscription or by purchasing access to individual drama series. We utilised our script copyright library by modifying our script copyrights and produce short dramas to match customers' viewing preferences. Revenue generated from the online platform services was approximately RMB4.0 million during the Reporting Period.

Cost of Sales

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

	Year ended 30 June 2026 RMB'000	Period from 1 January 2024 to 30 June 2025 RMB'000
Costs of the distribution and licensing of broadcasting rights of self-produced drama series	52,046	285,437
Costs of the distribution and licensing of broadcasting rights of outright-purchased drama series	—	12,601
Costs of the distribution and licensing of broadcasting rights under co-financing arrangements and others	—	228,958
Online platform services	709	—
Total	52,755	526,996

Our cost of sales decreased by approximately 90.0% from approximately RMB527.0 million for the period from 1 January 2024 to 30 June 2025 to approximately RMB52.8 million for the Reporting Period. The decrease was mainly attributable to a lower net impairment charge on drama series copyrights of approximately RMB22.1 million (comparative period: approximately RMB201.9 million) and lower amortisation of drama series copyrights in line with the reduction in revenue recognised.

Impairment of Drama Series Copyrights (“Copyrights”)

- (a) The analysis of net impairment losses during the year by category of the Copyrights:

	Year ended 30 June 2026 RMB’000
Self-produced drama series:	
– under production	–
– with production completed	22,132
Outright-purchased drama series	–
Co-financed drama series with production completed	–
Script copyrights	–
Total impairment losses provision during the year	<u>22,132</u>

- (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) During the Reporting Period, the Group recognised net impairment losses on drama series copyrights of approximately RMB22.1 million, compared with approximately RMB201.9 million for the eighteen-month comparative period. The current-year impairment related to two completed self-produced drama series and reflected the reduced expected cash inflows under continuing difficult market conditions.

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:

	Year ended 30 June 2026		Period from 1 January 2024 to 30 June 2025	
	Gross (loss)/profit RMB'000	Gross (loss)/profit Margin %	Gross loss RMB'000	Gross loss Margin %
The distribution and licensing of broadcasting rights of self-produced drama series	(18,430)	(54.8)	(163,893)	(134.8)
The distribution and licensing of broadcasting rights of outright- purchased drama series	3	100.0	(7,246)	(135.3)
The distribution and licensing of broadcasting rights under co-financing arrangements and others	12	100.0	(223,045)	(3,772.1)
Online platform services	3,301	82.3	—	—
Total	(15,114)	(40.2)	(394,184)	(296.8)

(i) Gross Loss

Our gross loss was approximately RMB15.1 million for the Reporting Period, as compared to a gross loss of approximately RMB394.2 million for the period from 1 January 2024 to 30 June 2025, primarily due to the decrease in impairment provision made on the Group's drama series copyrights during the Reporting Period (approximately RMB22.1 million as compared to approximately RMB201.9 million for the comparative period) and the cost of sales decreased substantially in line with the decrease in revenue recognition.

(ii) Gross Loss margin

Our gross loss margin was approximately 40.2% for the Reporting Period, as compared to a gross loss margin of approximately 296.8% for the comparative period. The gross loss margin of the distribution and licensing of broadcasting rights of self-produced drama series was approximately negative 54.8% (comparative period: negative 134.8%); the gross profit margin of outright-purchased drama series was approximately 100% on an insignificant revenue base (comparative period: negative 135.3%); and the online platform services segment recorded a gross profit margin of approximately 82.3%.

Other Income, Gains and Losses

The following table sets forth a breakdown of our other income, gains and losses for the periods indicated:

	Year ended 30 June 2026 RMB'000	Period from 1 January 2024 to 30 June 2025 RMB'000
Government grants	23	572
Bank interest income	5	8
Foreign exchange (loss)/gain, net	(48)	143
Fair value loss on financial assets at FVTPL	(811)	–
Gain/(loss) on disposal of property and equipment	57	(23)
Gain on early termination of a lease	44	–
Gain on settlement of litigation	1,633	–
Others	(222)	(1)
Total	681	699

Other income, gains and losses for the Reporting Period amounted to a net gain of approximately RMB0.7 million (period from 1 January 2024 to 30 June 2025: RMB0.7 million). The current-year amount mainly included a gain on settlement of litigation of approximately RMB1.6 million, partly offset by a fair value loss of approximately RMB0.8 million on financial assets at FVTPL and other net losses.

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; (iii) conference expenses relating to booth displays for television conferences and festivals we attended; and (iv) internet marketing expenses for our online video platform.

Our selling and marketing expenses increased by approximately 231.9% from approximately RMB4.0 million for the period from 1 January 2024 to 30 June 2025 to approximately RMB13.2 million for the Reporting Period, primarily due to the marketing and promotional expenses incurred for the launch and operation of the online video platform.

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.

Administrative expenses decreased by approximately 34.3% from approximately RMB35.9 million for the period from 1 January 2024 to 30 June 2025 to approximately RMB23.6 million for the Reporting Period, primarily due to the decrease in staff costs (staff costs decreased from approximately RMB20.0 million to approximately RMB15.5 million).

Net Reversal of Impairment Loss on Trade and Other Receivables

The Group recorded a net reversal of impairment losses on trade and other receivables of approximately RMB24.0 million during the Reporting Period (period from 1 January 2024 to 30 June 2025: impairment loss of approximately RMB69.3 million), mainly reflecting the net reversal of the loss allowance on trade receivables as a result of the settlement of impaired trade receivables during the year.

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 and interest on other loans; and (ii) interest on lease liabilities.

Our finance costs decreased by approximately 39.2% from approximately RMB45.4 million for the period from 1 January 2024 to 30 June 2025 to approximately RMB27.6 million for the Reporting Period, primarily due to the decrease in interest expenses on bank and other loans as we partially settled our bank and other loans during the year.

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 Act (as revised) 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. Certain subsidiaries which qualify as small and low-profit enterprises are entitled to PRC Corporate Income Tax at a preferential effective rate of 5%, which applies until 31 December 2027. No provision for Hong Kong profits tax was made as the Group had no assessable profit subject to Hong Kong profits tax for the Reporting Period and the comparative period. For the Reporting Period, we recorded an income tax credit of approximately RMB4.7 million, mainly arising from the reversal of over-provision in respect of prior years.

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 RMB50.1 million for the Reporting Period, representing a decrease of approximately 91.0% as compared to the loss attributable to equity shareholders of the Company of approximately RMB554.1 million for the period from 1 January 2024 to 30 June 2025, mainly due to the decrease in impairment provisions on drama series copyrights and the reversal of expected credit losses on trade and other receivables during the Reporting Period, partially offset by the decrease in revenue.

Liquidity and Financial Resources

During the Reporting Period, the Group raised net proceeds of approximately RMB21.6 million from share placings and obtained additional bank and other loans of approximately RMB15.7 million. The Group recorded net cash used in operating activities of approximately RMB16.3 million.

As of 30 June 2026, we had cash at bank and on hand of approximately RMB4.4 million (including restricted cash of approximately RMB0.9 million frozen by courts in connection with legal proceedings) as compared to approximately RMB9.1 million as of 30 June 2025, predominantly denominated in RMB.

As of 30 June 2026, we had net current liabilities of approximately RMB542.8 million as compared to approximately RMB516.8 million as of 30 June 2025.

The Group primarily obtains fund from banks and other third parties as well as other fund raising activities to finance our business operations and to fulfill working capital requirements. We had total bank and other loans of approximately RMB135.8 million as of 30 June 2026 as compared to approximately RMB160.1 million as of 30 June 2025. As of 30 June 2026, the Group had no bank loans outstanding (30 June 2025: approximately RMB3.0 million, of which RMB0.1 million were guaranteed by controlling parties). Other loans from third parties included loans bearing interest or carrying fixed returns at rates ranging from 1% to 15% per annum. As of 30 June 2026, other loans with an aggregate principal amount of approximately RMB111.4 million were overdue, and the related accrued interest and finance charges of approximately RMB50.7 million were included in other payables and accrued expenses; the Group is continuing negotiations with the lenders to

restructure the repayment terms and schedules. In addition, during the year the Group obtained a loan of approximately RMB1.0 million from a director of the Company, which is unsecured and unguaranteed, bears interest at 1% per annum and is repayable on 25 August 2027.

The Group seeks to meet its liquidity requirements through operating cash inflows, financing and negotiations with lenders and other creditors. The availability and timing of these sources of funds and the successful implementation of repayment arrangements remain uncertain.

Key Financial Ratios

Current ratio

The Group's current ratio decreased from approximately 0.17 times as of 30 June 2025 to approximately 0.12 times as of 30 June 2026. Current ratio equals our current assets divided by current liabilities as of the end of the period.

Gearing ratio

No gearing ratio is presented as at 30 June 2026 or 30 June 2025 because the Group had net liabilities on both dates and the ratio would not be meaningful. The gearing ratio is calculated as net debt divided by equity attributable to owners of the Company. Net debt comprises bank and other loans and lease liabilities less cash and cash equivalents.

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 period from 1 January 2024 to 30 June 2025 were insignificant.

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 2026, 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

At 30 June 2026, certain subsidiaries of the Company were involved in legal proceedings and disputes relating to television drama production, licensing and distribution, and related financing and co-investment arrangements. Liabilities of approximately RMB309.8 million in respect of these matters, including outstanding contractual balances and related accrued interest and charges, were recognised within trade payables, other payables and accrued expenses and other loans.

Certain investment-related claims and appeals against first-instance judgments remained unresolved as at the date of approval of these consolidated financial statements. The claims include investment returns, interest, default damages and related costs. The remaining uncertainty concerns whether the amounts ultimately payable, taking account of payments made, will exceed the liabilities already recognised.

Having considered the legal advice and developments up to the date of approval of these consolidated financial statements, the directors consider that the amounts recognised appropriately reflect the Group's obligations at 30 June 2026 and that no additional provision is required.

At 30 June 2026, bank balances of approximately RMB855,000 (2025: approximately RMB5,060,000) were restricted in connection with legal proceedings. Information about the Group's liquidity position and financing plans is set out in Note 2(b) to this announcement.

Human Resources and Remuneration Policy

As of 30 June 2026, the Group had 24 employees (30 June 2025: 45). 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 2026.

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

Rights Issue

On 27 August 2026 (after trading hours), the Company proposed to raise approximately HK\$190 million before expenses by way of the rights issue for four rights shares for every one existing share held on the record date (the “**Rights Issue**”) to the shareholder at HK\$0.095 per rights share. The Rights Issue involved the issue of up to 2,000,000,000 rights shares.

Completion is subject to the proposed increase in authorised share capital becoming effective, approval of the Rights Issue by the independent shareholders and the other conditions set out in the Company’s announcement dated 27 August 2026. There is no minimum subscription level or minimum amount to be raised.

The market price of the shares of the Company on 27 August 2026 was HK\$0.122.

The net proceeds (after deduction of the relevant expenses of the Rights Issue) from the Rights Issue are estimated to be approximately HK\$188 million, representing a net subscription price of approximately HK\$0.094 per rights share. The Directors proposed to allocate the net proceeds as follows: (i) approximately 50% for repaying existing debts and trade payable of the Group; (ii) approximately 30% for the development of the Company’s present business including the development and production of drama series; and (iii) 20% for enhancing the general working capital of the Group.

On 29 September 2026, the Company announced that despatch of the circular was expected on or before 9 October 2026 and that the EGM was expected to be held on 27 October 2026 under the revised timetable. The Rights Issue had not been completed as at the date of this announcement.

Save as above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2026 and up to the date of this announcement.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of 30 June 2026, the Group did not have any future plan for material investments or capital assets.

USE OF NET PROCEEDS

On 14 January 2026 (after trading hours), the placing agent and the Company entered into the placing agreement, pursuant to which the placing agent has conditionally agreed to 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 72,000,000 placing shares at the placing price of HK\$0.20 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 14 January 2026 was HK\$0.20.

On 4 February 2026, the Company announced that 72,000,000 placing shares had been successfully placed. The net proceeds from the Placing amounted to approximately HK\$14.2 million, representing a net placing price of approximately HK\$0.195 per placing share. The net proceeds were intended to be applied for production costs of drama series for the Group's existing business.

As at 30 June 2026, the net proceeds from the above placing have been fully utilized as intended.

On 10 April 2026 (after trading hours), the placing agent and the Company entered into the placing agreement, pursuant to which the placing agent has conditionally agreed to 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 placing shares 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 market price of the shares of the Company on 10 April 2026 was HK\$0.183.

On 22 April 2026, the Company announced that 68,000,000 placing shares had been successfully placed. The net proceeds from the Placing amounted to HK\$10.4 million, representing a net placing price of approximately HK\$0.152 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 2026, the net proceeds from the above placing have been fully utilized as intended.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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.

AUDIT COMMITTEE

The Company established the Audit Committee which currently comprises three independent non-executive Directors, Mr. Chen Tong, Mr. Jing Quanliang and Mr. Liang Jie. Mr. Chen Tong is the chairman of the Audit Committee. The primary duties of the Audit Committee include but not limited to supervising our internal control, risk management, financial information disclosure and financial reporting matters. The Audit Committee’s composition and written terms of reference are in line with the Corporate Governance Code.

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

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

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

The auditor of the Company issues a Disclaimer of Opinion on the consolidated financial statements of the Group for Reporting Period. The section below sets out an extract of the independent auditor’s report regarding the consolidated financial statements of the Group for the year ended 30 June 2026.

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Litian Pictures Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), which comprise the consolidated statement of financial position as at 30 June 2026, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

We do not express an opinion on the consolidated financial statements of the Group as to whether they give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “**IASB**”). 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

We draw attention to Note 2(b) to the consolidated financial statements, which states that the Group recorded a net loss of approximately RMB50,094,000 for the year ended 30 June 2026 and, as at that date, had net current liabilities of approximately RMB542,812,000 and net liabilities of approximately RMB543,690,000 respectively.

The following events and conditions, among others, have adversely affected the Group's financial position and liquidity:

- (i) The Group's business operations have continued to be adversely affected by tightened procurement budgets of broadcast platforms and intense competition in the television and streaming industry. These conditions have led to delays in drama series production, licensing and broadcasting. The Group did not undertake any filming of films or television drama series during the year ended 30 June 2026 and had no such filming in progress as at the date of this announcement.
- (ii) The Group continues to experience difficulties in collecting its trade receivables. As at 30 June 2026, the allowance for expected credit losses on trade receivables amounted to approximately RMB187,393,000, representing approximately 98.2% of the gross carrying amount of trade receivables of approximately RMB190,820,000. These collection difficulties continue to put pressure on the Group's liquidity position.
- (iii) As at 30 June 2026, the Group had bank and other loans of approximately RMB135,751,000, of which approximately RMB134,751,000 were classified as current liabilities. Other loans with an aggregate principal amount of approximately RMB111,415,000 were overdue. Accrued interest and other finance charges relating to these overdue loans amounted to approximately RMB50,684,000 as at that date and were included in other payables and accrued expenses. These overdue loans remained unpaid as at the date of this report. Certain lenders have initiated lawsuits against subsidiaries of the Group for repayment of outstanding principal and related interest and charges. Judgments requiring repayment have been issued in certain cases, and certain proceedings, including appeals, remain ongoing.
- (iv) The Group has continued to delay settlement of its trade and other payables due to liquidity constraints. As at 30 June 2026, approximately 99% of the Group's trade payables of approximately RMB212,488,000 were aged over two years. Certain creditors have initiated lawsuits against subsidiaries of the Company demanding payment of outstanding balances, and certain of these cases have proceeded to enforcement.
- (v) The Group had cash at bank and on hand of approximately RMB4,396,000 as at 30 June 2026, of which approximately RMB855,000 was frozen by courts in connection with litigation against subsidiaries of the Company. Cash and cash equivalents, excluding these restricted balances, amounted to approximately RMB3,541,000.

- (vi) The Group raised net proceeds of approximately RMB21,581,000 (equivalent to approximately HK\$24,569,000) from two share placings during the year. However, these proceeds were insufficient to settle the Group's overdue borrowings and payables and meet its ongoing operating requirements.
- (vii) Subsequent to the reporting period, the Company announced a proposed rights issue on a non-underwritten basis, with no minimum amount to be raised. The proposed rights issue had not been completed as at the date of this report, and its completion and the amount and timing of the proceeds remain uncertain.

All these events and conditions, together with the other matters set out in Note 2(b) to the consolidated financial statements, indicate the existence of multiple material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of plans and measures to mitigate the Group's 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 plans and measures, which are subject to multiple uncertainties, including whether the Group is able to:

- (i) successfully generate sufficient cash flows from its operations and expedite the collection of outstanding receivables;
- (ii) successfully negotiate with existing lenders to extend, renew or restructure outstanding borrowings, including agreeing repayment arrangements for overdue principal and related interest and other finance charges;
- (iii) successfully negotiate and implement settlement arrangements with suppliers and other creditors in respect of overdue trade and other payables, including those subject to litigation and enforcement proceedings; and
- (iv) successfully obtain sufficient additional financing, including proceeds from the proposed rights issue, on a timely basis to meet its financial obligations and operating requirements.

The Group's ability to implement repayment arrangements with lenders and other creditors depends on the timing and sufficiency of cash inflows from operations and additional financing. Delays or shortfalls in these cash inflows would increase the Group's reliance on extensions of repayment terms. The outcome of these interdependent measures remains uncertain.

As a result of these multiple uncertainties, their potential interaction and their possible cumulative effect on the consolidated financial statements, we were unable to form an opinion on the appropriateness of the going concern basis of accounting adopted in preparing the consolidated financial statements.

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.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes for the year ended 30 June 2026 as set out in this announcement have been agreed by the Company's auditor, McMillan Woods (Hong Kong) CPA Limited ("**McMillan Woods**"), to the amounts set out in the Group's consolidated financial statements for the Reporting Period. The work performed by McMillan Woods in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by McMillan Woods on this announcement.

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

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

FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend by the Company for the year ended 30 June 2026 (period from 1 January 2024 to 30 June 2025: Nil).

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.litian.tv). The annual report of the Company for the year ended 30 June 2026 will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

NON-COMPLIANCE WITH LISTING RULES REGARDING INDEPENDENT NON-EXECUTIVE DIRECTORS

Reference is made to the announcements of the Company dated 13 January 2026 and 16 January 2026, the Company announced that Mr. Tse Kwok Hing Henry and Mr. Yam Yuet Hang have retired as the independent non-executive Director of the Company upon the conclusion of the annual general meeting (the "**AGM**") of the Company held on 13 January 2026.

According to Rules 3.10(1) and 3.10A of the Listing Rules, the board of directors of the Company must include at least three independent non-executive Directors and the number of independent non-executive Directors should represent at least one-third of the Board. Following the retirement of Mr. Tse and Mr. Yam and the appointment of Mr. Jing Quanliang, the Company only has two independent non-executive Directors, thus the number of the independent non-executive Directors falls below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules.

As a result of the insufficient number of independent non-executive Directors, the Company has also failed to comply with the requirements set out in Rule 3.21 of the Listing Rules with regard to the minimum number of members and the composition of the Audit Committee.

During the period from the conclusion of the AGM on 13 January 2026 until the appointment of Mr. Chen Tong on 16 January 2026, the Nomination Committee comprised one independent non-executive Director and one executive Director and therefore did not comply with Rule 3.27A of the Listing Rules.

In addition, the board of the directors of the Company like to supplement that the Company also failed to comply with the requirements under Rule 3.10(2) of the Listing Rules following the retirement of Mr. Yam at the AGM, due to the fact that none of the then independent non-executive Directors had the appropriate professional qualifications or accounting or related financial management expertise as specified under Rule 3.10(2) of the Listing Rules. In this regard, the Company has failed to comply with Rule 3.11.

On 16 January 2026, Mr. Chen Tong, who possesses the appropriate professional qualifications and the related financial management expertise as required under Rule 3.10(2), had been appointed as the independent non-executive Director of the Company. The Company has re-complied with Rules 3.10(1), 3.10(2), 3.10A, 3.21 and 3.27A of the Listing Rules.

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

Hong Kong, 30 September 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. Chen Tong, Mr. Liang Jie and Mr. Jing Quanliang as independent non-executive directors.