THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Litian Pictures Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to sell, dispose, acquire, purchase or subscribe for any securities of the Company.

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)

I. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
II. PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS;
III. PROPOSED CHANGE IN BOARD LOT SIZE;
AND
IV. NOTICE OF EXTRAORDINARY GENERAL MEETING

Placing Agent

道口證券
DAOKOU SECURITIES

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

MERDEKA 鼎智

Capitalised terms used on this cover page shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 11 to 46 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on page IBC-1 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-34 of this circular.

A notice convening the EGM to be held at Room 1803, Zhongzhou Building, No. 3088 Jintian Road, Gangxia Community, Futian Street, Futian District, Shenzhen, the People's Republic of China on Friday, 4 December 2026 at 11:00 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend and vote at the EGM in person, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event no less than 48 hours before the time appointed for holding the EGM (i.e. Wednesday, 2 December 2026 at 11:00 a.m.) or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the instrument appointing the proxy shall be deemed to be revoked.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions set out in the section headed "Letter from the Board – Conditions of the Rights Issue" in this circular. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placees under the Compensatory Arrangements. The Placing Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

13 November 2026

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EXPECTED TIMETABLE

Set out below is the expected timetable for the Increase in Authorised Share Capital and the Rights Issue, which is subject to the results of the EGM and has been prepared on the assumption that all the conditions to the Increase in Authorised Share Capital and the Rights Issue, will be fulfilled or otherwise waived, and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to the Hong Kong local times and dates:

Event	**Timeline**
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM	Monday, 30 November 2026, 4:30 p.m.
Closure of register of members of the Company to determine the entitlements of the Shareholders to attend and vote at the EGM	Tuesday, 1 December 2026 to Friday, 4 December 2026 (both days inclusive)
Latest time for lodging proxy forms for the EGM	Wednesday, 2 December 2026, 11:00 a.m.
Record date for attending and voting at the EGM	Friday, 4 December 2026
Expected time and date of the EGM	Friday, 4 December 2026, 11:00 a.m.
Announcement of poll results of the EGM	Friday, 4 December 2026
Effective date of the Increase in Authorised Share Capital (the Increase in Authorised Share Capital will become effective at the time when the relevant ordinary resolution is passed by the Shareholders at the EGM)	Friday, 4 December 2026
Register of members of the Company re-opens	Monday, 7 December 2026
Effective date of change in board lot size from 1,000 Shares to 10,000 Shares	Monday, 7 December 2026
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	Monday, 7 December 2026, 9:00 a.m.

The following events are conditional on the fulfilment of the conditions for the implementation of the Increase in Authorised Share Capital and/or the Rights Issue and therefore the dates are tentative:

Last day of dealings in Shares on a cum-rights basis of the Rights Issue	Wednesday, 9 December 2026
First day of dealings in Shares on an ex-rights basis of the Rights Issue	Thursday, 10 December 2026
Latest time for lodging transfer documents of Shares to qualify for the Rights Issue	Friday, 11 December 2026, 4:30 p.m.
Closure of register of members of the Company to determine the entitlements to the Rights Issue	Monday, 14 December 2026 to Monday, 21 December 2026 (both days inclusive)
Record date for determining entitlements to the Rights Issue	Monday, 21 December 2026
Re-opening of the register of members of the Company	Tuesday, 22 December 2026
Expected despatch date of the Prospectus Documents (including the Prospectus and the PAL(s); and in the case of the Non-Qualifying Shareholders, the Prospectus only)	Tuesday, 22 December 2026
First day of dealings in nil-paid Rights Shares in board lot size of 10,000 Rights Shares	Thursday, 24 December 2026
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares	Monday, 28 December 2026, 4:00 p.m.
Latest time for splitting of the PAL(s)	Tuesday, 29 December 2026, 4:30 p.m.
Last day of dealings in nil-paid Rights Shares in board lot size of 10,000 Rights Shares	Monday, 4 January 2027
Latest time to lodge transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	Thursday, 7 January 2027, 4:00 p.m.
Latest time for Acceptance of, and payment for, the Rights Shares and application for and payment for the Rights Shares	Thursday, 7 January 2027, 4:00 p.m.

Announcement of the number of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares subject to the Compensatory Arrangements	Wednesday, 20 January 2027
Commencement of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	Thursday, 21 January 2027
Latest Placing Time/Latest Placing Date for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	Tuesday, 2 February 2027, 4:00 p.m.
Placing Long Stop Date/Latest time for the Rights Issue and placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares to become unconditional	Wednesday, 3 February 2027, 4:00 p.m.
Announcement of the results of Rights Issue (including the results of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and the amount of the Net Gain per the Unsubscribed Rights Share and the NQS Unsold Rights Share under the Compensatory Arrangements)	Thursday, 11 February 2027
Despatch of share certificates for fully-paid Rights Shares	Friday, 12 February 2027
Refund cheques, if any, to be despatched (if the Rights Issue is terminated)	Friday, 12 February 2027
Expected commencement of dealings in fully-paid Rights Shares in board lot size of 10,000 Rights Shares	Monday, 15 February 2027, 9:00 a.m.
Payment of the Net Gain (if any) to the relevant No Action Shareholders (if any)	Tuesday, 2 March 2027

All times and dates in this circular refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above or in other parts of this circular are indicative only and may be extended or varied by the Company. Any change to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The Latest Time for Acceptance of and payment for Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning or "extreme conditions" caused by super typhoons as announced by the Government of Hong Kong:

(i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 7 January 2027. Instead, the Latest Time for Acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

(ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 7 January 2027. Instead, the Latest Time for Acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on Thursday, 7 January 2027, the dates mentioned in the section headed "EXPECTED TIMETABLE" above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Announcement"	the announcement of the Company dated 27 August 2026 in relation to, among others, the Rights Issue
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"Change in Board Lot Size"	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 1,000 Shares to 10,000 Shares
"Company"	Litian Pictures Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange (Stock Code: 9958)
"Compensatory Arrangements"	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best-effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
"Completion"	completion of the Rights Issue and the Placing
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Increase in Authorised Share Capital and the Rights Issue and the transactions contemplated respectively thereunder

"Extreme Conditions"	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Increase in Authorised Share Capital"	the proposed increase in the Company's authorised share capital from HK$5,000,000 divided into 500,000,000 Shares of HK$0.01 each to HK$40,000,000 divided into 4,000,000,000 Shares of HK$0.01 each by creating an additional 3,500,000,000 unissued Shares of HK$0.01 each
"Independent Board Committee"	the independent board committee of the Board, comprising all the independent non-executive Directors, to be established to make recommendations to the Independent Shareholders in respect of the terms of the Rights Issue
"Independent Financial Adviser"	the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder, being Merdeka Corporate Finance Limited
"Independent Shareholder(s)"	any Shareholder(s) who is(are) not required to abstain from voting on the resolution relating to the Rights Issue at the EGM under the Listing Rules
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected persons and not connected with any of them or their respective associates
"Last Day for Transfer"	Friday, 11 December 2026, or such other date as the Company may determine, being the last date for lodging transfer of Shares prior to the closure of the register of members of the Company in order to qualify for the Rights Issue

"Last Trading Day"	27 August 2026, being the last trading day in the Shares on the Stock Exchange prior to the publication of the Announcement
"Latest Practicable Date"	11 November 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
"Latest Time for Acceptance"	4:00 p.m. on Thursday, 7 January 2027, being the latest time for acceptance of the offer of and payment for the Rights Shares
"Listing Committee"	has the meaning ascribed to it under the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Net Gain"	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares placed by the Placing Agent under the Placing Agreement) pursuant to the Compensatory Arrangements
"No Action Shareholders"	those Qualifying Shareholders who do not subscribe for the Right Shares (whether partially or fully) in their assured entitlements, or Non-Qualifying Shareholders (as the case may be)
"Non-Qualifying Shareholder(s)"	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"NQS Unsold Rights Shares"	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
"Overseas Shareholder(s)"	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong

"PAL(s)"	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
"Placee(s)"	professional, institutional, corporate or other investor(s), procured by the Placing Agent to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
"Placing"	the offer by way of private placing of the Unsubscribed Rights Shares on a best effort basis by the Placing Agent to the independent placee(s) during the Placing Period on the terms and conditions set out in the Placing Agreement
"Placing Agent"	DaoKou Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activity, being the placing agent appointed by the Company pursuant to the Placing Agreement
"Placing Agreement"	the placing agreement dated 27 August 2026 (after trading hours of the Stock Exchange) as may be amended or supplemented from time to time, entered into between the Company and the Placing Agent in respect of the Compensatory Arrangements, pursuant to which the Placing Agent has agreed to procure placees on a best effort basis to subscribe for the Unsubscribed Rights Shares
"Placing Conditions"	condition(s) precedent to the completion of the Placing as set out in the Placing Agreement
"Placing Long Stop Date"	Wednesday, 3 February 2027, or such other date as may be agreed between the Company and the Placing Agent as the latest date for placing, and payment for, the Unsubscribed Rights Shares under the Placing Agreement
"Placing Period"	the period from Thursday, 21 January 2027 to Tuesday, 2 February 2027 or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements

"Placing Price"	the placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the placement process
"PRC"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus to be issued to the Shareholders containing details of the Rights Issues
"Prospectus Documents"	the Prospectus, the PAL
"Prospectus Posting Date"	Tuesday, 22 December 2026, or such other date as the Company may determine, being the date on which the Prospectus Documents are made available and/or despatched (as the case may be) to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
"Qualifying Shareholder(s)"	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
"Record Date"	Monday, 21 December 2026 or such other date as may be determined by the Company, being the date by reference to which the Shareholders' entitlements to participate in the Rights Issue will be determined
"Registrar"	Tricor Investor Services Ltd.
"Rights Issue"	The proposed issue of the Rights Shares by way of rights issue on the basis of four (4) Rights Share for every one (1) existing Share held by the Qualifying Shareholders on the Record Date at the Subscription Price
"Rights Share(s)"	up to 2,000,000,000 Shares (assuming no change in the number of issued Shares on or before the Record Date) to be allotted and issued pursuant to the Rights Issue
"RMB"	Renminbi

"SFC"	the Securities and Futures Commission
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	the holder(s) of the Share(s)
"Share(s)"	ordinary shares of HK$0.01 each in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.095 per Rights Share under the Rights Issue
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Unsubscribed Rights Share(s)"	the Rights Shares that are not subscribed by the Qualifying Shareholders
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent

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)

Executive Directors:
Mr. Xie Taoquan *(Chairman)*
Ms. Yu Ping
Ms. Huang Meiyuan

Independent non-executive Directors:
Mr. Liang Jie
Mr. Jing Quanliang
Mr. Chen Tong

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Level 27, Wing On Centre
111 Connaught Road Central
Sheung Wan
Hong Kong

13 November 2026

To the Shareholders

Dear Sir or Madam,

I. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; II. PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; III. PROPOSED CHANGE IN BOARD LOT SIZE; AND IV. NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide you with, among other things, (i) further details of the Increase in Authorised Share Capital; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; (iv) other information required under the Listing Rules; and (v) a notice convening the EGM.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

In order to provide the Company with greater flexibility to raise funds by the Rights Issue, the Board proposes to increase the authorised share capital of the Company from HK$5,000,000 divided into 500,000,000 Shares of HK$0.01 each to HK$40,000,000 divided into 4,000,000,000 Shares of HK$0.01 each by creating an additional 3,500,000,000 unissued Shares of HK$0.01 each.

Subject to the passing of an ordinary resolution by the Shareholders at the EGM to approve the Increase in Authorised Share Capital, the Increase in Authorised Share Capital will become effective on the date of the EGM. The Board believes that the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

Conditional upon the Increase in Authorised Share Capital becoming effective and the approval by the Independent Shareholders at the EGM, the Board proposes to raise gross proceeds of up to approximately HK$190 million (assuming full subscription under the Rights Issue) by way of issuing up to 2,000,000,000 Rights Shares assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK$0.095 per Rights Share on the basis of four (4) Rights Share for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any). Further details of the Rights Issue are set out below:

Rights Issue statistics

Basis of the Rights Issue	:	Four (4) Rights Share for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK$0.095 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	500,000,000 Shares
Maximum number of Rights Shares to be issued	:	2,000,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)

Approximate aggregate nominal value of the Rights Shares	:	HK$20,000,000 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Shares in issue upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed)	:	2,500,000,000 Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Net subscription price per Rights Share (i.e. Subscription Price less Rights Issue expenses)	:	Approximately HK$0.094 per Rights Share
Maximum gross proceeds to be raised from the Rights Issue before expenses	:	Approximately HK$190 million
Maximum net proceeds to be raised from the Rights Issue after expenses	:	Approximately HK$188 million
Rights of excess application	:	No rights of excess application

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares will be allotted and issued on or before completion of the Rights Issue, the 2,000,000,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 400% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) 80% of the total issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

As at the Latest Practicable Date, the Company has no outstanding derivatives, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

The Subscription Price

The Subscription Price is HK$0.095 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Share(s) applies for the Rights Share(s).

The Subscription Price represents:

(i) a discount of approximately 22.13% to the closing price of HK$0.122 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 22.76% to the average closing price of approximately HK$0.123 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

(iii) a discount of approximately 22.76% to the average closing price of approximately HK$0.123 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 5.57% to the theoretical ex-rights price of approximately HK$0.1006 per Share based on the benchmarked price of HK$0.123 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of (i) the closing price of HK$0.122 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK$0.123 per Share); and

(v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 18.21% of the theoretical diluted price of approximately HK$0.1006 per Share to the benchmarked price of approximately HK$0.123 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of (i) the closing price of HK$0.122 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK$0.123 per Share).

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of the Rights Shares will be approximately HK$0.094.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions; (ii) the current business performance and financial position of the Group, in particular, regard was also had to the net liability of the Company of approximately RMB543,690,000 as at 30 June 2026; (iii) the reasons for and benefits of the proposed Rights Issue as discussed in the section headed "Reason for and benefits of the Rights Issue and the use of proceeds" in this circular; and (iv) the amount of funds the Company intends to raise under the Rights Issue.

The Directors consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group; and (iv) the latest financial position and the net liability of the Company.

Non-underwritten Basis

Subject to the fulfilment of conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent placees under the Compensatory Arrangements. Any Unsubscribed Rights Shares that remain unplaced under the Compensatory Arrangements will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlements under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code and the Company to ensure the compliance of the requirements of the sufficient public float be maintained upon the Completion in accordance to the note to Rule 7.19(5) and Rule 13.32B of the Listing Rules.

Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

On 27 August 2026, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares to independent placees on a best effort basis. Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will, on a best-effort basis, procure, by not later than 4:00 p.m. on Tuesday, 2 February 2027, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares. Any Unsubscribed Rights Shares that are not placed will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders and Non-Qualifying Shareholders as set out below on a pro-rata basis (but rounded down to the nearest cent):

A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and

B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Non-Qualifying Shareholders become entitled on the basis described above to an amount of HK$100 or more, such amount will be paid to the relevant No Action Shareholder(s) and Non-Qualifying Shareholders in Hong Kong Dollars only, and the Company will retain individual amounts of less than HK$100 for its benefit.

The principal terms of the Placing Agreement are summarised below.

Date:	27 August 2026
Issuer:	The Company
Placing Agent:	As at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.
Placing Period:	The period from Thursday, 21 January 2027 to Tuesday, 2 February 2027, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.
Placing Price:	The placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price, and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the placement process.
Placing commission:	1% of the aggregate placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares successfully placed by or on behalf of the Placing Agent.
Placees:	The placees shall be professional, institutional and other investors. The Placing Agent shall ensure that the placees, and whose ultimate beneficial owner(s), shall be third party(ies) independent of the directors, chief executive or substantial shareholders of the Company, its subsidiaries, or their respective associates.
Ranking of the Unsubscribed Rights Shares:	Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

Conditions of the Placing Agreement:

The obligations of the Placing Agent under the Placing Agreement are conditional upon the following conditions (the "**Placing Conditions**") being fulfilled (or being waived by the Placing Agent in writing, if applicable):

(i) the Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in the Rights Shares;

(ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;

(iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events;

(iv) the posting of copies of the Prospectus and the PAL to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders for information purpose only; and

(v) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly certified in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (and other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Listing Rules.

None of the above Placing Conditions may be waived by the parties to the Placing Agreement. For the avoidance of doubt, if all the Rights Shares are fully subscribed under the Rights Issue, the Placing will not proceed.

The Company shall use reasonable endeavours to procure the satisfaction of the Placing Conditions on or before the Placing Long Stop Date, but if any of the Placing Conditions shall not be so satisfied or become incapable of satisfaction by the Placing Long Stop Date, all rights, obligations and liabilities of the Placing Agent and of the Company thereunder shall cease and determine and none of the parties thereto shall have any claim against the other in relation thereto, save in respect of any antecedent breach of the Placing Agreement.

Termination: If, prior to the expiry of the Placing Period:

(1) in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:

(a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or

(b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

(c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or

(d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or

(2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing,

the Placing Agent shall be entitled, without any liability to the Company, by notice in writing to the Company served prior to the expiry of the Placing Period, to terminate the Placing Agreement.

The Compensatory Arrangements comply with the requirements under Rule 7.21(1)(b) under which the No Action Shareholders may be compensated even if they do nothing (i.e., neither subscribe for Rights Shares nor sell their nil-paid rights), given that the Unsubscribed Rights Shares will be first offered to Independent Third Parties. Any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company.

The Placing Agent confirms that it is an Independent Third Party. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company, with reference to the prevailing market rate, and the Company considers the terms to be normal commercial terms.

The Company believes the Compensatory Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interests of the Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given that the Company has put in place the Compensatory Arrangements as required by Rule 7.21(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled:

(i) the Increase in Authorised Share Capital having become effective;

(ii) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Rights Shares in their nil-paid and fully-paid forms;

(iii) the Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);

(iv) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of the Prospectus Documents in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;

(v) the Prospectus Documents having been made available to the Qualifying Shareholders and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Prospectus Posting Date; and

(vi) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect.

None of the above conditions can be waived. As at the Latest Practicable Date, none of the above conditions has been fulfilled. If any of the conditions referred to above is not fulfilled by 4:00 p.m. Wednesday, 3 February 2027, the Rights Issue will not proceed.

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Basis of provisional allotments

The Rights Shares will be allotted on the basis of four (4) Rights Share for every one (1) existing Share held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance.

The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed, in printed form and individually, to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made with the Registrar on or before the Latest Time for Acceptance by lodging a duly completed PAL and a remittance for the Rights Shares being applied for.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any). To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Non-Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Friday, 11 December 2026 (Hong Kong time).

Beneficial owners whose Shares are held by nominee companies (or held in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Beneficial owners with their Shares held by nominee companies (or held in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status and action to be taken.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Prospectus Documents will be made available and/or despatched (as the case may be) to the Qualifying Shareholders on the Prospectus Posting Date. Copies of the Prospectus Documents will also be made available on the websites of the Company (http://www.litian.tv) and the Stock Exchange (www.hkexnews.hk). The Prospectus only (excluding the PAL) will be made available and/or despatched (as the case may be) to the Non-Qualifying Shareholders for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable. The Company will despatch the PAL in printed form to the Qualifying Shareholders but will not despatch the PAL to the Non-Qualifying Shareholders.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company.

If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

The Overseas Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. As at the Latest Practicable Date, based on the register of members of the Company, there was one Overseas Shareholder with registered addresses in the PRC holding 300 Shares.

Save as aforesaid, there were no other Overseas Shareholders based on the register of members of the Company as at the Latest Practicable Date.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Company made necessary enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. Having considered the results of such enquiries obtained, the Directors are of the view that there are no legal restrictions under the laws of or the requirements of the relevant regulatory bodies or stock exchange in the PRC with respect to the offer of the Rights Shares to the Overseas Shareholders with registered addresses in such jurisdiction as at the Latest Practicable Date. Accordingly, the Directors have decided to extend the Rights Issue to the Overseas Shareholder having registered addresses in the PRC, and such Overseas Shareholder is considered as Qualifying Shareholder. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders in other jurisdictions on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange,

no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholder(s). Such Overseas Shareholders will be regarded as Non-Qualifying Shareholders and will not qualify for the Rights Issue. The basis of exclusion of Non-Qualifying Shareholders, if any, will be disclosed in the Prospectus.

Overseas Shareholders and beneficial owners of Shares residing outside Hong Kong should note that they may or may not be able to participate in the Rights Issue, subject to the results of enquiries made by the Company pursuant to the notes to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities laws or other laws or regulations of any territory or jurisdiction. The Rights Issue does not constitute any offer or invitation to sell, issue or solicit for Shares in any jurisdiction in which such actions are unlawful or otherwise restricted. Accordingly, Overseas Shareholders and beneficial owners of Shares residing outside Hong Kong should inform themselves of and observe any such restrictions, if applicable, and exercise caution when dealing in the Shares.

Non-Qualifying Shareholders (if any)

The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of the Rights Shares will be made to the Non-Qualifying Shareholders and the Non-Qualifying Shareholders will not be entitled to apply for the Rights Shares.

Any unsold Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, will be placed by the Placing Agent under the Placing Arrangement together with the Unsubscribed Rights Shares. The proceeds of the sale as described above in the case of being sold by the Placing Agent, less the Subscription Price and expenses, will be paid pro-rata (but rounded down to the nearest cent) to the relevant Non-Qualifying Shareholders to their shareholdings held on the Record Date in Hong Kong Dollars together with the No Action Shareholders on the basis of all NQS Unsold Rights Shares and Unsubscribed Rights Shares. The Company will retain individual amounts of less than HK$100 for its own benefit. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

For the Nil Paid Rights that were sold as described above and the buyer of such Nil Paid Rights who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

The Prospectus Documents, together with the PAL, will be made available and/or despatched (as the case may be) to the Qualifying Shareholders only and to the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Prospectus (excluding the PAL) will be made available and/or despatched (as the case may be) to the Non-Qualifying Shareholders for their information only. The Company will despatch the PAL in printed form to the Qualifying Shareholders but will not despatch the PAL to the Non-Qualifying Shareholders.

Fractional Entitlements to the Rights Shares

On the basis of provisional allotment of four (4) Rights Share for every one (1) existing Share held on the Record Date, no fractional entitlements to the Rights Shares shall be issued to the Shareholders.

A Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or cause the public float of the Company to decrease to below 25%. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (a) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules; and (b) does not cause the Company's public float to decrease to below 25%.

Certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be posted on or before Friday, 12 February 2027 to those entitled thereto at their registered addresses by ordinary post at their own risk. Each Shareholder will receive one share certificate for all allotted Rights Shares. If the Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Friday, 12 February 2027 by ordinary post to the respective applicants, at their own risk, to their registered addresses.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

The nil-paid Rights Shares and the fully-paid Rights Shares will be traded in the board lot size of 10,000 Shares.

Stamp duty and other applicable fees

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to payments of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

Irrevocable undertaking

As at the Latest Practicable Date, the Board has not received any information or undertaking from any Shareholders of their intention to take up or not to take up the securities of the Company to be provisionally allotted to them under the Rights Issue.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND THE USE OF PROCEEDS

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

The Group has been actively pursuing opportunities to diversify its revenue streams and expand its business scope. We derive our revenue mainly from the distribution and licensing of broadcasting rights of drama series which mainly comprised of self-produced drama series and outright-purchased drama series we purchased outright from third-party copyright owners/ licensors. Looking ahead, we will constantly film our expected self-produced drama series and expedite our distribution and licensing of broadcasting rights of existing self-produced drama series through traditional TV channels as well as online video streaming platforms. In addition, we will work closely with the third-party copyright owners/licensors to obtain the copyrights of additional outright purchased drama series of different genres to cater to the different preferences of our customers. These production and acquisition, coupled with the distribution and marketing costs arising therefrom, will require the Group to have adequate and flexible funding capability and resources to maintain and continue to grow its business operation, and seize valuable business opportunities in a timely fashion. It is expected that the Company's funding needs include payment for movie and drama series planned for production in 2026 and 2027, payment of existing debts and trade and other payables and general working capital purpose.

Use of proceeds

Assuming there will be no change in the total number of issued Shares from the date of this circular up to and including the Record Date and that all Rights Shares are subscribed for or successfully placed under the Compensatory Arrangements, the estimated net proceeds from the Rights Issue, after deducting estimated expenses of approximately HK$2 million, including an allowance for potential placing commission, are expected to be approximately HK$188 million. The actual expenses and net proceeds will depend on the level of take-up of the Rights Shares and the results of the Placing.

The unaudited pro forma financial information in Appendix II assumes that all Rights Shares are subscribed for under the provisional allotments and no placing commission is payable. On that basis, the estimated expenses are approximately HK$250,000 and the estimated net proceeds are approximately HK$189.75 million.

The following allocation amounts are based on the estimated net proceeds of approximately HK$188 million. The Company intends to apply such net proceeds as follows:

(i) approximately 50% (or approximately HK$94.0 million), for repaying existing debts and trade payable of the Group;

(ii) approximately 41% (or approximately HK$77.2 million), comprising approximately HK$56.4 million for the development and production of the Short Drama Projects and approximately HK$20.8 million (equivalent to approximately RMB18.0 million) for the initial user-acquisition budget for the Short Drama Projects; and

(iii) approximately 9% (or approximately HK$16.8 million) for enhancing the general working capital of the Group.

The Rights Issue forms part of the Company's action plan to resolve the disclaimer of opinion solely relating to going concern (the "**Disclaimer of Opinion**") as expressed by the auditor on the consolidated financial statements of the Group for the year ended 30 June 2026. The matters giving rise to the Disclaimer of Opinion principally relate to the Group's net current liabilities position (approximately RMB542,812,000 as at 30 June 2026), its outstanding and overdue indebtedness and trade and other payables (including overdue other loans of approximately RMB111,415,000 and accrued interest and other finance charges thereon of approximately RMB50,684,000 as at 30 June 2026), and the uncertainty as to the feasibility and likelihood of successful implementation of the remedial measures. The proposed application of the net proceeds from the Rights Issue addresses these matters as follows: (i) approximately HK$94.0 million (approximately 50%) will be applied for the repayment of existing debts and trade payables of the Group (including the overdue amounts referred to below), which, upon completion of the Rights Issue (assuming all Rights Shares are subscribed for or successfully placed under the Compensatory Arrangements), will reduce the Group's net current liabilities from approximately RMB542,812,000 as at 30 June 2026 to approximately RMB380,200,000 and its net liabilities from approximately RMB543,690,000 to approximately RMB381,100,000, based on the estimated net proceeds of approximately HK$188 million (equivalent to approximately RMB162.6 million), and address the uncertainty relating to the settlement of the Group's liabilities; (ii) approximately HK$77.2 million (approximately 41%), comprising approximately HK$56.4 million for the development and production of the Short Drama Projects and approximately HK$20.8 million for the initial user-acquisition budget for the Short Drama Projects as described below, being the application directed at restoring and expanding the Group's revenue-generating capacity; and (iii) approximately HK$16.8 million (approximately 9%) will be applied as general working capital to enable the Group to meet its obligations as and when they fall due. Together with the other measures under the Company's action plan (including the continued implementation of the remedial measures disclosed in the annual report of the Company for the year ended 30 June 2026, the entering into of binding settlement and repayment arrangements with the Group's creditors and binding production and distribution agreements in respect of the Group's projects), the Directors are of the view that the Rights Issue, upon

completion, will address the matters giving rise to the Disclaimer of Opinion and enable the Company to resolve the Disclaimer of Opinion within a reasonable period, in particular at the audit of the Group's consolidated financial statements for the year ending 30 June 2027. In the event that the proceeds raised are less than the above stated amount, the Company will reduce the quantity of short drama projects to be produced. General working capital will be applied over a shorter period, with priority given to the repayment of outstanding indebtedness and trade payable to strengthen the balance sheet and ensure financial stability.

For repaying existing debts and trade payables

The Company intends to settle (i) the trade and other payables to three suppliers of the Company in the sum of RMB75,544,476.48, which is already overdue, as soon as the proceeds from the Rights Issue is available, and (ii) other loans to three creditors in the sum of HK$8,697,500.00, which is repayable within one year. Set out below is the breakdown of such payables and loan.

	Supplier/Creditors	**Amount payable**	**Maturity Date**
1	Supplier A	RMB38,015,188.68 (or approximately HKD44,498,000)	Overdue
2	Supplier B	RMB15,529,287.80 (or approximately HKD18,176,000)	Overdue
3	Supplier C	RMB22,000,000.00 (or approximately HKD25,758,000)	Overdue
4	Creditor D	HKD6,660,000.00	31 December 2026
5	Creditor E	HKD1,737,500.00	31 December 2026
6	Creditor F	HKD300,000.00	31 December 2026

Creditors D, E and F are non-bank creditors, each of whom is an Independent Third Party.

For development and production of movie and drama series

Approximately 30% of the net proceeds will be applied to the planning and production of up to approximately 300 short drama projects (the "**Short Drama Projects**"), each with a budgeted cost of approximately RMB200,000, representing a maximum aggregate investment of not more than approximately RMB60.0 million, of which approximately RMB48.8 million (being the 30% of the net proceeds from the Rights Issue, equivalent to approximately HK$56.4 million) is expected to be applied out of the net proceeds of the Rights Issue and the balance is expected to be funded from the Group's internal resources (including revenue generated by the Group's online platform and income from the licensing of the Group's script copyrights). In addition, approximately RMB18.0 million of the net proceeds of the Rights Issue will be applied as the initial user-acquisition budget for the Short Drama Projects (as part of the allocation to the Short Drama Projects), and user-acquisition expenditure thereafter is expected to be funded by the

revenue generated by the Short Drama Projects. Planning activities and production are scheduled to begin upon completion of the Rights Issue in February 2027 and releases targeted for completion by the second quarter of 2028.

The Group has been engaged in the production, distribution and licensing of film and television content in the PRC for over 13 years and commenced its short drama business in May 2026, with approximately 130 short dramas produced and released on its own platform as at the Latest Practicable Date. The Short Drama Projects represent a natural expansion of the Group's existing film and drama business. The reasons and the expected benefits accruing to the Company are as follows:

(1) Under-utilised existing literary assets. As at 30 June 2026, the Group held script copyrights with a gross carrying amount of RMB179,097,000. The great majority of these titles are not expected to be developed into full-length television drama series in the near term, but they can be adapted economically into short drama format. The Short Drama Projects therefore monetise existing assets at low marginal cash cost rather than requiring the acquisition of new source material.

(2) Different risk profile from full-length production. A full-length self-produced drama series requires a substantially larger outlay and a long production-to-release cycle, and historically this has given rise to very substantial impairment: accumulated impairment losses on the Group's drama series copyrights, outright-purchased drama series, co-financed drama series with production completed and script copyrights amounted to RMB317,910,000 as at 30 June 2026. By contrast, each production under the Short Drama Project has a budgeted cost of approximately RMB200,000. Spreading the same investment across approximately 300 titles materially reduces concentration risk and limits the maximum loss on any single title.

(3) Shorter cash conversion cycle and faster feedback. Short dramas have a significantly shorter production cycle than full-length series, so the interval between cash outflow and revenue generation is expected to be considerably shorter.

(4) Existing established and proven channel. The Group's online platform generated approximately RMB4.0 million of revenue attributable to about 30 short dramas during the period from May 2026 (being the month in which the Group commenced its short drama business and launched its online platform, 9958tv) and up to 30 June 2026; approximately 130 short dramas had been produced and released on the platform as at the Latest Practicable Date. Increasing the volume and quality of content available on that platform is expected to grow subscription and per-title purchase revenue.

(5) Alignment with industry orientation. The long-form drama series market in the PRC has contracted in recent years. According to Enlightent (雲合數據), 624 new long-form drama series were released on online platforms in the PRC in 2025, being 31 fewer than in 2024; 41 titles were rated S+ in 2025 as compared with 49 in 2023. For Enlightent (雲合數據) long-form web series, the S+ rating represents the top-tier streaming content production. A series receives an S+ rating based on a proprietary evaluation model that heavily weighs effective viewership, market share, user engagement, cast pulling power, and commercial value (such as brand sponsorship tiers); and the average views per episode of the most watched title fell from over 140 million in 2023 to approximately 60.8 million in 2025. According to an industry review of the audited 2025 annual reports of six PRC-listed drama series producers published in 中國新聞出版廣電報, only two of the six recorded a profit attributable to shareholders for 2025, and in neither case was that profit derived principally from drama series production (in one case, more than 90% of the profit comprised non-recurring gains and government grants); the other four recorded losses attributable to shareholders, the largest of which was approximately RMB1.1 billion. In contrast, according to the National Radio and Television Administration, the market size of the micro-drama industry in the PRC exceeded RMB100 billion in 2025, nearly double that in 2024, with approximately 33,000 micro-dramas released during the year. The same shift is taking place outside the PRC. According to Sensor Tower, global in-app purchase revenue of short drama applications exceeded US$2.8 billion in 2025, an increase of approximately 116% year on year, with downloads of approximately 2.3 billion. DataEye Research Institute estimates the size of the overseas micro-drama industry, including advertising and subscription revenue, at approximately US$4.0 billion in 2025, and expects it to exceed US$5.0 billion in 2026. Chinese-speaking audiences form part of that demand. According to the report of the State Council on the Work of Overseas Chinese Affairs in the New Era, more than 60 million overseas Chinese live in nearly 200 countries and regions, with sizeable communities in Southeast Asia and North America. The Board considers that the shift in the Group's production focus is consistent with this structural change in the market, and that the Group's existing script library, AI-assisted production capability and own platform enable it to participate in the growth of the micro-drama market at a lower unit cost and with a shorter production-to-revenue cycle than full-length drama series. Accordingly, the development of the short drama business is expected to improve the business operations and financial performance of the Group by: (i) adding a new revenue stream with a shorter production-to-revenue cycle than full-length drama production; (ii) monetising the Group's existing library of script copyrights, which would otherwise remain largely unproductive; (iii) reducing concentration risk in content production; and (iv) broadening the Group's customer base to include overseas Chinese-speaking audiences.

(6) Expected revenue to be generated by the 300 short dramas

Based on the preliminary operating data of the Group's online platform, the approximately 30 short dramas launched in May and June 2026 generated revenue of approximately RMB4.0 million over the two-month period, equivalent to approximately RMB2.0 million per month, or approximately RMB66,000 per title per month. The Directors consider this average as a baseline for the estimation on the revenue to be generated by the 300 short dramas.

Having regard to (i) the dedicated user-acquisition campaigns for each batch of releases, (ii) the expected profile of revenue recognition (as most subscribers purchase six-month subscription packages, revenue from each subscriber is recognised over the six-month subscription period) and (iii) the content specification of the titles under the Short Drama Projects – each title will be an AI-generated animated short drama comprising indicatively 60 to 80 episodes of approximately one to two minutes each, with a total running time of approximately 100 minutes per title, produced to an upgraded specification (including more storyboards, a higher proportion of animation and richer visuals with transitions, lighting and effects compositing) as compared with the approximately 130 short dramas previously released by the Group, which were produced to a simplified specification – the Directors estimate that each title will generate average revenue of approximately RMB800,000 over a revenue lifecycle of approximately four quarters following its release.

Approximately 50 titles are expected to be released in each of the six quarters from the first quarter of 2027 to the second quarter of 2028. As each title generates revenue over a lifecycle of approximately four quarters after launch, once the ramp-up is complete (from the fourth quarter of 2027, when the first four batches are in their revenue-generating periods), the Short Drama Projects are expected to generate quarterly revenue in the range of approximately RMB22.0 million to RMB40.0 million, building up as successive batches are launched and peaking from the fourth quarter of 2027 (when the first four batches are in their revenue-generating periods), before tapering as the earlier batches complete their revenue lifecycles.

On this basis, the 300 short dramas are expected to generate aggregate revenue of approximately RMB240.0 million over the period from the first quarter of 2027 to the first quarter of 2029, of which approximately RMB54.0 million is expected to be recognised in the financial year ending 30 June 2027, approximately RMB156.8 million in the financial year ending 30 June 2028 and approximately RMB29.2 million in the financial year ending 30 June 2029.

In assessing the proposed allocation of HK$77.2 million of the net proceeds from the Rights Issue to the Short Drama Projects, the Board has considered the followings:

(1) At 30 June 2026 the Group had net current liabilities of RMB542,812,000, cash and cash equivalents of approximately RMB3.54 million, and loans from third-parties of approximately RMB126.0 million bearing interest at 1-15% per annum. The Group cannot service significant additional debt, and debt financing would increase an already burdensome interest cost.

(2) Allocating 100% of the net proceeds to repayment of debts would leave the Group without income-generating assets. Repayment alone does not restore profitability, the Group's medium-term ability to meet its obligations depends on its capacity to generate content revenue. The Board has therefore allocated approximately 50% of the net proceeds of the Rights Issue (approximately HK$94.0 million) to the repayment of overdue trade and other payables and loans falling due within one year, and approximately 41% (approximately HK$77.2 million) to the Short Drama Projects (comprising content production and the initial user-acquisition budget), being the cash-generating application.

(3) (a) the Group is already engaged in short drama business and started generating revenue in FY2026, so the business does not have to be built from nothing; (b) it deploys an existing library of script copyrights (with gross carrying amount RMB179,097,000 at 30 June 2026) at low marginal cash cost; (c) the budgeted cost per project of approximately RMB200,000 spreads risk over approximately 300 titles, in contrast to the concentration and historical impairment associated with full-length series (accumulated impairment losses of RMB317,910,000 at 30 June 2026); (d) the production-to-revenue cycle is materially shorter; and (e) the short dramas are not shown in the PRC and, accordingly, no filing or registration of the short dramas with the PRC regulatory authorities is required. If the Group subsequently distributes the short dramas in the PRC, it will obtain the requisite filing first.

(4) The Group's short dramas business has made the following achievements: (a) revenue of approximately RMB4.0 million was generated from approximately 30 short dramas on the platform during the period from May 2026 to June 2026; (b) the total number of subscribers of the platform increased from 113,975 as at 30 June 2026 to 186,213 as at 30 September 2026; (c) a gross profit of approximately RMB3,301,000 (a gross margin of approximately 82.3%); (d) advertising and user-acquisition costs of approximately RMB12.0 million have been incurred, equivalent to approximately RMB110 per paying subscriber acquired on average, as compared with the average subscription revenue of approximately RMB126 per subscriber.

(5) The competitive advantages of the Group's platform in attracting and retaining users include: (i) vertical integration, as the Group owns both the platform and the underlying content, which reduces distribution costs and third-party dependencies and allows the release schedule of content to be planned flexibly; (ii) a content pipeline at low marginal cost, as the Group's library of script copyrights (with a gross carrying amount of RMB179,097,000 as at 30 June 2026) enables new titles to be developed and produced continuously at a budgeted cost of approximately RMB200,000 per title; (iii) the use of AI-assisted production through external production service providers engaged by the Group, which shortens production cycles and allows the volume and genre mix of content to be adjusted in response to user demand; (iv) content and language positioning targeted at overseas Chinese-speaking audiences; and (v) a flexible fee structure comprising both subscription and per-title purchase options, which lowers the entry threshold for new users while offering better value to frequent viewers under the subscription plans.

(6) The fee structure of the platform comprises: (i) a six-month subscription plan at US$21.88 (approximately RMB147.4); (ii) a monthly subscription plan at US$7.88 per month (approximately RMB53.1); and (iii) per-title purchase at US$4.88 per title (approximately RMB32.9). The Directors keep the fee structure under regular review. By way of comparison, based on publicly available information as at the Latest Practicable Date, representative overseas short drama streaming platforms charge higher fees: ReelShort charges a VIP subscription of approximately US$19.99 per week (or US$199.99 per year) and DramaBox charges a subscription of approximately US$5.99 per week (or US$49.99 per year), in each case in addition to coin-based payment for unlocking individual episodes, which typically costs in the range of approximately US$30 to US$50 to unlock a full series. The Group's platform subscription and per-title fees are therefore generally lower than those charged by comparable short drama streaming platforms, and the Directors consider that such pricing positions the platform as an affordable option in the market and enhances its appeal to new users.

The role of the Company is investor and copyright owner. The Group provides or procures the underlying script and engages external production resources, and owns or controls the resulting copyrights. The Group's short drama and platform operations are managed by a dedicated team with experience in the production of short-form video content and the operation of online content platforms.

The Short Drama Projects will be distributed through the Group's own online platform, which is operated under the domain name www.9958tv.com and owned and operated by Litian Technology Group Co., Limited (力天科技集團有限公司) (the "Platform Operator"), a wholly-owned subsidiary of the Company incorporated in Hong Kong. No third-party platform is used and no distribution agreement with any third party has been entered into in respect of the short dramas. The Company derives its revenue from the platform through subscription and/or per-title purchase.

The Short Drama Projects are intended to be released outside the PRC, through the Group's own online platform. The Group does not target any single country or region and there is no fixed geographic target market for the short dramas. The platform is accessible to viewers worldwide outside the PRC and the Group's short drama and platform business principally targets Chinese-speaking audiences outside the PRC, namely the overseas Chinese community, whose members are dispersed across numerous jurisdictions; the Group's target audience is accordingly defined by language and cultural affinity rather than by geography. There is no regulatory licensing or approval requirement from PRC or overseas regulators for release outside the PRC. The Group is also exploring licensing opportunities in overseas markets which, if materialised, are expected to be entered into on a licensing fee or revenue-sharing basis on normal commercial terms; as at the Latest Practicable Date no such arrangement has been entered into.

The actual number of Short Drama Projects to be produced and released will depend on the net proceeds actually raised, the availability of production resources and the market response to the short dramas released. As at the Latest Practicable Date, the Short Drama Projects remain at the planning stage. The underlying scripts of the titles will be adapted from the Group's existing library of script copyrights, and the titles will be AI-generated animated short dramas spanning popular short drama genres, including urban romance, revenge and workplace dramas, rebirth and family sagas, costume and fantasy, inspirational youth and sports dramas, and suspense.

The budgeted cost of approximately RMB200,000 per title comprises approximately RMB30,000 (15%) for script adaptation and development, being the adaptation of the Group's existing scripts into short drama format, approximately RMB80,000 (40%) for content generation, being the service fees of external content production service providers and the associated computing power and model licensing costs, approximately RMB20,000 (10%) for voice-over, dubbing and audio production, approximately RMB30,000 (15%) for post-production (editing, subtitling, colour grading and compositing), approximately RMB20,000 (10%) for production management and other direct costs and approximately RMB20,000 (10%) as contingency. Such cost has been determined with reference to the Group's internal cost estimates based on the production cost of the Group's existing AI-generated animated short dramas of approximately RMB40,000 per drama, which is lower than the budgeted cost of approximately RMB200,000 per title because they were produced to the simplified specification as a market-testing approach to establish an initial content library at minimal cost when the platform commenced operation in May 2026, and the prevailing market range of approximately RMB1,000 to RMB3,000 per minute for AI-generated short dramas in the PRC. The budgeted production cost of approximately RMB200,000 per title is considered by the Board to be fair and reasonable

notwithstanding that it is significantly higher than RMB40,000 as the higher budgeted cost per title primarily reflects a comprehensive upgrade in production quality, scope, and operational scale compared to the initial trial phase. Specifically, the Short Drama Projects involve enhanced scriptwriting depth, higher-fidelity visual rendering, enhanced voice acting, and higher post-production standards. In contrast, the preliminary market-testing dramas were intentionally produced under a streamlined specification using simplified workflows to establish an initial content library at a minimal baseline cost.

The budgeted cost excludes user acquisition costs, which are separately budgeted as part of the promotion and marketing expenses referred to in the paragraph below. As at the Latest Practicable Date, the Group has not entered into any binding production agreement in respect of any of the Short Drama Projects. The productions under the Short Drama Projects remain at the planning stage and no amount has been committed to any individual project. Subject to the net proceeds from the Rights Issue becoming available, the Group expects to enter into production agreements with external production service providers progressively thereafter, in line with the targeted release schedule of approximately 50 short dramas in each of the six quarters from the first quarter of 2027 to the second quarter of 2028, with the first such agreements expected to be entered into in the first quarter of 2027.

The expected gross margin and profitability of the Short Drama Projects are estimated on the following basis: each title is expected to generate average revenue of approximately RMB800,000 over a revenue lifecycle of approximately four quarters following its release, against a production cost of approximately RMB200,000 per title, representing an expected gross margin of approximately 75% before user-acquisition costs. User-acquisition costs are budgeted at approximately 50% of the revenue expected to be generated by each batch, resulting in an expected contribution margin of approximately 25%. On that basis, the Short Drama Projects in aggregate are expected to generate a contribution of approximately RMB60.0 million over the revenue lifecycles of the titles. The above estimates are based on the preliminary operating data and the assumptions set out in paragraph (6) above and are subject to the risks of the short drama market, including competition, user-acquisition costs and market reception of the titles.

Approximately 11% of the net proceeds (approximately HK$20.8 million, equivalent to approximately RMB18.0 million) will be applied towards the initial user-acquisition budget for the Short Drama Projects, forming part of the approximately 41% (approximately HK$77.2 million) of the net proceeds allocated to the Short Drama Projects, and covering the launch campaign for the first batch of approximately 50 short dramas expected to commence upon completion of the Rights Issue in February 2027. Such budget is not earmarked for the Group's existing long-form drama series distribution business.

The principal channels and methods through which users are acquired comprise: (i) advertisement placements on internet platforms and video content applications targeting Chinese-speaking audiences outside the PRC; (ii) advertising networks and traffic channels, through which traffic is directed to the Group's own platform; and (iii) promotion of the short dramas

through short video clips and trailers released on social media platforms and video content applications. The initial user-acquisition budget of approximately RMB18.0 million has been determined by reference to (i) the Group's cash flow forecasts for the launch campaign for the first batch of approximately 50 short dramas, expected to commence upon completion of the Rights Issue in February 2027; and (ii) the budgeted user-acquisition expenditure for each batch of the Short Drama Projects, being approximately 50% of the revenue expected to be generated by such batch. The ratio reflects (i) the Group's own platform, through which the short dramas are distributed without any commission or revenue sharing payable to third-party distribution platforms, and (ii) the proportion of organic traffic and repeat purchases expected to increase as the subscriber base grows. The budget will be deployed progressively on a monthly basis in accordance with the Group's cash flow forecasts and the release schedule of the short dramas, and the allocation of the budget between batches will be adjusted by reference to the user conversion and retention results achieved. User-acquisition expenditure thereafter is expected to be funded by the revenue generated by the Short Drama Projects, and user-acquisition campaigns will be scaled by reference to the revenue actually generated, such that no further funding from the net proceeds of the Rights Issue is expected to be required for user acquisition.

The Company will procure that any agreement subsequently entered into in connection with the Short Drama Projects will be entered into on normal commercial terms and in the ordinary and usual course of business of the Company, and will comply with the applicable requirements of the Listing Rules.

The Company will continue to engage in its existing business, being the production, distribution and licensing of broadcasting rights of drama series in the PRC. The Short Drama Projects are a different form within the same business and are additive and complementary to it; they are not intended as a replacement for it.

The Company has no intention to downsize its existing drama series production business. The Group will endeavor to distribute and license the broadcasting rights of its existing library of self-produced drama series, which had a gross carrying amount of RMB121,302,000 at 30 June 2026; and continue to pursue the production of full-length self-produced drama series as opportunities arise, and when sufficient financial resources are available.

As regards the Group's existing drama series business, the two most recent self-produced drama series of the Group, namely 《綠水青山紅日子》 and 《白羽流星》, have been completed. As at the Latest Practicable Date, no broadcasting slot and/or licence in respect of the two drama series has been obtained and the two drama series have not yet been broadcast; the Group continues to discuss with television channels and online platforms with a view to finalising the broadcasting schedule. In the meantime, the Group will prioritise the repayment of its outstanding indebtedness and the development of its online platform and short drama businesses. The Company expects to commence production when and if sufficient financial resources become viable. The business development plan of the Group for its long-form drama series is as follows: (i) the Group will continue to distribute and license the broadcasting rights

of its existing library of self-produced drama series and outright-purchased drama series (with a gross carrying amount of RMB121,302,000 for self-produced drama series as at 30 June 2026) to television channels and online video streaming platforms in the PRC; (ii) the Group's long-form drama projects in the pipeline comprise the two completed self-produced drama series referred to above, namely 《綠水青山紅日子》 and 《白羽流星》, five drama series and one film planned. Revenue that can be derived from the said two dramas will depend on the obtaining of broadcasting slots and/or the relevant licences and the prevailing market conditions; and (iii) the commencement of production of any new long-form drama series will be considered on a project-by-project basis and will only proceed when sufficient funding is secured, whether from internal resources, committed external financing and/or co-financing arrangements with third parties, and having regard to market demand; in the meantime, the Group will continue to prioritise the repayment of its outstanding indebtedness and the development of its online platform and short drama businesses.

For general working capital purpose

Approximately 9% (approximately HK$16.8 million) of the net proceeds will be utilized to cover operating expenses up to June 2027, specifically including: (i) salaries in the aggregate amount of approximately RMB10,000,000 to support personnel and management functions; and (ii) professional fees in the aggregate amount of approximately HK$5,000,000, comprising legal and professional fees relating to corporate finance, regulatory and listing compliance of approximately HK$0.4 million, audit and accounting fees of approximately HK$3.6 million and company secretarial, share registrar and other compliance fees of approximately HK$1.0 million to engage external advisors, consultants, and service providers.

Having considered the above, the Group's liquidity position, the cost of alternative funding, the marginal cost of deploying existing script copyrights, the diversification of production risk, and the experimental proof of concept during the financial year ended 30 June 2026, the Board is of the view that the allocation of the net proceeds, including the allocation to the Short Drama Projects, is expected to improve the Group's operating performance and financial position, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will prioritize repayment of outstanding indebtedness and trade and other payables in case the net proceeds to be raised from the Rights Issue is insufficient to fully cover all of the above utilization plans.

Further, as of 30 June 2026, the Group had net current liabilities of approximately RMB542,812,000 and net liabilities of approximately RMB543,690,000 respectively, and 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 order of the PRC courts in connection with a number of legal proceedings against certain subsidiaries of the Company. The proceedings in question remain in progress and details of the material proceedings are set out under the paragraph headed "Contingent liabilities" in Appendix I to this circular. Cash and cash

equivalents, excluding these restricted balances, amounted to approximately RMB3,541,000. In addition, 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 30 June 2026 and were included in other payables and accrued expenses. These overdue loans remained unpaid as at the Latest Practicable Date. As such, the Group is in need for reducing its debt position and enhancing its financial position. As at 30 June 2026, certain lenders and creditors had initiated lawsuits and enforcement proceedings against certain subsidiaries of the Company in respect of outstanding borrowings, trade and other payables in the aggregate amount of approximately RMB312.5 million. During the period from 1 July 2026 up to the Latest Practicable Date, no judgment was issued and no settlement was reached in respect of these proceedings, and no litigation, arbitration or enforcement proceeding of material significance was newly commenced against any member of the Group. The proceedings remain ongoing. A summary of the status of the material proceedings is set out on page I-4 of this circular.

Despite the net proceed of HK$24.33 million from the previous placing exercises conducted in 2026, as of the Latest Practicable Date, the net current liabilities situation of the Group remains, therefore the Rights Issue would help equip the Group with the financial capability to improve the liquidity of the Group. The Directors consider that the Rights Issue represents a good opportunity for the Company to raise additional funds for the business operations of the Group and will strengthen the Group's financial position, enlarge the Company's shareholder base, which may in turn enhance the liquidity of the Shares owing to an increasing number of market participants, and provide capital to meet any financial obligations the Group may require without incurring the interest expenses involved with debt fund raising.

Other fund-raising alternatives

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing, or an open offer.

In respect of debt financing, the Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders. Debt financing will also result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner or at all in light of the Company being debt-ridden as further elaborated on the previous page of this circular.

As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company.

As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

Based on the above, the Board (including the members of the Independent Board Committee) considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholder(s), if any, should note that their shareholdings will be diluted. Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders on page IBC-1 of this circular for the views of the Independent non-executive Directors on the merits of the Rights Issue.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following fund-raising activities involving issue of its securities in the past 12 months immediately preceding the date of the Announcement:

Date of announcement	Completion date	Fund raising	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
10 April 2026	22 April 2026	Placing of new Shares under general mandate	HK$10.33 million	General working capital use	Fully utilized as intended
14 January 2026	4 February 2026	Placing of new Shares under general mandate	HK$14.0 million	Applied for the payment for production costs of drama series	Fully utilized as intended

Save as disclosed above, the Company did not conduct any equity fund raising activities in the past twelve months immediately prior to the date of the Announcement.

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no change in the number of Shares in issue from the Latest Practicable Date and up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company immediately before and after the completion of the Rights Issue:

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue assuming all Shareholders take up their respective entitlements to the Rights Shares in full		Immediately after completion of the Rights Issue assuming none of the Shareholders have taken up any of their entitlement to Rights Shares with all the Placing Shares placed to Independent Third Parties under the Placing		Immediately after completion of the Rights Issue assuming none of the Shareholders have taken up any of their entitlement to Rights Shares and none of the Placing Shares placed to the Independent Third Parties under the Placing	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Marshal Investment Co. Ltd.	64,380,501 *(Note 1)*	12.87	321,902,505	12.87	64,380,501	2.58	64,380,501	12.87
Public Shareholders	435,619,499	87.13	2,178,097,495	87.13	435,619,499	17.42	435,619,499	87.13
Placees	–	–	–	–	2,000,000,000	80.00	–	–
Total	500,000,000	100.00	2,500,000,000	100.00	2,500,000,000	100.00	500,000,000	100.00

Notes:

1. Ms. Tian Tian is the sole shareholder of Marshal Investment Co., Ltd.

2. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the existing Shares are traded on the Stock Exchange in the board lot size of 1,000 Shares. The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 1,000 Shares to 10,000 Shares with effect from 9:00 a.m. on Monday, 7 December 2026.

Based on the theoretical ex-rights price of HK$0.1006 per Share (calculated based on the benchmarked price of HK$0.123 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of (i) the closing price of HK$0.122 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK$0.123 per Share), the market value of each existing board lot of 1,000 Shares is HK$100.6 and the estimated market value of each proposed new board lot of 10,000 Shares would be HK$1,006.

Based on the closing price of HK$0.104 per Share on the Latest Practicable Date, the market value of each existing board lot of 1,000 Shares is HK$104 and the estimated market value of each proposed new board lot of 10,000 Shares would be HK$1,040.

The Change in Board Lot Size will not result in change in the relative right of the Shareholders. Shareholders should take note that Shareholders' approval is not required for the Change in Board Lot Size.

Arrangement on odd lot trading and matching services

In order to alleviate the difficulties of the trading of odd lots (if any) of the Shares arising from the Change in Board Lot Size, the Company will appoint uSmart Securities Limited as designated broker to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares.

Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above arrangement. All existing share certificates in board lot of 1,000 Shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the Change in Board Lot Size, and therefore no arrangement for free exchange of the existing share certificates in board lot of 1,000 Shares to new share certificate in board lot of 10,000 Shares is necessary.

Reasons for the Change in Board Lot Size

According to the "Guide on Trading Arrangements for Selected Types of Corporate Actions" (the "**Guide**") issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated in June 2026, (i) any trading price less than HK$0.1 will be considered as trading at extremities; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK$1,000.

In view of the fact that the closing price of the Shares as quoted on the Stock Exchange as at the date of the Announcement was HK$0.122 per Share, the value of each existing board lot of 1,000 Shares was HK$122, which was less than HK$1,000.

Also, with effect from 2 July 2026, according to the Guide, listed issuers should select a board lot unit from the specified set of eight options: 1, 50, 100, 500, 1,000, 2,000, 5,000, and 10,000 share(s).

Based on the above and with the view to complying with the trading requirements under the Listing Rules, the Board resolved to propose the Change in Board Lot Size, resulting in (i) HK$1,220 per board lot of 10,000 Shares based on the closing price of HK$0.122 per Share as

quoted on the Stock Exchange as at the date of the Announcement; and (ii) HK$1,006 per board lot of 10,000 Shares based on the theoretical ex-rights price of HK$0.1006 per Share (calculated based on the bench marked price of HK$0.123 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of (i) the closing price of HK$0.122 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK$0.123 per Share).

Further, the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

In addition, the Board considers that the Change in Board Lot Size would maintain the trading amount for each board lot at a reasonable level which will increase the attractiveness of investing the Shares from a broader range of institutional and professional investors and thus would help to further broaden the shareholder base of the Company and improve the value of the Shares in the long run.

Accordingly, the Board believes that the Change in Board Lot Size is in the interests of the Company and the Shareholders as a whole and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 1 December 2026 to Friday, 4 December 2026 (both days inclusive) for determining the Shareholders' entitlements for attending and voting at the EGM.

The register of members of the Company will be closed from Monday, 14 December 2026 to Monday, 21 December 2026 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of the Shares will be registered during the above book closure periods.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within a 12 month period immediately preceding the date of the Announcement, the Rights Issue will be subject to the approval by the Independent Shareholders at the EGM by way of poll at which the Controlling Shareholders and their associates or, where there are no Controlling Shareholders, the Directors

(excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM.

As at the Latest Practicable Date, the Company has no Controlling Shareholder, accordingly, the Directors (excluding independent non-executive Directors) and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A of the Listing Rules. As at the Latest Practicable Date, none of the Directors and their respective associates is interested in any Shares.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Liang Jie, Mr. Jing Quanliang and Mr. Chen Tong, was established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser appointed by the Company. Merdeka Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue including the Subscription Price, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full

and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

EXTRAORDINARY GENERAL MEETING, PROXY ARRANGEMENT AND CLOSURE OF REGISTER OF MEMBERS

The Company will convene the EGM or any adjourned meeting hereof at Room 1803, Zhongzhou Building, No. 3088 Jintian Road, Gangxia Community, Futian Street, Futian District, Shenzhen, the People's Republic of China on Friday, 4 December 2026, at 11:00 a.m. to approve matters referred to in this circular at which relevant resolution will be proposed to the Shareholders to consider, and if thought fit, approve the Increase in Authorized Share Capital and the Rights Issue. The notice convening the EGM is set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for use in connection with the EGM is enclosed herewith. Whether or not you intend to be present and vote at the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Registrar, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). The completion and delivery of a form of proxy will not preclude you from attending and voting at the EGM (or any adjourned meeting thereof) in person should you so wish, and in such case, the authority of your proxy will be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll, except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions proposed at the EGM will be taken by way of poll. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 1 December 2026 to Friday, 4 December 2026 (both days inclusive) for determining the entitlements of the Shareholders to attend and vote at the EGM, and will further be closed from Monday, 14 December 2026 to Monday, 21 December 2026 (both days inclusive) for determining the entitlements to the Rights Issue, during which period no transfer of Shares will be registered.

RECOMMENDATIONS

The Board considers that the Increase in Authorised Share Capital and the Rights Issue are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution as set out in the notice of the EGM.

Your attention is drawn to the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages IFA-1 to IFA-34 of this circular in connection with the Rights Issue and the transactions contemplated thereunder and the principal factors and reasons considered by the Independent Financial Adviser in arriving at such advice.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Rights Issue and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and on normal commercial terms or better and in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information as set out in the appendices to this circular.

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

The following is the text of the letter form the Independent Board Committee setting out its recommendation to the Independent Shareholder in respect of the Rights Issue.

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)

13 November 2026

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

We refer to the circular issued by Litian Pictures Holdings Limited to its shareholders dated 13 November 2026 of which this letter forms part (the "**Circular**"). Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you the Rights Issue and the transactions contemplated thereunder, whether such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole and how to vote on the resolution at the EGM approving the Rights Issue and the transactions contemplated thereunder.

The Independent Financial Adviser has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Rights Issue and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, whether such terms are in the interests of the Company and the Shareholders as a whole. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages IFA-1 to IFA-34 of the Circular.

We wish to draw your attention to the letter from the Board set out on pages 11 to 46 of the Circular and the additional information set out in the appendices of the Circular.

Having taken into account (i) the terms and conditions of the Rights Issue and the transactions contemplated thereunder; and (ii) the advice and recommendations of the Independent Financial Adviser as set out from pages IFA-1 to IFA-34 of the Circular, we are of the opinion that the Rights Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Rights Issue and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee
Litian Pictures Holdings Limited

Mr. Liang Jie	**Mr. Jing Quanliang**	**Mr. Chen Tong**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, which has been prepared for the purpose of incorporation in the Circular.

MERDEKA 鎮智

Room 1108-1110, 11/F
Wing On Centre
111 Connaught Road Central
Hong Kong

13 November 2026

To: The Independent Board Committee and the Independent Shareholders of Litian Pictures Holdings Limited

Dear Sirs and Madams,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, details of which are set out in the Letter from the Board (the "**Board Letter**") contained in the circular of Litian Pictures Holdings Limited (the "**Company**") dated 13 November 2026 (the "**Circular**"). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

As set out in the Board Letter, conditional upon, among other things, the Increase in Authorised Share Capital becoming effective and the approval of the Rights Issue by the Independent Shareholders at the EGM, the Company proposes to conduct the Rights Issue on the basis of four (4) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price of HK$0.095 per Rights Share. The Company proposes to issue up to 2,000,000,000 Rights Shares, assuming no change in the number of Shares in issue on or before the Record Date, and raise gross proceeds of up to approximately HK$190 million. The Rights Issue will only be available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders, if any.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. There is no minimum subscription level or minimum amount to be raised under the Rights Issue. Any Rights Shares not taken up by the Qualifying Shareholders and the NQS Unsold Rights Shares will be offered to independent placees under the Compensatory Arrangements. Any such Rights Shares remaining unplaced will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly.

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company has made arrangements to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering such Rights Shares to independent placees for the benefit of the No Action Shareholders and the Non-Qualifying Shareholders. Accordingly, there will be no excess application arrangement in relation to the Rights Issue.

On 27 August 2026 (after trading hours of the Stock Exchange), the Company and DaoKou Securities Limited, as the Placing Agent, entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placees, on a best-effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period. The Placing Price shall be at least equal to the Subscription Price of HK$0.095 per Rights Share, with the final price to be determined based on the demand for and the market conditions of the Unsubscribed Rights Shares during the placing process. Any premium over the Subscription Price realised from the Placing will, after deducting the relevant expenses, be paid to the relevant No Action Shareholders and Non-Qualifying Shareholders on a pro rata basis, subject to the arrangements set out in the Board Letter.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within a 12 month period immediately preceding the Latest Practicable Date, the Rights Issue will be subject to the approval by the Independent Shareholders at the EGM by way of poll at which the Controlling Shareholders and their associates or, where there are no Controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM.

As at the Latest Practicable Date, the Company has no Controlling Shareholder, accordingly, the Directors (excluding independent non-executive Directors) and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A of the Listing Rules.

As at the Latest Practicable Date, none of the Directors and their respective associates is interested in any Shares. The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

An Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Liang Jie, Mr. Jing Quanliang and Mr. Chen Tong, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to make recommendations to the Independent Shareholders on how to vote at the EGM. We, Merdeka Corporate Finance Limited ("**Merdeka**"), have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in the same regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years immediately preceding and up to the date of our appointment as the Independent Financial Adviser, save for this appointment as the Independent Financial Adviser in respect of the Rights Issue, there were no engagements between the Group or the Shareholders and Merdeka. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence.

BASIS OF OUR ADVICE

In formulating our opinion and advice, we have considered, among other things, (i) the Placing Agreement; (ii) the annual report of the Group for the eighteen months ended 30 June 2025 (the "**2024 Annual Report**"); (iii) the annual report of the Group for the financial year ended 30 June 2026 (the "**2025 Annual Report**"); (iv) the supplemental announcement dated 17 August 2026 in relation to the 2024 Annual Report; (v) the Circular; (vi) other relevant information provided by the Company; (vii) market information obtained from the official website of the Stock Exchange; and (viii) other publicly available information. We have assumed that all statements, information and representations made or referred to in the Circular and all information and representations which have been provided by the Company and its advisers, the Directors and the Management, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Management in the Circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no omission of other facts that would make any statements in the Circular misleading.

We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any omission of any material facts that would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and the Management.

Our opinion is based on the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. This letter is issued to the Independent Board Committee and the Independent Shareholders, solely in connection for their consideration of the Rights Issue, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations in respect of the Rights Issue, we have taken into account the principal factors and reasons set out below.

1. Background information of the Group

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

1.1 Financial Information of the Group

Set out below is a summary of the financial performance of the Group for (i) the financial year ended 30 June 2026; and (ii) the eighteen months ended 30 June 2025, respectively.

Consolidated statement of profit or loss and other comprehensive income

	Eighteen months ended 30 June 2025	**Year ended 30 June 2026**
	RMB'000	*RMB'000*
	Audited	*Audited*
Revenue	132,812	37,641
(Gross loss)	(394,184)	(15,114)
(Loss) before taxation	(548,171)	(54,807)
(Loss) attributable to equity shareholders of the Company	(554,066)	(50,071)

18M2025 and FY2026

The Group's revenue for the year ended 30 June 2026 ("**FY2026**") amounted to approximately RMB37.64 million, representing a decrease of approximately 71.7% as compared with approximately RMB132.81 million for the eighteen months ended 30 June 2025 ("**18M2025**"). Such decrease was mainly attributable to a decrease of approximately RMB87.93 million in revenue derived from the distribution and licensing of broadcasting rights of self-produced drama series, partially offset by revenue of approximately RMB4.01 million generated from the Group's newly commenced online platform services.

Revenue derived from the distribution and licensing of broadcasting rights of self-produced drama series decreased by approximately 72.3% from approximately RMB121.54 million for 18M2025 to approximately RMB33.62 million for FY2026. Such decrease was primarily attributable to the majority of the revenue from licensing the broadcasting rights of *As Husband As Wife* (《小夫妻》) through a major online video streaming platform having been recognised during 18M2025. Meanwhile, revenue derived from the distribution and licensing of broadcasting rights of outright-purchased drama series decreased by approximately 99.9% from approximately RMB5.36 million for 18M2025 to approximately RMB3,000 for FY2026, mainly attributable to the absence of new outright-purchased drama licensing during FY2026. Revenue derived from the distribution and licensing of broadcasting rights under co-financing arrangements and others also decreased by approximately 99.8% from approximately RMB5.91 million for 18M2025 to approximately RMB12,000 for FY2026, mainly because sales of script copyrights took place during 18M2025.

During FY2026, the Group commenced the operation of its online video platform, through which customers could access video content by subscription or by purchasing access to individual drama series. Revenue generated from online platform services amounted to approximately RMB4.01 million for FY2026, comprising subscription revenue of approximately RMB3.56 million and paid video-on-demand revenue of approximately RMB0.45 million.

The Group recorded a gross loss of approximately RMB15.11 million for FY2026, representing a decrease of approximately 96.2% from approximately RMB394.18 million for 18M2025. Accordingly, the Group's gross loss margin narrowed from approximately 296.8% for 18M2025 to approximately 40.2% for FY2026. According to the 2025 Annual Report, the reduction in gross loss was primarily attributable to lower impairment charges on drama series copyrights and lower amortisation of drama series copyrights in line with the reduction in revenue recognised. In particular, impairment losses on drama series copyrights decreased from approximately RMB201.94 million for 18M2025 to approximately RMB22.13 million for FY2026.

The loss attributable to equity shareholders of the Company decreased by approximately 91.0% from approximately RMB554.07 million for 18M2025 to approximately RMB50.07 million for FY2026. Such decrease was principally attributable to the substantial reduction in gross loss and a net reversal of expected credit losses on trade and other receivables of approximately RMB24.04 million for FY2026, compared with a net allowance of approximately RMB69.33 million for 18M2025. Lower administrative expenses and finance costs also contributed to the reduction in loss, partially offset by higher selling and marketing expenses associated with the launch and operation of the Group's online video platform.

Shareholders should note that 18M2025 covered a period of 18 months, whereas FY2026 covered a period of 12 months. Accordingly, the financial results for 18M2025 and FY2026, including the percentage changes presented above, may not be directly comparable.

Consolidated statement of financial position

	As at 30 June 2025 *RMB'000* *(Audited)*	As at 30 June 2026 *RMB'000* *(Audited)*
Total assets	**104,794**	**72,013**
– Drama series copyrights	84,693	38,000
– Trade and bills receivables	6,804	3,427
– Cash at bank and on hand/cash equivalents	4,008	3,541
Total liabilities	**620,482**	**615,703**
– Trade payables	214,892	212,488
– Other payables and accrued expenses	205,692	223,464
– Bank and other loans	160,094	135,751
Net current (liabilities)	(516,795)	(542,812)
Net (liabilities)	(515,688)	(543,690)

As illustrated above, the Group's total assets decreased by approximately 31.3% from approximately RMB104.79 million as at 30 June 2025 to approximately RMB72.01 million as at 30 June 2026. Such decrease was mainly attributable to a decrease in drama series copyrights from approximately RMB84.69 million to approximately RMB38.00 million, a decrease in trade and bills receivables from approximately RMB6.80 million to approximately RMB3.43 million and a decrease in restricted cash from approximately RMB5.06 million to approximately RMB0.86 million, partially offset by an increase in prepayments, deposits and other receivables from approximately RMB3.12 million to approximately RMB24.09 million.

The Group's cash and cash equivalents, excluding restricted cash, decreased by approximately 11.7% from approximately RMB4.01 million as at 30 June 2025 to approximately RMB3.54 million as at 30 June 2026. The cash and cash equivalents balance as at 30 June 2026 represented only approximately 0.6% of the Group's total liabilities as at that date, indicating that the Group had limited immediately available cash resources relative to its outstanding liabilities. In addition, approximately RMB0.86 million of the Group's bank balances were frozen by courts in connection with litigation against its subsidiaries and were classified as restricted cash.

The Group's total liabilities decreased by approximately 0.8% from approximately RMB620.48 million as at 30 June 2025 to approximately RMB615.70 million as at 30 June 2026. Such decrease was mainly attributable to decreases in bank and other loans from approximately RMB160.09 million to approximately RMB135.75 million, lease liabilities from approximately RMB4.30 million to approximately RMB0.24 million and current taxation from approximately RMB4.71

million to nil. These decreases were partially offset by increases in current other payables and accrued expenses from approximately RMB205.69 million to approximately RMB223.46 million and contract liabilities from approximately RMB30.79 million to approximately RMB43.49 million. Trade payables also decreased from approximately RMB214.89 million to approximately RMB212.49 million.

As at 30 June 2026, the Group's bank and other loans of approximately RMB135.75 million comprised other loans from third parties of approximately RMB126.03 million and other loans from related parties of approximately RMB9.72 million, with no bank loans outstanding. Of the total balance, approximately RMB134.75 million was classified as current liabilities and approximately RMB1.00 million was classified as non-current liabilities. Other loans with an aggregate principal amount of approximately RMB111.42 million were overdue, with related accrued interest and other finance charges of approximately RMB50.68 million included in other payables and accrued expenses.

As stated in the 2025 Annual Results Announcement, no gearing ratio was presented as at either 30 June 2025 or 30 June 2026 because the Group was in a net liabilities position at both dates and such ratio would not be meaningful. The Group's current ratio decreased from approximately 0.17 times as at 30 June 2025 to approximately 0.12 times as at 30 June 2026.

The Group's net current liabilities increased from approximately RMB516.80 million as at 30 June 2025 to approximately RMB542.81 million as at 30 June 2026. Its net liabilities also increased by approximately 5.4% from approximately RMB515.69 million to approximately RMB543.69 million during the same period. The Group's current liabilities of approximately RMB614.44 million substantially exceeded its current assets of approximately RMB71.62 million as at 30 June 2026.

We further noted that the independent auditor of the Company continued to express a disclaimer of opinion on the Group's consolidated financial statements for FY2026 due to multiple material uncertainties relating to the Group's ability to continue as a going concern. Such uncertainties arose from, among other things, the Group's substantial net loss, net current liabilities and net liabilities, difficulties in collecting trade receivables, overdue borrowings and outstanding payables, litigation and enforcement proceedings, limited unrestricted cash resources and uncertainty over the availability and timing of additional financing. The Group's ability to continue as a going concern remained dependent on the successful implementation of measures to generate operating cash inflows, collect outstanding receivables, negotiate repayment arrangements with lenders and other creditors and obtain additional financing. Given the potential interaction of these uncertainties and their possible cumulative effect, the auditor was unable to form an opinion on the appropriateness of the going concern basis adopted in preparing the consolidated financial statements.

In view of the Group's substantial net current liabilities and net liabilities, limited unrestricted cash resources, overdue borrowings, outstanding payables and the multiple material uncertainties relating to its ability to continue as a going concern, we consider that the Group has a genuine and pressing need to raise additional funds to alleviate its liquidity and repayment pressure and strengthen its financial position.

2. Reasons for the Rights Issue and proposed use of proceeds

2.1 Use of proceeds

Assuming there will be no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date and that all Rights Shares are subscribed or successfully placed under the Compensatory Arrangements, the estimated net proceeds from the Rights Issue, after deducting estimated expenses of approximately HK$2 million, including an allowance for potential placing commission, are expected to be approximately HK$188 million. The actual expenses and net proceeds will depend on the level of take-up of the Rights Shares and the results of the Placing.

The unaudited pro forma financial information in Appendix II assumes that all Rights Shares are subscribed for under the provisional allotments and no placing commission is payable. On that basis, the estimated expenses are approximately HK$250,000 and the estimated net proceeds are approximately HK$189.75 million.

As disclosed in the Board Letter, assuming full subscription under the Rights Issue, the Company intends to apply the maximum net proceeds as to approximately 50.0% (or approximately HK$94.0 million) for the repayment of existing debts and trade payables of the Group, approximately 41.0% (or approximately HK$77.2 million) for the development and production of short drama series and the initial user-acquisition budget for the Short Drama Projects, and approximately 9.0% (or approximately HK$16.8 million) for enhancing the general working capital purposes.

The Rights Issue forms part of the Company's action plan to resolve the disclaimer of opinion solely relating to going concern (the "**Disclaimer of Opinion**") as expressed by the auditor on the consolidated financial statements of the Group for the year ended 30 June 2026. The matters giving rise to the Disclaimer of Opinion principally relate to the Group's net current liabilities position (approximately RMB542,812,000 as at 30 June 2026), its outstanding and overdue indebtedness and trade and other payables (including overdue other loans of approximately RMB111,415,000 and accrued interest and other finance charges thereon of approximately RMB50,684,000 as at 30 June 2026), and the uncertainty as to the feasibility and likelihood of successful implementation of the remedial measures. The proposed application of the net proceeds from the Rights Issue addresses these matters as follows: (i) approximately HK$94.0 million (approximately 50%) will be applied for the repayment of existing debts and trade payables of the Group (including the overdue amounts referred to below), which, upon completion of the Rights Issue (assuming all

Rights Shares are subscribed for or successfully placed under the Compensatory Arrangements), will reduce the Group's net current liabilities from approximately RMB542,812,000 as at 30 June 2026 to approximately RMB380,200,000 and its net liabilities from approximately RMB543,690,000 to approximately RMB381,100,000, based on the estimated net proceeds of approximately HK$188 million (equivalent to approximately RMB162.6 million), and address the uncertainty relating to the settlement of the Group's liabilities; (ii) approximately HK$77.2 million (approximately 41%), comprising approximately HK$56.4 million for the development and production of the Short Drama Projects and approximately HK$20.8 million for the initial user-acquisition budget for the Short Drama Projects as described below, being the application directed at restoring and expanding the Group's revenue-generating capacity; and (iii) approximately HK$16.8 million (approximately 9%) will be applied as general working capital to enable the Group to meet its obligations as and when they fall due. Together with the other measures under the Company's action plan (including the continued implementation of the remedial measures disclosed in the annual report of the Company for the year ended 30 June 2026, the entering into of binding settlement and repayment arrangements with the Group's creditors and binding production and distribution agreements in respect of the Group's projects), the Directors are of the view that the Rights Issue, upon completion, will address the matters giving rise to the Disclaimer of Opinion and enable the Company to resolve the Disclaimer within a reasonable period, in particular at the audit of the Group's consolidated financial statements for the year ending 30 June 2027. In the event that the proceeds raised are less than the above stated amount, the Company will reduce the quantity of short drama projects to be produced. General working capital will be applied over a shorter period, with priority given to the repayment of outstanding indebtedness and trade payable to strengthen the balance sheet and ensure financial stability.

Set out below is our detailed analysis regarding the use of the net proceeds.

(a) Repayment of existing debts and trade payables

In assessing the proposed use of proceeds, we have considered the financial position of the Group. As at 30 June 2026, the Group had total assets of approximately RMB72.01 million and total liabilities of approximately RMB615.70 million, resulting in net liabilities of approximately RMB543.69 million. The Group also recorded net current liabilities of approximately RMB542.81 million and had cash and cash equivalents, excluding restricted cash, of only approximately RMB3.54 million. Its bank and other loans amounted to approximately RMB135.75 million, comprising other loans from third parties of approximately RMB126.03 million and other loans from related parties of approximately RMB9.72 million, with no bank loans outstanding. Of the total loan balance, approximately RMB111.42 million was overdue, with related accrued interest and other finance charges of approximately RMB50.68 million included in other payables and accrued expenses. These figures demonstrate the Group's limited immediately available cash resources relative to its outstanding financial obligations and the substantial liquidity and repayment pressure it faces.

We further noted that the independent auditor of the Company continued to express a disclaimer of opinion on the Group's consolidated financial statements for FY2026 due to multiple material uncertainties relating to the Group's ability to continue as a going concern. Such uncertainties arose from, among other things, the Group's substantial net loss, net current liabilities and net liabilities, difficulties in collecting trade receivables, overdue borrowings and outstanding payables, litigation and enforcement proceedings, limited unrestricted cash resources and uncertainty over the availability and timing of additional financing. The successful implementation of the Group's plans to address these uncertainties remained dependent on its ability to generate sufficient operating cash inflows, collect outstanding receivables, negotiate repayment arrangements with lenders and other creditors and obtain additional financing. In view of the above, we consider that the Group has a genuine and pressing need to raise additional funds to alleviate its liquidity and repayment pressure and strengthen its financial position.

As disclosed to the Board Letter, we noted that approximately 50.0% of the maximum net proceeds (or approximately HK$94.0 million) from the Rights Issue will be applied towards the repayment of the existing indebtedness and trade payables of the Group, and the Company intends to settle (i) the trade and other payables due to three suppliers of the Company in the sum of RMB75,544,476.48 (equivalent to approximately HK$88,432,000), which is already overdue as at the Latest Practicable Date; and (ii) other loans due to three creditors in the aggregate amount of HK$8,697,500, which will mature on 31 December 2026 and were obtained to finance the Group's general working capital requirements rather than drama series production. The proposed repayment of these loans would reduce the Group's outstanding indebtedness and alleviate its repayment pressure.

As disclosed in the 2025 Annual Report, the Group's other loans from third parties amounted to approximately RMB126.03 million as at 30 June 2026 and included loans bearing interest or carrying fixed returns at rates ranging from 1% to 15% per annum. Of these third-party loans, approximately RMB90.07 million were guaranteed by the controlling parties, while approximately RMB35.96 million were unsecured and unguaranteed. Furthermore, the Group had overdue other loans with an aggregate principal amount of approximately RMB111.42 million and related accrued interest and other finance charges of approximately RMB50.68 million as at 30 June 2026, reflecting its substantial repayment pressure.

Having considered the Group's substantial net current liabilities and net liabilities, limited cash resources, overdue borrowings and outstanding payables mentioned above, we consider that the allocation of approximately 50.0% of the maximum net proceeds towards the repayment of indebtedness and trade and other payables is necessary to alleviate part of the Group's immediate liquidity and repayment pressure. However, the repayment of liabilities alone would not provide the Group with funds to meet its ongoing operating expenses or support the development of its existing business, both of which are relevant to the Group's ability to generate operating cash inflows in the future.

Accordingly, the Company intends to allocate approximately 41.0% of the maximum net proceeds, or approximately HK$77.2 million, towards the development of its existing movie and drama series business, including the Short Drama Projects and for its initial user-acquisition budget, and approximately 9.0%, or approximately HK$16.8 million, towards general working capital. The specific basis for our assessment of the proposed allocations to the Short Drama Projects and general working capital is set out below. Having considered the need to reduce part of the Group's immediate repayment obligations while retaining funds for its ongoing operations and business development, we consider that the proposed allocation of the maximum net proceeds is reasonable.

(b) Development and production of movie and drama series

Approximately 41.0% of the net proceeds will be applied to the planning and production of the Group's existing business, including the planning and production of up to approximately 300 short drama projects (the "**Short Drama Projects**") and the initial user-acquisition budget for the Short Drama Projects. Each project has a budgeted cost of approximately RMB200,000, representing an aggregate budgeted investment of approximately RMB60.0 million, of which approximately RMB48.8 million (being 30% of the net proceeds from the Rights Issue, equivalent to approximately HK$56.4 million) is expected to be applied out of the net proceeds of the Rights Issue and the balance is expected to be funded from the Group's internal resources (including revenue generated by the Group's online platform and income from the licensing of the Group's script copyrights). In addition, approximately RMB18.0 million (being 11.0% of the net proceeds of the Rights Issue, and equivalent to approximately HK$20.8 million) will be applied as the initial user-acquisition budget for the Short Drama Projects (as part of the allocation to the Short Drama Projects), and user-acquisition expenditure thereafter is expected to be funded by the revenue generated by the Short Drama Projects. Planning activities and production are scheduled to begin upon completion of the Rights Issue in February 2027, releases targeted for completion by the second quarter of 2028.

As understood from the Board Letter, the Group has been engaged in the production, distribution and licensing of film and television content in the PRC for over 13 years and commenced its short drama business in May 2026, with approximately 130 short dramas produced and released on its own platform as at the Latest Practicable Date. We obtained the list of short dramas from the Company and cross-checked the listed titles against the Group's 9958tv platform, noting that they were available on the platform. The Short Drama Projects represent a natural expansion of the Group's existing film and drama business.

We also noted that the Company believes that the allocation of net proceeds to develop the Short Drama Projects would (i) enable the Group to adapt its existing script copyrights, which had a gross carrying amount of approximately RMB179.1 million as at 30 June 2026, into short dramas, making use of content that is unlikely to be developed into full-length series in the near term and monetising such existing assets without acquiring new source material; (ii) spread investment across approximately 300 projects, each budgeted at approximately RMB200,000, reducing the amount committed to any one title compared with full-length productions; (iii) shorten the production and expected cash conversion cycle; (iv) add content to the Group's online platform, which generated approximately RMB4.0 million of revenue attributable to approximately 30 short dramas during the period from May 2026 (being the month in which the Group commenced its short drama business and launched its online platform, 9958tv) and up to 30 June 2026; and which approximately 130 short dramas had been produced and released as at the Latest Practicable Date, with the aim to increase subscription and per-title purchase revenue; (v) support the Group's development in the growing online short drama market, including overseas markets; and (vi) generate expected aggregate revenue of approximately RMB240.0 million from the 300 Short Drama Projects from the first quarter of 2027 to the first quarter of 2029. Such estimate is based on the Directors' assumption that, supported by dedicated user-acquisition campaigns for each batch of releases (see further below), each title will generate average revenue of approximately RMB800,000 over a revenue lifecycle of approximately four quarters following its release. Therefore, the development of the Short Drama Projects is expected to enhance the Group's financial performance by (i) generating additional revenue with shorter production cycles; (ii) monetising its existing script copyright library; (iii) diversifying content production risks; and (iv) expanding its overseas Chinese-speaking customer base. The Short Drama Projects are expected to generate aggregate revenue of approximately RMB240.0 million and an aggregate contribution of approximately RMB60.0 million after production costs and user-acquisition costs over their revenue lifecycles.

For our assessment, we obtained and reviewed the Company's short drama development and production plan, including the estimated unit cost breakdown. Based on the plan, we noted that the estimated cost of approximately RMB200,000 per project comprises (i) script adaptation and development; (ii) content generation; (iii) voice-over, dubbing and audio production; (iv) post-production; (v) production management and other direct costs; and (vi) contingency. As advised by the Management, the estimated cost has been determined with reference to the Group's internal cost estimates based on the production cost of the Group's existing AI-generated animated short dramas of approximately RMB40,000 per drama, which is lower than the budgeted cost of approximately RMB200,000 per title because they were produced to the simplified specification as a market-testing approach to establish an initial content library at minimal cost when the platform commenced operation in May 2026, and the prevailing market range of approximately RMB1,000 to RMB3,000

per minute for AI-generated short dramas in the PRC. The budgeted production cost of approximately RMB200,000 per title is considered by the Board to be fair and reasonable notwithstanding that it is significantly higher than RMB40,000 as the higher budgeted cost per title primarily reflects a comprehensive upgrade in production quality, scope, and operational scale compared to the initial trial phase. Specifically, the Short Drama Projects involve enhanced scriptwriting depth, higher-fidelity visual rendering, enhanced voice acting, and higher post-production standards. In contrast, the preliminary market-testing dramas were intentionally produced under a streamlined specification using simplified workflows to establish an initial content library at a minimal baseline cost. We noted that the Group had issued requests for quotations to external production service providers based on the proposed specifications, with an internal reference range of approximately HK$185,000 to HK$276,000 per title, the midpoint of which is equivalent to approximately RMB200,000. The budgeted cost excludes user acquisition costs, which are separately budgeted as part of the promotion and marketing expenses referred to in the paragraph headed ''For general working capital purpose'' below.

As disclosed in the Board Letter, the 9958tv platform is owned and operated by Litian Technology Group Co., Limited (力天科技集團有限公司) (the ''**Platform Operator**''), a wholly-owned subsidiary of the Company incorporated in Hong Kong. The number of subscribers increased from 113,975 as at 30 June 2026 to 186,213 as at 30 September 2026. We obtained screenshots from the platform's backend administration system showing that the number of paying subscribers increased from approximately 114,000 as at 30 June 2026 to approximately 186,200 as at 30 September 2026.

As advised by the Management, the platform's competitive advantages include (i) ownership of both the platform and underlying content, reducing distribution costs and reliance on third parties; (ii) an extensive script copyright library and AI-assisted production capabilities, facilitating cost-effective content development and shorter production cycles; (iii) content tailored to overseas Chinese-speaking audiences; and (iv) flexible subscription and per-title purchase options. The platform offers a six-month subscription plan at US$21.88 (approximately RMB147.4), a monthly subscription plan at US$7.88 (approximately RMB53.1) and per-title purchases at US$4.88 (approximately RMB32.9). We noted from the Board Letter that, as at the Latest Practicable Date, comparable overseas short drama platforms, including ReelShort and DramaBox, offered weekly subscriptions at approximately US$19.99 and US$5.99, respectively, with additional charges for unlocking individual episodes. As advised by the Management, the platform's relatively competitive pricing is intended to attract new users and expand its subscriber base during its initial stage of development. We independently reviewed the publicly available pricing information of ReelShort and DramaBox and noted that these platforms offer subscription plans and separate coin-based episode-unlocking options. In particular, ReelShort's US App Store listing indicated a weekly subscription price of US$19.99.

In support of the Group's strategy to expand its platform's subscriber base, the Management advised that the principal user-acquisition channels comprise (i) advertisements on internet platforms and video applications targeting overseas Chinese-speaking audiences; (ii) advertising networks and traffic channels directing users to the Group's platform; and (iii) promotional short videos and trailers distributed through social media and video applications. We noted from the Board Letter that the initial user acquisition budget of approximately RMB18.0 million was determined with reference to the Group's cash flow forecasts for the launch campaign for the first batch of approximately 50 short dramas, expected to commence upon completion of the Rights Issue in February 2027, as well as the estimated user-acquisition costs of approximately 50% of the projected revenue of each batch. Based on the budget forecast obtained from the Management, we understand that the budget will be deployed progressively on a monthly basis in accordance with anticipated cash flow requirements and the release schedule, with allocations among batches adjusted based on actual user conversion and retention performance. In addition, we understood from the Management that subsequent campaigns are expected to be funded by project revenue and scaled to actual revenue generated, with no further Rights Issue proceeds expected to be required for user acquisition.

As further advised by the Management, each Short Drama Project is expected to generate revenue of approximately RMB800,000 over an estimated revenue lifecycle of four quarters, against a budgeted production cost of approximately RMB200,000, representing an expected gross margin of approximately 75% before user-acquisition costs. After deducting estimated user-acquisition costs of approximately RMB400,000 per title, each project is expected to generate a contribution of approximately RMB200,000, representing an expected contribution margin of approximately 25%, or approximately RMB60.0 million in aggregate for 300 titles. We also noted that the Group's short drama and platform business recorded revenue of approximately RMB4.0 million during the period from May to June 2026. While the historical operating performance provides a reference for assessing the revenue-generating potential of the Short Drama Projects, the projected revenue and profitability remain subject to market competition, user-acquisition effectiveness and audience reception.

We wish to draw the attention of the Independent Board Committee and the Independent Shareholders to the fact that the short dramas previously produced by the Group were of a simplified specification, involving a limited number of storyboards, a relatively low proportion of animation and a shorter running time, whereas the Short Drama Projects contemplate a materially upgraded specification, involving a larger number of storyboards and shots, a higher proportion of animation, richer visuals and greater content length. The estimated unit cost of approximately RMB200,000 per Short Drama Project is accordingly not directly comparable with, and is higher than, the historical unit production cost of the Group's prior short dramas, and should not be read as an indication that the historical unit cost was at a similar level.

As we understand from the Management, the Group intends to act as the investor and copyright owner of the Short Drama Projects by providing or procuring the underlying scripts and engaging external production resources. The Group will own or control the resulting copyrights. The Group's short drama and platform operations are managed by a dedicated team with experience in short-form video production and the operation of online content platforms. The Short Drama Projects are intended to be released outside the PRC through the Group's own online platform, with revenue principally generated through subscriptions and/or purchases of individual titles. The platform principally targets Chinese-speaking audiences outside the PRC and there is no regulatory licensing or approval requirement from PRC or overseas regulators for release outside the PRC. The Group is also exploring overseas licensing opportunities, although no binding overseas licensing arrangements had been entered into as at the Latest Practicable Date.

The Management advised that the proposed development would allow the Group to adapt its existing script copyrights into short dramas and broaden the content available on its online platform, which generated revenue of approximately RMB4.0 million during FY2026 with a gross margin of approximately 82% before user-acquisition costs and a gross margin of approximately 25% after taking into account of the user-acquisition costs which are are budgeted at approximately 50% of the revenue expected to be generated by each batch. The Group is therefore not required to establish the short drama business from scratch. Compared with full-length drama series, the Short Drama Projects are expected to require a smaller investment per project of approximately RMB200,000 and a shorter production cycle. The proposed budget contemplates up to approximately 300 short drama titles, subject to, among other things, the actual net proceeds raised, the availability of production resources and market response. The Management therefore expects the proposed development to facilitate the utilisation of the Group's existing copyright library, diversify its investment across a larger number of productions and shorten the interval between production expenditure and revenue generation. This is also expected to reduce the concentration risk associated with full-length drama series, in respect of which the Group had recorded accumulated impairment losses of approximately RMB317.9 million as at 30 June 2026. Additionally, the Short Drama Projects are intended to complement, rather than replace, the Group's existing drama series business.

Accordingly, the Company believes that the development of the short drama business is expected to improve the business operations and financial performance of the Group by: (i) adding a new revenue stream with a significantly shorter production-to-revenue cycle than full-length drama production; (ii) monetising the Group's existing library of script copyrights, which would otherwise remain largely unproductive; (iii) the use of AI-assisted production through external production service providers engaged by the Group, which shortens production cycles and reduces concentration risk in content production; and (iv) broadening the Group's customer

base to include overseas Chineses-peaking audiences. Based on the estimates set out in above, the Short Drama Projects are expected to generate aggregate revenue of approximately RMB240.0 million. On this basis, the 300 short dramas are expected to generate aggregate revenue of approximately RMB240.0 million (300 titles × approximately RMB800,000 per title) from the first quarter of 2027 to the first quarter of 2029, of which approximately RMB54.0 million is expected to be recognised in the financial year ending 30 June 2027, approximately RMB156.8 million in the financial year ending 30 June 2028 and approximately RMB29.2 million in the financial year ending 30 June 2029.

The Board has also taken into account the Group's financial position. As at 30 June 2026, the Group had net current liabilities of approximately RMB542.8 million and cash and cash equivalents of approximately RMB3.5 million. In the Board's view, allocating all net proceeds to debt repayment would not by itself restore the Group's profitability or provide it with income-generating assets. Accordingly, while the Company intends to prioritise repayment of outstanding indebtedness and trade and other payables if the net proceeds raised are insufficient to fund all proposed uses, allocating part of the net proceeds to the Short Drama Projects is intended to provide a potential income-generating application.

The Company has further advised that the Short Drama Projects remain at the planning stage. As at the Latest Practicable Date, the Group had not entered into any binding production or distribution agreements in respect of these projects, and no amount of the net proceeds had been committed to any individual project. Accordingly, the proposed timetable and anticipated benefits remain subject to the implementation of the production and distribution arrangements and the commercial performance of the projects.

In assessing the prospects of the Short Drama Projects, we have also considered the development of the global short drama industry, which offers serialised stories through brief episodes designed primarily for viewing on mobile devices. According to the *State of Short Drama Apps 2026* report published in June 2026 by Sensor Tower, a global provider of digital market intelligence and analytics, estimated global downloads of short drama applications through the App Store and Google Play exceeded 850 million in the first quarter of 2026, representing year-on-year growth of approximately 140%. The report further noted that average daily time spent on short drama applications reached approximately 25 minutes globally by April 2026, an increase of approximately 85% from January 2025, indicating increasing viewer engagement alongside the expansion in downloads. In our view, the expanding consumption of short drama content and increasing viewer engagement provide a supportive industry context for the Group's proposed development of additional content through its existing copyright library and online platform.

As further noted from the Board Letter, the Company will continue to engage in its existing business, being the production, distribution and licensing of broadcasting rights of drama series in the PRC. As disclosed in the Board Letter, the Group's two most recent self-produced drama series, namely 《綠水青山紅日子》 and 《白羽流星》, have been completed but have not yet been broadcast, as the relevant broadcasting slots and/or licences have not been secured as at the Latest Practicable Date. The Group is continuing discussions with television channels and online platforms to finalise their broadcasting arrangements and the actual revenue and timing of recognition for the two said dramas remain subject to broadcasting arrangements and prevailing market conditions. As further advised by the Management, the Group intends to continue distributing and licensing the broadcasting rights of its existing library of self-produced and outright-purchased drama series to television channels and online streaming platforms in the PRC. In this regard, we noted that the Group's self-produced drama series had a gross carrying amount of approximately RMB121.3 million as at 30 June 2026. Apart from the two completed drama series, five drama series and one film planned, the Group has no other long-form drama projects in the pipeline or currently under production due to its limited financial resources. The Management advised that any new long-form drama production would be considered on a project-by-project basis, taking into account market demand and the availability of sufficient funding through internal resources, external financing and/or third-party co-financing arrangements. In the meantime, the Group intends to prioritise the repayment of its outstanding indebtedness and the development of its online platform and short drama businesses.

(c) The Group's general working capital

The remaining approximately 9.0% of the maximum net proceeds will be applied towards enhancing the Group's general working capital and covering its operating expenses up to June 2027. These expenses principally include salaries and professional fees.

As at 30 June 2026, the Group had net current liabilities and net liabilities of approximately RMB542.8 million and RMB543.7 million, respectively, while its unrestricted cash and cash equivalents amounted to only approximately RMB3.5 million. The Group also had bank and other loans of approximately RMB135.8 million, of which approximately RMB111.4 million were overdue, together with related accrued interest and other finance charges of approximately RMB50.7 million. In view of the Group's limited cash resources, substantial current liabilities and ongoing operating needs, we consider that the allocation of part of the net proceeds towards general working capital, including salaries and professional fees, is necessary to support the Group's day-to-day operations and maintain its operational continuity.

In the event that the actual net proceeds raised are less than the maximum amount, the Company will reduce the number of short drama projects to be produced and apply the general working capital over a shorter period, with priority being given to the repayment of outstanding indebtedness and trade and other payables.

Having considered the above, in particular (i) the Group's substantial net current liabilities and net liabilities, limited cash resources and going-concern uncertainties, together with the expected benefits of settling outstanding indebtedness and trade and other payables in alleviating repayment pressure and reducing future finance costs associated with interest-bearing borrowings; and (ii) the importance of sufficient working capital to support the Group's day-to-day operations and maintain operational continuity, we consider that the proposed allocation of the net proceeds from the Rights Issue balances the Group's immediate liquidity and repayment needs with its continuing business development and operating requirements, and is reasonable and in the interests of the Company and the Shareholders as a whole.

2.2 Other financing alternatives

We understand from the Board Letter that, apart from the Rights Issue, the Directors have considered other debt and equity fundraising alternatives, including bank borrowings, a placing of new Shares and an open offer.

In respect of debt financing, bank borrowings would incur additional interest costs, may require the provision of security and would rank ahead of the interests of the Shareholders. Debt financing would also further increase the Group's indebtedness and interest burden and subject the Group to additional repayment obligations. Furthermore, the Directors considered that debt financing might not be available on favourable terms or within the timeframe required by the Group. In view of the Group's existing indebtedness, limited cash resources and net liabilities position, we concur with the Directors' view that further debt financing may not be a practicable or desirable means of satisfying the Group's present funding requirements.

As regards a placing of new Shares, the Directors considered that the scale of funds that could be raised through a placing would be relatively smaller than that of the Rights Issue. A placing would also result in an immediate dilution of the shareholding interests of the existing Shareholders without providing them with an opportunity to participate in the enlarged capital base of the Company. We further noted that the Company completed two placings of new Shares under the general mandate in February and April 2026, which raised aggregate net proceeds of approximately HK$24.33 million. According to the Board Letter, such proceeds had been fully utilised as intended as at the Latest Practicable Date and were therefore no longer available to meet the Group's present funding requirements.

As compared with an open offer, the Rights Issue provides the Shareholders with greater flexibility, as it enables those Qualifying Shareholders who do not wish to take up their provisional entitlements to sell their nil-paid rights in the market. The Rights Issue also provides the Qualifying Shareholders with an opportunity to subscribe for the Rights Shares on a pro rata basis, thereby enabling them to maintain their respective proportionate shareholding interests in the Company and continue participating in the future development of the Group. Accordingly, we concur with the Directors' view that the Rights Issue is more favourable to the Shareholders than an open offer in this respect.

Qualifying Shareholders who do not take up their entitlements under the Rights Issue and Non-Qualifying Shareholders, if any, should nevertheless note that their respective shareholding interests in the Company may be diluted upon completion of the Rights Issue, the extent of which will depend partly on the level of subscription and the results of the placing under the Compensatory Arrangements.

The Directors consider that, notwithstanding the potential dilution effect of the Rights Issue, its terms, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, having taken into account that: (i) Qualifying Shareholders who do not wish to take up their provisional entitlements may sell their nil-paid rights in the market; (ii) the Rights Issue provides the Qualifying Shareholders with an opportunity to subscribe for their pro rata entitlements at a price lower than the recent historical market prices of the Shares and thereby maintain their respective proportionate shareholding interests in the Company; and (iii) the proceeds from the Rights Issue would fulfil the Group's funding requirements, strengthen its working capital base and enhance its financial position.

We further noted that the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. Any Rights Shares not taken up by the Qualifying Shareholders, together with the NQS Unsold Rights Shares, will be placed by the Placing Agent to independent Placees under the Compensatory Arrangements on a best-effort basis. Any such Rights Shares remaining unplaced will not be issued, and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue is

non-underwritten, the amount of proceeds ultimately raised will depend on the level of acceptance by the Qualifying Shareholders and the results of the placing under the Compensatory Arrangements.

Furthermore, we noted that, as the Rights Issue is non-underwritten and there is no minimum subscription level or minimum amount to be raised, there is no assurance that the Company will raise the maximum net proceeds of approximately HK$188 million. As advised by the Management, having considered the prevailing market conditions and the Group's financial position, including its substantial net liabilities, overdue borrowings and payables and going concern uncertainties, the Company considered that it would be difficult to procure an underwriter willing to provide a full underwriting commitment on commercially acceptable terms. The Company therefore decided to proceed with the Rights Issue on a non-underwritten basis. Any Rights Shares which remain unsubscribed and unplaced under the Compensatory Arrangements will not be issued, and the size of the Rights Issue and the actual proceeds raised will be reduced accordingly.

Having considered the Group's funding requirements, the costs and limitations associated with the alternative fundraising methods and the opportunity afforded to the Qualifying Shareholders to maintain their proportionate shareholding interests in the Company, we concur with the Directors' view that raising funds by way of the Rights Issue is an appropriate means of fundraising for the Company under the prevailing circumstances.

2.3 Our view

Having considered the abovementioned fundraising alternatives, the Group's financial and funding requirements and the reasons for the Rights Issue discussed above, we concur with the Board's view that the Rights Issue represents an appropriate means of raising funds for the Company under the prevailing circumstances and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the proposed Rights Issue

3.1. Summary of the key terms

Basis of the Rights Issue	Four (4) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	HK$0.095 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	500,000,000 Shares

Maximum number of Rights Shares to be issued	2,000,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Approximate aggregate nominal value of the Rights Shares	HK$20,000,000 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of Shares in issue upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed)	2,500,000,000 Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Net subscription price per Rights Share (i.e. Subscription Price less Rights Issue expenses)	Approximately HK$0.094 per Rights Share
Maximum gross proceeds to be raised from the Rights Issue before expenses	Approximately HK$190 million
Maximum net proceeds to be raised from the Rights Issue after expenses	Approximately HK$188 million
Rights of excess application	No rights of excess application

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares will be allotted and issued on or before completion of the Rights Issue, the 2,000,000,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 400% of the total issued share capital of the Company as at the Latest Practicable Date; and (ii) 80% of the total issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

As at the Latest Practicable Date, the Company has no outstanding derivatives, warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares.

For further information on the Rights Issue, please refer to the Board Letter.

3.2. Subscription Price

The Subscription Price is HK$0.095 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Share(s) applies for the Rights Share(s).

The Subscription Price of HK$0.095 represents:

(i) a discount of approximately 8.65% to the closing price of HK$0.104 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a discount of approximately 22.13% to the closing price of HK$0.122 per Share as quoted on the Stock Exchange on the Last Trading Day;

(iii) a discount of approximately 22.76% to the average closing price of approximately HK$0.123 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;

(iv) a discount of approximately 22.76% to the average closing price of approximately HK$0.123 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;

(v) a discount of approximately 5.57% to the theoretical ex-rights price of approximately HK$0.1006 per Share based on the benchmarked price of HK$0.123 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of (i) the closing price of HK$0.122 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK$0.123 per Share; and

(vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 18.21% of the theoretical diluted price of approximately HK$0.1006 per Share to the benchmarked price of approximately HK$0.123 per Share (as defined under Rule 7.27B of the Listing Rules), taking into account the higher of (i) the closing price of HK$0.122 per Share on the Last Trading Day; and (ii) the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day of HK$0.123 per Share.

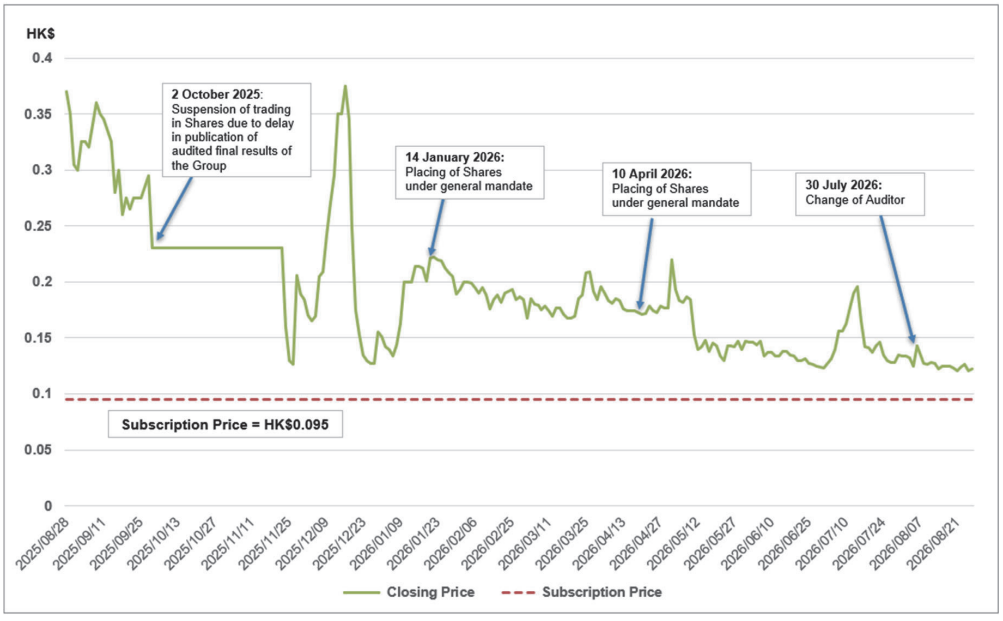
As stated in the paragraph headed "PROPOSED RIGHTS ISSUE" in the Board Letter, the Subscription Price was determined with reference to, among other things, (i) the market price of the Shares under the prevailing market conditions; (ii) the current business performance and financial position of the Group, in particular, regard was also had to the

net liability of the Company of approximately RMB543,690,000 as at 30 June 2026; (iii) the reasons for and benefits of the proposed Rights Issue as discussed in the section headed "Reason for and benefits of the Rights Issue and the use of proceeds" in the Board Letter; and (iv) the amount of funds the Company intends to raise under the Rights Issue.

a. Historical price performance

In order to assess the fairness and reasonableness of the Subscription Price, we have reviewed the closing prices of the Shares during the period from 28 August 2025 to the Last Trading Day, being 27 August 2026 (both dates inclusive) (the "**Share Review Period**"), representing a period of approximately 12 months prior to and including the Last Trading Day, and compared such closing prices with the Subscription Price. We consider that a review period of approximately 12 months is sufficiently long to illustrate the general trend and movements in the market price of the Shares under different market conditions without placing undue emphasis on short-term price fluctuations. Accordingly, we consider that the Share Review Period is fair and representative for assessing the historical trading performance of the Shares, the market's assessment of the financial performance and prospects of the Group and the prevailing market sentiment.

Chart 1: Historical closing prices of the Shares during Share Review Period



Source: The website of the Stock Exchange (www.hkex.com.hk)

As shown in Chart 1, the closing prices of the Shares during the Share Review Period ranged from HK$0.121 per Share, as recorded on 21 August 2026 and 26 August 2026, to HK$0.375 per Share, as recorded on 16 December 2025, with an average closing price of approximately HK$0.191 per Share. Although the closing prices fluctuated during the Share Review Period, they exhibited a generally downward trend, decreasing from HK$0.370 per Share at the beginning of the Share Review Period on 28 August 2025 to HK$0.122 per Share on the Last Trading Day, representing a decrease of approximately 67.0%.

The Subscription Price of HK$0.095 per Rights Share represents a discount of approximately (i) 74.67% to the highest closing price of HK$0.375 per Share; (ii) 21.49% to the lowest closing price of HK$0.121 per Share; and (iii) 50.32% to the average closing price of approximately HK$0.191 per Share during the Share Review Period. Accordingly, the Subscription Price was below the range of the closing prices of the Shares during the entire Share Review Period.

Save for the events and reasons described above and illustrated in Chart 1, we understand from the Management that it is not aware of any specific reason for the fluctuations in the closing prices of the Shares during the Share Review Period.

Notwithstanding that the Subscription Price represents a discount to the lowest closing price recorded during the Share Review Period, having considered that (i) the market price of the Shares exhibited a generally downward trend during the Share Review Period and the Subscription Price represents a discount of approximately 22.13% to the closing price of HK$0.122 per Share on the Last Trading Day; (ii) the trading liquidity of the Shares fluctuated significantly during the Share Review Period and was particularly low shortly before the Last Trading Day, as discussed in the subsection headed "Historical trading liquidity of the Shares" below; (iii) a discount is necessary to enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to take up their entitlements; (iv) the Group has a genuine and pressing need to raise additional funds to repay its outstanding indebtedness and trade and other payables, develop its existing movie and drama series business and support its general working capital requirements; and (v) the discount represented by the Subscription Price falls within the range of those of the comparable rights issue transactions, as discussed in the subsection headed "Comparison with recent rights issue transactions" below, we consider that the Subscription Price and the discount represented thereby are fair and reasonable so far as the Independent Shareholders are concerned.

b. Historical trading liquidity of the Shares

The table below sets out the average daily trading volume of the Shares per month and the respective percentages of the average daily trading volume as compared to the total number of issued Shares during the Share Review Period:

	Total trading volume of the Shares in the month/ period	**Number of trading days in the month/ period**	**Average daily trading volume of the Shares in the month/ period** *(Note 1)*	**Percentage of average daily trading volume to total number of issued Shares** *(Notes 2 and 3)*
2025				
28 to 29 August	1,481,000	2	740,500	0.206%
September	35,847,000	22	1,629,409	0.453%
October *(Note 4)*	0	0	N/A	N/A
November	69,589,000	5	13,917,800	3.866%
December	318,075,001	21	15,146,429	4.207%
2026				
January	116,529,000	21	5,549,000	1.541%
February	185,635,350	17	10,919,726	2.528%
March	472,124,000	22	21,460,182	4.968%
April	347,002,000	19	18,263,263	3.653%
May	279,277,000	19	14,698,789	2.940%
June	64,626,000	21	3,077,429	0.615%
July	290,723,000	22	13,214,682	2.643%
1 August to Last Trading Day (i.e. 27 August)	4,308,000	19	226,737	0.045%
		Maximum	**21,460,182**	**4.968%**
		Minimum	**226,737**	**0.045%**
		Average	**9,903,662**	**2.305%**
		Median	**12,067,204**	**2.585%**

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/ period by the number of trading days in the respective month/period.

2. The percentage is calculated by dividing the average daily trading volume by the total number of issued Shares as at the end of the relevant month or period.

3. The Company had 360,000,000 issued Shares up to January 2026, 432,000,000 issued Shares following completion of the placing on 4 February 2026, and 500,000,000 issued Shares following completion of the placing on 22 April 2026.

4. Trading in the Shares on the Stock Exchange was suspended from 2 October 2025 to 21 November 2025, both dates inclusive, and resumed on 24 November 2025. The period during which trading in the Shares was suspended has been excluded from the number of trading days used in calculating the average daily trading volume. Accordingly, the average daily trading volume for October 2025 is not applicable, while the calculation for November 2025 is based only on the five trading days from 24 November 2025 to 28 November 2025.

5. The figures may not add up precisely due to rounding.

As illustrated in the table above, excluding October 2025, during which trading in the Shares was suspended throughout the entire month, the percentage of average daily trading volume of the Shares during the Share Review Period ranged from approximately 0.045% to approximately 4.968% of the total number of issued Shares as at the end of the respective month or period, with an average and median of approximately 2.305% and 2.585%, respectively.

Although relatively higher trading volumes were recorded in certain months, the trading liquidity of the Shares fluctuated significantly during the Share Review Period. In particular, the percentage of average daily trading volume was below 1.0% in four of the relevant months or periods and decreased to approximately 0.045% during the period from 1 August 2026 to the Last Trading Day. Given the uneven trading liquidity of the Shares, particularly the low trading volume shortly before the Last Trading Day, and the substantial scale of the Rights Issue relative to the existing issued share capital of the Company, we consider that raising a comparable amount of equity funding from third-party investors through an alternative fundraising method could exert downward pressure on the market price of the Shares and may require the issue price to be set at a discount to the prevailing market price. Accordingly, we consider that the Rights Issue is an appropriate equity fundraising method for the Company and, together with the other factors considered in this letter, that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

c. Comparison with recent rights issue transactions

With a view to assessing the fairness and reasonableness of the terms of the Rights Issue, we have conducted market research on recent rights issue transactions based on the following selection criteria: (i) the shares of the relevant company are listed on the Stock Exchange; (ii) the rights issue was announced during the three-month period commencing on 28 May 2026 and ending on the Last Trading Day, being 27 August 2026 (both dates inclusive) (the "**Comparable Review Period**") and (iii) the transactions have not been terminated or lapsed as at the Latest Practicable Date. We consider that the Comparable Review Period represents a reasonable and sufficiently recent timeframe for identifying an adequate number of comparable transactions conducted under prevailing market conditions and thereby provides a fair and representative basis for assessing the terms of the Rights Issue.

Based on the aforesaid criteria, we have identified 22 rights issues (the "**Rights Issue Comparable(s)**"). Shareholders should note that the Rights Issue Comparables may have different principal business activities, market capitalisations, profitability, financial positions and future prospects as compared to those of the Company. Nevertheless, we consider that they can provide a reasonable reference to how the market generally perceive rights issues. We also consider that the Comparable Review Period is adequate and fair and reasonable to capture the prevailing market conditions of companies listed on the Stock Exchange conducting rights issue and we have not identified any outliers in the Rights Issue Comparables. It should be noted that, in forming our opinion, we have taken into account of the results of the below analysis together with all other factors stated in this letter as a whole. The table below provides a summary of our findings.

Date of announcement	Company name (Stock code)	Basis of entitlement	Premium/(Discount) of subscription price over/to Closing price on the respective last trading day (%)	Theoretical ex-rights price (%) *(Note 1)*	Theoretical dilution effect (%) *(Note 2)*	Placing/ Underwriting Commission (%) *(Note 3)*	Excess application (Yes/No)
27 August 2026	Hong Kong Robotics Group Holding Limited (0370)	1 for 2	(22.20%)	(16.00%)	7.41%	7.07%	Yes
17 August 2026	AI Energy Engineering Holdings Limited (1751)	2 for 5	(7.80%)	(6.95%)	2.71%	3.00%	No
14 August 2026	Asia-Pac Financial Investment Company Limited (8193)	2 for 1	20.50%	6.00%	Not disclosed	3.00%	No
14 August 2026	Palinda Group Holdings Limited (8179)	1 for 2	(50.00%)	(16.67%)	16.67%	1.50%	No
12 August 2026	Alpha Professional Holdings Limited (0948)	1 for 1	(19.68%)	(11.11%)	9.64%	N/A	Yes
3 August 2026	Zhengwei Group Holdings Company Limited (2147)	6 for 1	(28.57%)	(5.41%)	24.49%	1.50%	No
29 July 2026	Zhejiang United Investment Holdings Group Limited (8366)	1 for 1	(14.29%)	(7.69%)	7.14%	2.00%	No
29 July 2026	Easyhold Group Holdings Limited (1703)	1 for 1	(48.98%)	(32.43%)	24.49%	1.50%	No
24 July 2026	Yuk Wing Group Holdings Limited (1536)	3 for 1	(27.01%)	(8.26%)	21.99%	1.00%	No
17 July 2026	Universal Health International Group Holding Limited (2211)	4 for 1	(4.76%)	(1.00%)	5.75%	3.00%	No
16 July 2026	PINE Technology Holdings Limited (1079)	1 for 2	(41.18%)	(31.82%)	14.32%	N/A	Yes

Date of announcement	Company name (Stock code)	Basis of entitlement	Premium/(Discount) of subscription price over/to Closing price on the respective last trading day (%)	Theoretical ex-rights price (%) *(Note 1)*	Theoretical dilution effect (%) *(Note 2)*	Placing/ Underwriting Commission (%) *(Note 3)*	Excess application (Yes/No)
15 July 2026	Flowing Cloud Technology Ltd (6610)	4 for 1	(24.05%)	(5.96%)	19.39%	1.00%	No
14 July 2026	Capital Industrial Financial Services Group Limited (0730)	1 for 1	0.81%	0.40%	1.10%	2.00%	No
13 July 2026	KPM Holding Limited (8027)	2 for 1	(13.80%)	(6.30%)	11.10%	3.00%	No
10 July 2026	Guoen Holdings Limited (8121)	4 for 1	(24.21%)	(6.01%)	22.40%	4.00%	No
7 July 2026	Hong Kong Entertainment International Holdings Limited (8291)	3 for 1	(4.76%)	(1.23%)	3.57%	3.00%	No
24 June 2026	Biosysen Limited (1355)	1 for 2	(51.43%)	(41.38%)	17.14%	1.50%	No
22 June 2026	Imperium Technology Group Limited (0776)	1 for 2	(66.67%)	(65.00%)	22.34%	3.00%	No
18 June 2026	China Wood International Holding Co., Limited (1822)	1 for 1	(43.80%)	(28.03%)	22.42%	1.50%	No
17 June 2026	CMON Limited (1792)	3 for 1	(14.74%)	(6.25%)	15.79%	2.50%	No
5 June 2026	Gaodi Holdings Limited (1676)	1 for 2	(12.44%)	(9.00%)	4.31%	0.75%	No
29 May 2026	FDB Holdings Limited (1826)	1 for 2	(20.60%)	(14.80%)	6.90%	3.50%	No
		Maximum	**20.50%**	**6.00%**	**24.49%**	**7.07%** *(Note 4)*	
		Minimum	**(66.67%)**	**(65.00%)**	**1.10%**	**0.75%** *(Note 4)*	
		Average	**(23.62%)**	**(14.31%)**	**13.38%**	**2.47%** *(Note 4)*	
		Median	**(21.40%)**	**(7.98%)**	**14.32%**	**2.25%** *(Note 4)*	
	The Company	**4 for 1**	**(22.13%)**	**(5.57%)**	**18.21%**	**1.00%**	**No**

Source: the website of the Stock Exchange (http://www.hkex.com.hk)

Notes:

1. The premiums or discounts to theoretical ex-rights prices are extracted as disclosed in the respective announcements, taking into account subsequent supplemental announcements where applicable. Where the relevant percentage was not expressly disclosed, namely for Zhejiang United Investment Holdings Group Limited and PINE Technology Holdings Limited, it has been calculated using the closing price on the respective last trading day, the subscription price and the entitlement basis, without intermediate rounding. The summary statistics include all 22 Rights Issue Comparables and exclude the Company.

2. The theoretical dilution effect is calculated in accordance with Rule 7.27B of the Listing Rules or Rule 10.44A of the GEM Listing Rules.

3. "N/A" in the commission column denotes that no placing or underwriting commission is applicable to the relevant rights issue.

4. The commission statistics are calculated using one stated placing or underwriting commission rate for each of the 20 Rights Issue Comparables with an applicable commission. Alpha Professional Holdings Limited and PINE Technology Holdings Limited are excluded as no placing or underwriting commission is applicable. Zhejiang United Investment Holdings Group Limited is included at its placing commission rate of 2.00%. The calculations do not take into account any applicable minimum or maximum fees.

5. Figures or data shown in the above table are based on information as set out in the subject announcement or circular of the respective listed company or by our calculation, where applicable.

6. The above figures may subject to rounding adjustments, where applicable.

As set out in the table above, we noted that:

(a) the subscription prices of the Rights Issue Comparables ranged from a discount of approximately 66.67% to a premium of approximately 20.50% to their respective closing prices on the last trading day (the "**Comparable LTD Range**"), with the average and median representing discounts of approximately 23.62% and 21.40%, respectively. The Subscription Price of HK$0.095 represents a discount of approximately 22.13% to the closing price of HK$0.122 per Share on the Last Trading Day, which falls within the Comparable LTD Range and represents a slightly lower discount than both the aforesaid average and median;

(b) the subscription prices of the Rights Issue Comparables ranged from a discount of approximately 65.00% to a premium of approximately 6.00% to their respective theoretical ex-rights prices (the "**Comparable TERP Range**"), with the average and median representing discounts of approximately 14.31% and 7.98%, respectively. The percentages are based on the disclosures in the respective announcements or, where not expressly

disclosed, our calculations as explained in Note 1 above. As disclosed in the Board Letter, the Subscription Price represents a discount of approximately 5.57% to the theoretical ex-rights price of approximately HK$0.1006 per Share, which falls within the Comparable TERP Range and represents a lower discount than both the aforesaid average and median;

(c) among the 21 Rights Issue Comparables for which a quantified theoretical dilution effect is presented in the table above, the theoretical dilution effects ranged from approximately 1.10% to approximately 24.49% (the "**Comparable Dilution Range**"), with average and median dilution effects of approximately 13.38% and 14.32%, respectively. The theoretical dilution effect of the Rights Issue of approximately 18.21% falls within the Comparable Dilution Range, although it is higher than both the aforesaid average and median;

(d) as stated in the Board Letter, the Qualifying Shareholders will not be entitled to apply for Rights Shares in excess of their respective provisional entitlements. We noted that 19 out of the 22 Rights Issue Comparables adopted compensatory arrangements instead of excess application arrangements. Accordingly, the absence of excess application arrangements is common among the Rights Issue Comparables. Under the Compensatory Arrangements, the Placing Agent will seek to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees on a best-effort basis. Qualifying Shareholders who take up their provisional entitlements in full will be able to maintain their respective proportionate shareholding interests in the Company. Having considered these features, we consider the absence of excess application arrangements acceptable so far as the Independent Shareholders are concerned;

(e) among the 20 Rights Issue Comparables with an applicable placing or underwriting commission, the stated commission rates ranged from approximately 0.25% to 7.07%, with an average and median of approximately 2.47% and 2.25%, respectively. These statistics are calculated using one commission rate per comparable, before taking into account any applicable minimum or maximum fees. Pursuant to the Placing Agreement, the Placing Agent is entitled to a commission of 1.00% of the aggregate placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares successfully placed by or on behalf of the Placing Agent. Such commission rate falls within the aforesaid range and is below both the average and median. While placing and underwriting arrangements involve different obligations and risk exposures, we consider that the

comparison provides a general market reference and, having also considered the best-effort basis of the Placing, we consider the placing commission rate to be fair and reasonable; and

(f) the subscription prices of the Rights Issue Comparables represented a wide range of discounts or premiums to their respective closing prices on the last trading days and five-day average closing prices, which may be attributable to differences in their business activities, financial performance, funding requirements and market conditions. Notwithstanding the above differences, we consider that the Rights Issue Comparables provide a meaningful reference for assessing the fairness and reasonableness of the Subscription Price as (i) all the Rights Issue Comparables and the Company are listed on the Stock Exchange; (ii) the approximately three-month Comparable Review Period provides a reasonable sample size of recent rights issues; and (iii) the Rights Issue Comparables were selected based on the stated selection criteria without further subjective filtering, providing a representative sample of recent rights issue transactions conducted by issuers listed on the Stock Exchange. Accordingly, we consider that the Rights Issue Comparables, taken as a whole, provide a reasonable and representative sample for assessing the fairness and reasonableness of the Subscription Price, and that the wide range of discounts or premiums reflects the different pricing practices adopted by listed issuers under the prevailing market conditions during the Comparable Review Period.

Notwithstanding that the theoretical dilution effect of the Rights Issue is higher than the average and median of the Rights Issue Comparables, the discounts of the Subscription Price to the closing price on the Last Trading Day and to the theoretical ex-rights price calculated using that closing price are lower than the corresponding average and median discounts. We have also considered the Group's substantial net current liabilities and net liabilities, limited cash resources, outstanding indebtedness and going-concern uncertainties, together with its funding requirements for debt repayment, the development of its existing business and general working capital.

Taking into account these funding requirements, the uneven trading liquidity of the Shares, particularly shortly before the Last Trading Day, the opportunity for Qualifying Shareholders to maintain their proportionate shareholding interests by taking up their entitlements in full, and the comparative analysis above, we consider that the Subscription Price and the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

4. Possible financial effects of the Rights Issue

According to the unaudited pro forma financial information of the Group set out in Appendix II to the Circular, assuming that the Rights Issue had been completed on 30 June 2026 and the Rights Issue had been fully subscribed, the unaudited consolidated net tangible liabilities of the Group attributable to the owners of the Company would have decreased from approximately RMB581.80 million to unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to the owners of the Company as at 30 June 2026 of approximately RMB417.65 million. Accordingly, the Rights Issue would strengthen the Group's net tangible asset position, although the Group would remain in a net tangible liabilities position.

Shareholders should note that the above analysis is for illustrative purposes only and does not purport to represent the actual financial position of the Group upon completion of the Rights Issue.

5. Possible dilution effect

All the Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue. Referring to the section headed "CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY" in the Board Letter, Qualifying Shareholders who do not take up any of their entitlements and Non-Qualifying Shareholders will be subject to dilution. Assuming that all Rights Shares are issued, their respective percentage shareholding interests will be reduced by 80%. The actual dilution will depend on the results of acceptance of the Rights Issue and the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements.

Having considered (i) the equal opportunity afforded to all Qualifying Shareholders to maintain their respective proportionate shareholding interests by taking up their provisional allotments in full; (ii) the opportunity for Qualifying Shareholders who do not wish to subscribe to sell their nil-paid rights in the market, subject to market demand; (iii) the Compensatory Arrangements available in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares; and (iv) the Group's funding needs and the reasons for and benefits of the Rights Issue discussed above, we consider that, notwithstanding its substantial extent, the potential shareholding dilution is acceptable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Taking into consideration the above principal factors and reasons, we are of the opinion that the terms of the Rights Issue (including the Subscription Price, potential dilution effect, the terms of the Placing Agreement, and the Compensatory Arrangements) are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, and recommend the Independent Board Committee to advise the Independent Shareholders accordingly.

Our opinion and recommendation concern the voting decision in respect of the relevant resolution(s) at the EGM and do not constitute a recommendation as to whether any Qualifying Shareholder should subscribe for the Rights Shares.

Yours faithfully,
For and on behalf of
Merdeka Corporate Finance Limited
Wallace So
Managing Director

Mr. Wallace So is a licensed person registered with the Securities and Futures Commission of Hong Kong, a responsible officer of Merdeka Corporate Finance Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and a licensed representative of Merdeka Investment Management Limited to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. Mr. Wallace So has over 13 years of experience in corporate finance industry.

(I) FINANCIAL SUMMARY

Financial information of the Group for the year ended 31 December 2023, the 18 months ended 30 June 2025 and the year ended 30 June 2026 were disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the Company's website (www.litian.tv):

- annual report of the Company for the year ended 31 December 2023 published on 30 April 2024 (pages 115 to 173);
  (https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0430/2024043002168.pdf)

- annual report of the Company for the 18 months ended 30 June 2025 published on 21 December 2025 (pages 75 to 135); and
  (https://www1.hkexnews.hk/listedco/listconews/sehk/2025/1221/2025122100335.pdf)

- annual report of the Company for the year ended 30 June 2026 published on 27 October 2026 (pages 72 to 151).
  (https://www1.hkexnews.hk/listedco/listconews/sehk/2026/1027/2026102701493.pdf)

(II) STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2026, being the most recent practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Circular, the Group had outstanding indebtedness as follows:

	RMB'000
Other loans from third parties, unsecured and guaranteed *(Note 1)*	90,074
Other loans from third parties, unsecured and unguaranteed	36,594
Other loans from a former controlling shareholder, unsecured and unguaranteed	8,121
Other loans from a director, unsecured and unguaranteed	1,600
Accrued interest and other finance charges on other loans *(Note 2)*	67,051
Lease liabilities, secured and unguaranteed	121
	203,561

Notes:

1. The loans of approximately RMB90,074,000 were all unsecured and guaranteed. The guarantees comprised personal guarantees from Mr. Yuan Li, Ms. Tian Tian and Mr. Chen Wudong (陳武東) and a corporate guarantee from Haining Marshal Films Planning Co., Ltd., a wholly-owned subsidiary of the Company. Mr. Yuan Li and Ms. Tian Tian are former executive directors and former ultimate controlling shareholders of the Company, and Mr. Chen Wudong has not been a member of the Group's senior management since February 2025. Ms. Tian Tian is the spouse of Mr. Yuan Li. As at the Latest Practicable Date, none of Mr. Yuan Li, Ms. Tian Tian or Mr. Chen Wudong is a Director, chief executive or (to the best of the Directors' knowledge) a substantial shareholder of the Company. The guarantees were given in favour of the relevant lenders and no fee or other consideration has been or is payable by the Group to any of the guarantors in respect of such guarantees.

2. Accrued interest and other finance charges were included in the Group's other payables and presented separately from other loans.

Other loans

As at 30 September 2026, other loans from third parties had an aggregate principal amount of approximately RMB126,668,000 and were non-trade in nature and unsecured. These comprised guaranteed loans of approximately RMB90,074,000 as described in Note 1 above, and unguaranteed loans of approximately RMB36,594,000.

Loans from a former controlling shareholder represented loans of approximately RMB8,121,000 from Ms. Tian Tian, a former executive director and former ultimate controlling shareholder of the Company. Loans from a director represented loans of approximately RMB1,600,000 from Mr. Chen Tong, an independent non-executive director of the Company. All these loans were non-trade in nature, unsecured and unguaranteed.

The other loans disclosed above had an aggregate outstanding principal amount of approximately RMB136,389,000, of which approximately RMB112,415,000 were overdue as at 30 September 2026.

Lease liabilities

As at 30 September 2026, the Group had lease liabilities of approximately RMB121,000 relating to an office lease, representing the present value of the remaining lease payments measured in accordance with International Financial Reporting Standard ("**IFRS**") 16 "Leases". These lease liabilities were non-trade in nature, secured by the office premise and a rental deposit and unguaranteed.

Contingent liabilities

As at 30 September 2026, certain subsidiaries of the Company were involved in legal proceedings and disputes in the PRC relating to television drama production, licensing and distribution, and related financing and co-investment arrangements.

The Group had recorded total outstanding principal of other loans of approximately RMB136,389,000, of which approximately RMB112,415,000 was overdue. The overdue loans included approximately RMB72,465,000 relating to the legal proceedings described above.

The Group had recorded liabilities of approximately RMB313,777,000 relating to these proceedings and disputes, comprising trade payables of approximately RMB139,037,000, other payables and accrued expenses of approximately RMB102,275,000 and outstanding principal of other loans of approximately RMB72,465,000.

The related loan principal and accrued interest and other finance charges on those loans were already included in the indebtedness disclosed above. However, the amounts ultimately payable upon resolution of the outstanding proceedings may exceed the amounts recorded.

Set out below is a summary of the material legal proceedings and disputes to which the subsidiaries of the Company were party as at 30 September 2026:

(a) proceedings at first instance in respect of which the hearing had not yet taken place or judgment was pending, involving approximately RMB114,386,000 in aggregate, comprising a contract dispute concerning the drama series 《微笑媽媽》 and 《白羽流星》 involving approximately RMB76,615,000, two co-investment disputes concerning 《無與倫比的美麗》 and 《白羽流星》 involving approximately RMB21,852,000 in aggregate, a co-investment dispute concerning 《小夫妻》 involving approximately RMB4,891,000, a co-production and distribution dispute concerning 《微笑媽媽》 involving approximately RMB4,493,000, a licensing-fee claim under an assigned debt concerning 《生於70年代》 involving approximately RMB4,075,000, a contract dispute concerning 《鐵血江湖》 involving approximately RMB2,108,000 and a publicity-service fee dispute concerning 《小夫妻》 involving approximately RMB352,000;

(b) proceedings at the appeal stage, involving approximately RMB54,133,000 in aggregate, comprising a broadcasting-licence fee dispute concerning 《夢在海的這邊》 and 《冰糖燉雪梨》 involving approximately RMB20,891,000, the second-instance hearing of which was provisionally scheduled for 27 November 2026, a contract dispute concerning the distribution income from 《革命先鋒》 involving approximately RMB15,491,000, an investment contract dispute concerning 《酋長的男人》 involving approximately RMB11,198,000, and a loan repayment dispute concerning 《雙喜盈門》 involving approximately RMB6,553,000;

(c) proceedings in which a final judgement or a court-mediated settlement had been obtained, or which had entered the enforcement stage, involving approximately RMB95,231,000 in aggregate, comprising a broadcasting-licence fee dispute concerning 《婚姻歷險記》 involving approximately RMB54,435,000, a broadcasting-rights fee dispute concerning 《愛在星空下》 involving approximately RMB21,158,000 which was reportedly settled by way of mediation on retrial, an investment repayment and repurchase dispute concerning 《小夫妻》 involving approximately RMB7,423,000 in respect of which the appeal was dismissed on 30 June 2026 and the first-instance judgement became final, a loan repayment dispute concerning 《小夫妻》 involving approximately RMB3,746,000 in respect of which enforcement had been initiated, a financing-related dispute concerning 《無與倫比的美麗》 involving approximately RMB4,969,000, in respect of which enforcement had been initiated, and a broadcasting-licence fee dispute concerning 《心跳源計劃》 involving approximately RMB3,500,000 which was resolved by a court-mediated settlement and which entered enforcement on 12 August 2025; and

(d) amounts of approximately RMB50,027,000 in aggregate which had been classified by the Group as trade payables and other payables and in respect of which the procedural position and the legal basis were not yet confirmed, comprising amounts payable to 北京二十一世紀威克傳媒股份有限公司 of approximately RMB38,015,000 and approximately RMB9,184,000 respectively and copyright and licensing fees payable to 海寧博潤影視文化有限公司 of approximately RMB2,828,000.

Disclaimer

Save as disclosed above or elsewhere in this Circular, and apart from intra-group liabilities and normal trade and other payables arising in the ordinary course of business, as at 30 September 2026, the Group did not have any debt securities issued and outstanding or authorised or otherwise created but unissued, or any outstanding loan capital, bank overdrafts, other borrowings or indebtedness in the nature of borrowing, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, mortgages, charges, guarantees or other material contingent liabilities.

The Directors have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 30 September 2026 to the Latest Practicable Date.

(III) WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into account (i) the net proceeds of the Rights Issue; (ii) the Group's internally generated funds, including the proceeds expected to be derived from the licensing of the Group's existing drama series copyrights (the Group expects substantially all of the carrying amount of its drama series copyrights to be released to profit or loss within one year from 30 June 2026); (iii) cash at bank and in hand; and (iv) the continued forbearance of the Group's creditors, the working capital available to the Group is sufficient for its requirements for at least 12 months from the date of publication of this Circular. Your attention is also drawn to the section headed "Independent Auditor's Report" on pages 68 to 71 of the Company's annual report for the year ended 30 June 2026 published on 27 October 2026, which contains a disclaimer of opinion on the Group's consolidated financial statements.

(IV) MATERIAL ADVERSE CHANGE

The Board confirmed that there has been no material adverse change in the financial or trading position of the Group since 30 June 2026, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

(V) FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Set out below are the developments in the business trend of the Group subsequent to 30 June 2026, being the date to which the latest published audited consolidated financial statements of the Group were made up.

(i) Contracts for drama series and short dramas

No new significant contracts for the production, licensing or distribution of drama series or short dramas were entered into by the Group during the period from 1 July 2026 up to the Latest Practicable Date.

(ii) Litigation, arbitration and enforcement proceedings

As at 30 June 2026, certain lenders and creditors had initiated lawsuits and enforcement proceedings against subsidiaries of the Company in respect of outstanding borrowings, trade and other payables, particulars of which are set out under the paragraph headed "Contingent liabilities" in this Appendix I. During the period from 1 July 2026 up to the Latest Practicable Date, no judgment was issued and no settlement was reached in respect of these proceedings, and no litigation, arbitration or enforcement proceeding of material significance was newly commenced against any member of the Group. The proceedings referred to above remain ongoing. Developments since 30 June 2026 include: the second-instance hearing in respect of the broadcasting-licence fee dispute concerning《夢在海的這邊》 and 《冰糖炖雪梨》 has been provisionally scheduled for 27 November 2026; the appeal in respect of the investment repayment and repurchase dispute concerning《小夫妻》 was dismissed on 30 June 2026, following which the first-instance judgment became final; an appeal has been filed against the first-instance judgment in the investment contract dispute concerning 《酋长的男人》 and the case remained at the appeal stage; and the enforcement proceedings previously commenced in respect of the loan repayment dispute concerning 《小夫妻》 remain outstanding. Save as aforesaid, no judgment was issued and no settlement was reached in respect of the other proceedings during the period from 1 July 2026 up to the Latest Practicable Date, and no litigation, arbitration or enforcement proceeding of material significance was newly commenced against any member of the Group. The Group will continue to take legal advice in respect of the proceedings and will announce any material development in accordance with the Listing Rules.

(iii) Negotiations with lenders, suppliers and other creditors

The Group has been in continuing discussions with its lenders, suppliers and other creditors regarding repayment, extension and settlement arrangements. As at the Latest Practicable Date, no binding agreement or legally enforceable arrangement had been entered into in this regard, and there is no assurance that any such arrangement will be agreed.

Looking ahead, the Group intends to:

(i) continue to focus on the licensing of broadcasting rights of its library of self-produced drama series, and expedite the distribution and licensing of such rights to domestic television channels, mainstream online video platforms and, where opportunities arise, overseas markets;

(ii) further scale down the licensing business in respect of outright-purchased drama series;

(iii) develop its online platform and short drama business. As disclosed in the paragraph headed "Reasons for and Benefits of the Rights Issue and Use of Proceeds" in the Letter from the Board, approximately 41% of the net proceeds of the Rights Issue (approximately HK$77.2 million) is intended to be applied to the planning and production of up to approximately 300 short drama projects, each with a budgeted cost of approximately RMB200,000 (representing an aggregate production cost of approximately RMB60.0 million), and to the initial user-acquisition budget for the Short Drama Projects of approximately RMB18.0 million.

Planning activities and production are scheduled to begin upon completion of the Rights Issue in February 2027 with releases targeted to commence progressively from the first quarter of 2027, with approximately 50 short dramas targeted for release in each of the six quarters from the first quarter of 2027 to the second quarter of 2028 (being up to approximately 300 short dramas in aggregate). The Group will utilise its existing drama and script copyrights and commissioned artificial intelligence production tools in implementing this plan; and

(iv) continue to negotiate with its lenders, suppliers and other creditors with a view to agreeing repayment, extension or settlement arrangements.

Whether the Group will be able to implement the above plans, and the extent to which it will be able to do so, will depend upon whether the Rights Issue is completed and upon the amount and timing of the proceeds. The Rights Issue is non-underwritten and there is no minimum subscription level or minimum amount to be raised. In the event that the proceeds raised are less than contemplated, the Company will reduce the quantity of short drama projects to be produced as disclosed in the Letter from the Board.

Save as disclosed above, the Directors are not aware of any special trade factors or risks relevant to the Group's financial and trading prospects.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE LIABILITIES OF THE GROUP

The following unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2026 (the "**Unaudited Pro Forma Financial Information**") has been prepared by the Directors in accordance with Appendix D1B.13 and Rule 4.29 of the Listing Rules with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" as issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue on the consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2026 as if the Rights Issue had been completed on 30 June 2026.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only, based on judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2026 or any future date following the Rights Issue.

The Unaudited Pro Forma Financial Information is based on the audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2026, as derived from the Group's consolidated statement of financial position as at that date included in the Company's annual report for the year ended 30 June 2026, and adjusted as described below.

	Audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2026 *RMB'000* *(Note 1)*	**Estimated net proceeds from the Rights Issue** *RMB'000* *(Note 2)*	**Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2026 upon completion of the Rights Issue** *RMB'000*	**Audited consolidated net tangible liabilities of the Group attributable to owners of the Company per Share as at 30 June 2026 before completion of the Rights Issue** *RMB* *(Note 3)*	**Unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company per Share as at 30 June 2026 immediately after completion of the Rights Issue** *RMB* *(Note 4)*
Based on 2,000,000,000 Rights Shares to be issued at the Subscription Price of HK$0.095 per Rights Share	(581,801)	164,153	(417,648)	(1.16)	(0.17)

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1. The audited consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2026 of approximately RMB581,801,000 are based on the total equity-deficit attributable to equity shareholders of the Company of approximately RMB543,801,000, adjusting for exclusion of drama series copyrights included in current assets of approximately RMB38,000,000, as extracted from the annual report of the Company for the year ended 30 June 2026.

2. The estimated net proceeds from the Rights Issue of approximately HK$189,750,000 (equivalent to approximately RMB164,153,000) are calculated based on the gross proceeds from 2,000,000,000 Rights Shares to be issued at the Subscription Price of HK$0.095 per Rights Share, being HK$190,000,000 (equivalent to approximately RMB164,369,000), after deducting estimated directly attributable transaction costs of approximately HK$250,000 (equivalent to approximately RMB216,000), including professional fees, printing, registration and translation expenses. The calculation assumes that (i) the increase in Authorised Share Capital was approved by the Shareholders in the EGM; (ii) all 2,000,000,000 Rights Shares are subscribed for by the existing shareholders of the Company; (iii) no placing is required and no placing commission is payable; and (iv) the number of existing Shares remains at 500,000,000 until completion of the Rights Issue.

3. The calculation of the audited consolidated net tangible liabilities of the Group attributable to owners of the Company per Share as at 30 June 2026 before completion of the Rights Issue is based on the audited consolidated net tangible liabilities of the Group attributable to owners of the Company of approximately RMB581,801,000, divided by 500,000,000 Shares in issue as at 30 June 2026.

4. The calculation of the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company per Share as at 30 June 2026 immediately after completion of the Rights Issue is based on the unaudited pro forma adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2026 upon completion of the Rights Issue of approximately RMB417,648,000, divided by 2,500,000,000 Shares, comprising 500,000,000 Shares in issue as at 30 June 2026 and 2,000,000,000 Rights Shares to be issued pursuant to the Rights Issue, assuming that the Rights Issue had been fully subscribed and completed on 30 June 2026.

5. For the purpose of calculating the estimated net proceeds from the Rights Issue as set out in Note 2 above, amounts denominated in HK$ have been translated into RMB at an exchange rate of HK$1 to RMB0.8651 for illustrative purposes only. Such translation does not constitute a representation that any amount has been, could have been, or may otherwise be exchanged or converted at the above rate.

6. Save as disclosed above, no other adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2026.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the Company's independent reporting accountants, McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this circular.



McMillanWoods
Professionalism at the forefront

24/F., Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Board of Directors of Litian Pictures Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Litian Pictures Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") consists of the unaudited pro forma statement of adjusted consolidated net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2026 and related notes as set out on pages II-1 to II-3 of the circular issued by the Company dated 13 November 2026 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of four rights shares for every one share held on the record date on a non-underwritten basis at the subscription price of HK$0.095 per rights share (the "**Rights Issue**") on the net tangible liabilities of the Group attributable to owners of the Company as at 30 June 2026 as if the Rights Issue had been completed on 30 June 2026. As part of this process, information about the net tangible liabilities of the Group attributable to owners of the Company has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 30 June 2026, on which an audit report containing disclaimer of opinion has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with Appendix D1B.13 and Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" as issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" as issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" as issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with Appendix D1B.13 and Rule 4.29 of the Listing Rules and with reference to AG 7 as issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 30 June 2026 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Rights Issue, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the Rights Issue in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants

Hong Kong, 13 November 2026

Hui Chi Kong
Practising Certificate Number: P07348

(I) RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

(II) SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; (ii) immediately following the Increase in Authorised Share Capital becoming effective but before the completion of the Rights Issue; and (iii) immediately following the Increase in Authorised Share Capital becoming effective and the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company on or before the Record Date) are as follows:

(i) As at the Latest Practicable Date

Authorised:		*HK$*
500,000,000	Ordinary Shares of HK$0.01 each	5,000,000

Issued and fully paid:		
500,000,000	Ordinary Shares of HK$0.01 each	5,000,000

(ii) Immediately following the Increase in Authorised Share Capital becoming effective but before the completion of the Rights Issue

Authorised:		*HK$*
4,000,000,000	Ordinary Shares of HK$0.01 each	40,000,000

Issued and fully paid:		
500,000,000	Ordinary Shares of HK$0.01 each	5,000,000

(iii) immediately following the Increase in Authorised Share Capital becoming effective and the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company on or before the Record Date)

Authorised:		*HK$*
4,000,000,000	Ordinary Shares of HK$0.01 each	40,000,000
Issued and fully paid:		
500,000,000	Ordinary Shares of HK$0.01 each	5,000,000
2,000,000,000	Rights Shares of HK$0.01 each to be issued pursuant to the Rights Issue	20,000,000
2,500,000,000	Ordinary Shares of HK$0.01 each	25,000,000

All the Rights Shares in issue and to be issued rank and will rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital. The Shares in issue and the Rights Shares to be issued are or will be listed on the Stock Exchange.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

As at the Latest Practicable Date, the Company did not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Shares and no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option. The Company has no intention to issue or grant any convertible securities, warrants and/or options on or before the Record Date.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

(III) DISCLOSURE OF INTERESTS

(a) Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

Interests and short positions of directors and chief executive in shares, underlying shares and debentures of the company and its associated corporations

As of the Latest Practicable Date, no Directors or chief executives of the Company had an interest or a short position in the shares, underlying shares or debentures of the Company or its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**").

Interests and short positions of substantial shareholders in the shares and underlying shares

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

Name	Capacity/Nature of interest	Number of Shares	Long/short position	Approximate percentage of shareholding in the Company[(1)]
Zhou Xianmei	Beneficial owner	25,000,000	Long position	5%
Marshal Investment	Beneficial owner	64,380,501	Long position	12.87%

Note:

(1) As of Latest Practicable Date, the total number of issued Shares of the Company was 500,000,000 Shares.

(2) Ms. Tian Tian is the sole shareholder of and by virtue of the SFO, she is deemed to be interested in the Shares held by Marshal Investment Co., Ltd. In the capacity of interest in a controlled corporation.

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

(IV) DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which would not expire or would not be determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

(V) DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors has or had any interest, either directly or indirectly, in any assets which have since 30 June 2026 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

(VI) DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

(VII) COMPETING INTERESTS OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in any business (apart from the Group's business) which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder) or have or may have any other conflict of interest with the Group pursuant to the Listing Rules.

(VIII) LITIGATION

As at the Latest Practicable Date, save as disclosed in Appendix I of this circular so far as the Directors are aware, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against any member of the Group.

(IX) MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

(a) the Placing Agreement;

(b) the placing agreement dated 10 April 2026 entered into between the Company and KGI Asia Limited as placing agent in relation to the placing of a maximum of 68,000,000 Shares. For further details, please refer to the announcement of the Company dated 10 April 2026;

(c) the placing agreement dated 14 January 2026 entered into between the Company and KGI Asia Limited as placing agent in relation to the placing of a maximum of 72,000,000 Shares. For further details, please refer to the announcement of the Company dated 14 January 2026; and

(d) the placing agreement dated 11 March 2025 entered into between the Company and Zijing Capital Limited as placing agent in relation to the placing of a maximum of 60,000,000 Shares. For further details, please refer to the announcement of the Company dated 11 March 2025.

(X) EXPERT QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
McMillan Woods (Hong Kong) CPA Limited	Certified Public Accountants
Merdeka Corporate Finance Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, each of the above Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the Experts had any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the Experts had any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 30 June 2026 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

(XI) EXPENSES

The expenses payable by the Company in connection with the Rights Issue are estimated to be approximately HK$2 million, comprising Independent Financial Adviser fees, printing, registration, translation, legal and accounting fees, and an allowance for potential placing commission. The placing commission actually payable will be 1% of the aggregate placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares successfully placed by or on behalf of the Placing Agent.

In the event that all Rights Shares are subscribed for under the provisional allotments and no Placing is required, the estimated expenses will be approximately HK$250,000 and no placing commission will be payable. This is the assumption adopted in preparing the unaudited pro forma financial information in Appendix II.

(XII) CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors	*Executive Directors:* Mr. Xie Taoquan *(Chairman)* Ms. Yu Ping Ms. Huang Meiyuan *Independent non-executive Directors:* Mr. Liang Jie Mr. Jing Quanliang Mr. Chen Tong
Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	Level 27 Wing On Centre 111 Connaught Road Central Sheung Wan Hong Kong
Authorised representatives	Mr. Xie Taoquan Mr. Wong Sai Hung
Company secretary	Mr. Wong Sai Hung
Business address of all Directors, senior management and authorised representatives	Level 27 Wing On Centre 111 Connaught Road Central Sheung Wan Hong Kong
Principal share registrar and transfer office in the Cayman Islands	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands

Hong Kong branch share registrar and transfer office	**Tricor Investor Services Limited** 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal banker	**China Merchants Bank** (Hangzhou Science and Technology City Branch) **China Minsheng Bank** (Hangzhou Jiefang Branch)
Auditor and reporting accountants	**McMillan Woods (Hong Kong) CPA Limited** *Certified Public Accountants and Registered Public Interest Entity Auditor* 24/F., Siu On Centre 188 Lockhart Road Wan Chai, Hong Kong
Legal adviser to the Company as to Hong Kong laws	**SH Wong & Co** Unit 4404, 44/F Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	**Merdeka Corporate Finance Limited** Room 1108, 11/F Wing On Centre 111 Connaught Road Central Central, Hong Kong
Placing Agent	**Daokou Securities Limited** Suite 1406, 14/F Great Eagle Centre 23 Harbour Road Wanchai Hong Kong

(XIII) PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Xie Taoquan, aged 35, first appointed as an Independent Non-Executive Director on 13 August 2024, and later re-designated as an Executive Director and Chairman of the Board on 10 July 2026, he has over 10 years of experience in media industry. He served as a general manager of Zhaoqing Tiansheng Culture Media Co., Limited (肇慶天晟文化傳媒有限公司) and he is responsible for staff recruitment and formulating the financial system of the company from May 2021 to May 2024. He also served as the planning director for Zhaoqing Lifeng Media Planning Co., Limited (肇慶立豐傳媒策劃有限公司) and he was responsible for the planning and execution of major events such as spring festivals in Zhaoqing city from May 2019 to May 2021. Mr. Xie obtained a bachelor's degree of business management at China University of Geosciences in June 2013. He also studied business management at SEGi University in Malaysia from September 2013 to December 2014.

Ms. Yu Ping, aged 39, appointed as an executive Director on 7 August 2026, served at Beijing Hengtian Wealth Investment Management Co., Ltd. (北京恒天財富投資管理有限公司) from 2013 to 2023. She was responsible for the group's overall operations, promote and drive cross-segment business synergies, coordinate the group's overall business layout across various entities, integrate resources and optimize the group's asset structure continuously, identify opportunities for business growth in order to increase the group's competitive advantages and corporate value with a view to protecting shareholders' return in long run. She graduated from South China University of Technology (華南理工大學), studied in financial management and practice.

Ms. Huang Meiyuan (黃美緣女士) ("Ms. Huang"), aged 42, appointed as an Executive Director on 8 November 2024, she has more than 15 years of experiences in various industries. Prior to the joining of the Group, she served as the general manager of Shishi Hudi Education Technology Co., Ltd., which is engaged in media production and advertising. Ms. Huang obtained a bachelor of business administration from the Business University of Costa Rica in 2016 and a master of business administration from the same school in 2018.

Independent Non-Executive Directors

Mr. Liang Jie, aged 35, appointed as an Independent Non-Executive Director on 10 July 2026, he studied Music Composition and graduated from Beijing Contemporary Music Academy in 2009. He served as an legal representative and general manager of Coastal New Voice Art Centre, Sanzao Town Jinwan District, Zhuhai City from May 2022 to now. Mr. Liang served as a music director of Zhuhai Hengqin Yuecheng Creative Culture Co., Limited from May 2020 to December 2025. He served as a musician of Zhongshan City Handle Live House and Zhuhai City Youth Cultural Live House from April 2023 to June 2024 and from August 2015 to March 2022 respectively. He also served as an audio engineer of various TV stations of China from June 2013 to July 2015.

Mr. Chen Tong（諶通）, aged 36, appointed as an Independent Non-Executive Director on 16 January 2026, graduated from the Ocean University of China（中國海洋大學）in June 2011. Prior to joining the Group, he served as the finance director of Weizhi Data (Shenzhen) Co., Ltd.（微知數據(深圳)有限公司）from 2019 to 2025, which he was responsible for the finance departments, handling the legal affairs, administration and human resources of the company. From 2017 to 2019, he served as the finance director of Zhuhai Chenhua Environmental Protection Technology Co., Ltd.（珠海市宸華環保科技有限公司）; where he was responsible for building the finance team, designing the company's organizational structure and formulating internal management systems. From 2014 to 2016, he served as the risk management manager of Shenzhen Qianhai Ruihua Capital Innovation Co., Ltd（深圳前海瑞華資本創新有限公司）, where he was responsible for conducting financial and legal due diligence on companies, coordinating with accounting and law firms in conducting external third-party due diligence. From 2011 to 2014, he served as the assistant manager at Shenzhen Branch of KPMG Huazhen Certified Public Accountants, he was acting as the team leader in conducting audits of companies based on PRC general accepted accounting principles and IFRS accounting standards. Mr. Chen is a PRC certified public accountant.

Mr. Jing Quanliang (敬全亮), aged 34, appointed as an Independent Non-Executive Director on 13 January 2026, served as the district manager of Jiangxi Branch of China Life Insurance Company Limited, where he was responsible for team management and business development from 2014 to 2018. Mr. Jing served as the sales director of Jiangxi No. 7 Food Era Catering Management Co., Ltd (江西七號食代餐飲管理有限公司), and he was responsible for the Company's marketing, restaurant brand promotions and daily operations from 2018 to 2020. Mr. Jing has served as the general manager of Jiangxi Doukebao Information Technology Company Limited (江西省抖客寶信息科技有限公司), a company specializing in the provision of douyin services from July 2021. Mr. Jing obtained a graduation diploma for human resources management in Higher Education Self Examination (高等教育自我考試) in December 2019.

Senior Management

Company Secretary

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

(XIV) AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board comprises all the independent non-executive Directors, namely Mr. Liang Jie, Mr. Jing Quanliang and Mr. Chen Tong, the primary duties of the audit committee include the review of the Group's financial reporting process and the internal control systems as well as risk management of the Group.

(XV) DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.litian.tv) from the date of this circular up to and including the date of the EGM:

(a) the letter from the Board, the text of which is set out on pages 11 to 46 of this circular;

(b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" in this circular;

(c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Financial Adviser" in this circular;

(d) the independent reporting accountants' assurance report on the compilation of unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this circular;

(e) the material contracts referred to in the paragraph headed "(IX) Material Contracts" of this appendix; and

(f) the letter of consent referred to the paragraph headed "(X) Expert Qualification and Consent" in this appendix.

(XVI) MISCELLANEOUS

(a) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

(b) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities;

(c) As at the Latest Practicable Date, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group's business; and

(d) In the event of any inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**Meeting**") of Litian Pictures Holdings Limited (the "**Company**") will be held at Room 1803, Zhongzhou Building, No. 3088 Jintian Road, Gangxia Community, Futian Street, Futian District, Shenzhen, the People's Republic of China on Friday, 4 December 2026 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**

   (a) the authorised share capital of the Company be increased from HK$5,000,000 divided into 500,000,000 Shares of HK$0.01 each to HK$40,000,000 divided into 4,000,000,000 Shares of HK$0.01 each by creating an additional 3,500,000,000 unissued Shares of HK$0.01 each (the "**Increase in Authorised Share Capital**") and to do all things and execute all document in connection with or incidental to the Increase in Authorised Share Capital.

   (b) the directors of the Company (the "**Directors**") be and are hereby authorised to execute all such documents, instruments and agreements and to do all such acts or things they consider necessary, desirable or expedient to give effect to or in connection with the matters contemplated in and for completion of the Increase in Authorised Share Capital."

2. "**THAT** subject to and conditional upon fulfillment of the conditions of the Placing Agreement (as defined below), the Rights Issue (as defined below) and the transactions contemplated thereunder be and are hereby approved:

   (a) For the purpose of these resolutions, "Rights Issue" means the proposed issue by way of rights issue of 2,000,000,000 shares (the "**Rights Share(s)**") of HK$0.01 each in the share capital of the Company at the subscription price of HK$0.095 per Rights Share to the qualifying shareholders (the "**Qualifying Shareholders**") of the Company whose names appear in the register of members

of the Company on the date by reference to which entitlement under the Rights Issue will be determined (other than those shareholders (the "**Non-Qualifying Shareholders**") with registered addresses outside Hong Kong whom the directors (the "**Directors**") of the Company, after making relevant enquiry, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) in the proportion of four Rights Shares for every one existing Share of the Company held on the Record Date subject to the fulfilment of the conditions and terms set out in the Placing Agreement (as defined below);

(b) the placing agreement dated 27 August 2026 (as may be amended or supplemented from time to time) (the "**Placing Agreement**") entered into between the Company and Daokou Securities Limited in relation to the placing of the Rights Shares that are not subscribed by the Qualifying Shareholders and Rights Shares which would otherwise have been allotted to the Non-Qualifying Shareholders (as the case may be) (the "**Unsubscribed Rights Shares**") at the placing price of at least HK$0.095 per Unsubscribed Rights Share on a best effort basis and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(c) any of the Directors be and are hereby authorised to allot and issue the Rights Shares pursuant to the Rights Issue notwithstanding the same may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors may make such exclusions or other arrangements in relation to the Non-Qualifying Shareholders as they may deem necessary, desirable or expedient to having regard to any restrictions or obligations under the articles of association of the Company or the laws of, or the rules and regulations of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong; and

(d) any of the Directors be and are hereby authorised to do all such things and acts and execute all documents which they consider necessary, desirable or expedient to implement or to give effect to any matters relating to the Rights Issue, the Placing Agreement, and the transactions contemplated thereunder."

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

Hong Kong, 13 November 2026

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Level 27, Wing On Centre
111 Connaught Road Central
Sheung Wan
Hong Kong

Notes:

(1) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation shall be entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.

(2) Where the instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

(3) To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road. Hong Kong as soon as possible and in any event no later than 48 hours before the time appointed for holding the EGM, i.e. Wednesday, 2 December 2026 at 11:00 a.m. (Hong Kong time), or any adjournment thereof.

(4) The register of members of the Company will be closed from Tuesday, 1 December 2026 to Friday, 4 December 2026, both days inclusive, to determine the eligibility of the Shareholders to attend and vote at the Meeting. The record date for determining the entitlement of the Shareholders to attend and vote at the Meeting will be Friday, 4 December 2026. All transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road. Hong Kong, for registration no later than Monday, 30 November 2026 at 4:30 p.m. (Hong Kong time).

(5) Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the Meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

(6) Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

(7) The voting at the Meeting shall be taken by way of poll.

(8) Unless otherwise defined herein, capitalized terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 13 November 2026.