



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

2024 INTERIM REPORT



Contents

2	Corporate Information
4	Financial Highlights
5	Chairman's Statement
6	Management Discussion and Analysis
17	Corporate Governance and Other Information
23	Consolidated Statement of Profit or Loss and Other Comprehensive Income
24	Consolidated Statement of Financial Position
26	Consolidated Statement of Changes in Equity
27	Condensed Consolidated Cash Flow Statement
28	Notes to the Unaudited Interim Financial Statement
43	Definitions

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

- Mr. Teng Bing Sheng (滕斌聖) (Chairman)
Mr. Liu Hanlin (劉翰林) (resigned on 13 August 2024)
Ms. Fu Jieyun (傅潔雲) (resigned on 13 August 2024)
Ms. Hu Na (胡娜) (appointed on 13 August 2024)
Mr. Tse Kwok Hing Henry (謝國興)
(appointed on 13 August 2024)

JOINT COMPANY SECRETARIES

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

AUTHORISED REPRESENTATIVES

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

REGISTERED OFFICE

Cricket Square, Hutchins Drive, PO Box 2681
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Cayman Islands

**HEADQUARTERS AND
PRINCIPAL PLACE OF BUSINESS
IN THE PRC**

No. 5A, Tongniu Dianying Industrial Park
Chaoyang District
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**PRINCIPAL PLACE OF BUSINESS
IN HONG KONG**

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LEGAL ADVISORS

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**HONG KONG BRANCH
SHARE REGISTRAR**

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

PRINCIPAL BANKS

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

AUDITOR

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COMPANY WEBSITE

www.litian.tv

STOCK CODE

9958

LISTING DATE

22 June 2020



Financial Highlights

Revenue for the six months ended 30 June 2024 decreased by 86.9% to RMB10.1 million from RMB77.1 million for the corresponding period in 2023.

Gross profit for the six months ended 30 June 2024 decreased by 62.2% to RMB3.7 million from RMB9.8 million for the corresponding period in 2023.

Loss attributable to equity shareholders of the Company for the six months ended 30 June 2024 increased by 53.3% to RMB10.5 million from RMB6.8 million for the corresponding period in 2023.

Basic and diluted loss per share for the six months ended 30 June 2024 increased by 50.0% to RMB0.03 from RMB0.02 for the corresponding period in 2023.

The Board resolved not to declare the payment of interim dividends for the six months ended 30 June 2024.

Chairman's Statement

Dear Shareholders,

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

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

BUSINESS REVIEW

For the six months ended 30 June 2024, the Group recorded a revenue of approximately RMB10.1 million with a year-on-year decrease of 86.9%; loss attributable to equity shareholders of the Company was approximately RMB10.5 million for the six months ended 30 June 2024, as compared to loss attributable to equity shareholders of the Company of approximately RMB6.8 million for the six months ended 30 June 2023.

FUTURE DEVELOPMENT

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

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

ACKNOWLEDGEMENT

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

Yuan Li

Chairman and Executive Director

Hong Kong, 26 August 2024

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

We are a drama series distribution company in the PRC. The Group was established in 2013, and is primarily engaged in the business of licensing the broadcasting rights of self-produced and outright-purchased drama series. For the six months ended 30 June 2023 and 2024, we distributed a total of 7 and 11 drama series, respectively, which were comprised of self-produced drama series and outright-purchased drama series we purchased outright from third-party copyright owners/licensors.

During the first half of 2024, we successfully licensed the first-run broadcasting rights of "The Life and Death Struggle of Shanghai Bund" (上海灘之生死較量) and "The Flying Eagle in TianJin" (津門長鷹), which were our outright-purchased drama series. In addition, we successfully licensed the rerun broadcasting rights of "Unparalleled at Thirty" (無與倫比的美麗) to the satellite channels, which was our self-produced drama series.

In July 2024, we successfully licensed the first-run broadcasting rights of "The Young Couple" (小夫妻), which was our self-produced drama series.

In the second half of 2024, 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. In addition, we will try our best to begin filming our expected self-produced drama series.

Nevertheless, our management is confident in the future growth of our business.

Notwithstanding the uncertainties in the industry and the overall competitive business environment, the Group will be continue to dedicated to implementing the business strategies.

FINANCIAL REVIEW

Revenue

The table below sets forth a breakdown of our revenue by business segments for six months ended 30 June 2023 and 2024.

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Revenue from the distribution and licensing of the broadcasting rights of self-produced drama series	3,911	61,313
Revenue from the distribution and licensing of the broadcasting rights of outright-purchased drama series	3,906	15,717
Revenue from the distribution and licensing of broadcasting rights under co-financing arrangements and others	2,241	34
Total	10,058	77,064

Our revenue decreased by approximately 86.9% from approximately RMB77.1 million for the six months ended 30 June 2023 to approximately RMB10.1 million for the six months ended 30 June 2024. The decrease was mainly due to a decrease of approximately RMB57.4 million in revenue from the distribution and licensing of the broadcasting rights of self-produced drama series and a decrease of approximately RMB11.8 million in revenue from the distribution and licensing of the broadcasting rights of out-purchased drama series.

Revenue by business segments

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

Revenue generated from the distribution and licensing of the broadcasting rights of self-produced drama series decreased by approximately 93.6% from approximately RMB61.3 million for the six months ended 30 June 2023 to approximately RMB3.9 million for the six months ended 30 June 2024, primarily because no self-produced drama series was licensed the first-run broadcast on satellite channels for the six months ended 30 June 2024.

Under this business segment, revenue generated from our customers which are third-party customers accounted for approximately 99.6% and 41.5% of our revenue generated from distribution and licensing the broadcasting rights of self-produced drama series for the six months ended 30 June 2023 and 2024, respectively, while the remainder was attributable to TV channels customers.

Among revenue generated from distribution and licensing the broadcasting rights of self-produced drama series, approximately 6.1% and nil was generated from first-run broadcast on satellite TV channels for the six months ended 30 June 2023 and 2024, respectively. For the same periods, approximately 93.5% and 13.8% of the revenue, respectively, was generated from the third-party customers. The remainder was generated from rerun broadcast and terrestrial broadcast on satellite TV channels.

Management Discussion and Analysis

(ii) *Distribution and licensing of the broadcasting rights of outright-purchased drama series*

In addition to distribution and licensing the broadcasting rights of our self-produced drama series, we are engaged in distribution and licensing the broadcasting rights of drama series which we purchased from third-party copyright owners/licensors.

Under this business segment, we either purchase the entire copyrights of the drama series (in which case, we will be able to license the broadcasting rights to our customers in any region in the PRC for any period of time at our discretion), or we only purchase the rights to use, or the rights to transfer the broadcasting rights of, the drama series in certain designated regions of the PRC for a specific period of time. We generally enter into the content distribution agreements with the copyright owners/licensors to obtain copyrights or the rights to use, or the rights to license the broadcasting rights of, the particular drama series, as the case may be. Subsequently, we distribute the relevant drama series to our customers.

Our revenue generated from the distribution and licensing of the broadcasting rights of outright-purchased drama series decreased by approximately 75.1% from approximately RMB15.7 million for the six months ended 30 June 2023 to approximately RMB3.9 million for the six months ended 30 June 2024, primarily because the Group recorded the revenue of approximately RMB11.0 million from the licensing of the first-run broadcasting rights of “Youth in flames of war” (戰火中的青春) for the six months ended 30 June 2023.

Under this business segment, revenue generated from our customers which are TV channels accounted for approximately 100.0% and 100.0% of our revenue generated from licensing the broadcasting rights of outright-purchased drama series for the six months ended 30 June 2023 and 2024, respectively.

In addition, for the six months ended 30 June 2023 and 2024, among revenue generated from licensing the broadcasting rights of outright-purchased drama series, approximately 70.2% and 30.0%, respectively, was generated from first-run broadcast on satellite TV channels. For the same periods, approximately 29.8% and 70.0% was generated from rerun broadcast on satellite TV channels, respectively.

(iii) *Distribution and licensing of broadcasting rights under co-financing arrangements and others*

Revenue generated from the distribution and licensing of broadcasting rights under co-financing arrangements and others increased by approximately 6,491.2% from approximately RMB34 thousand for the six months ended 30 June 2023 to approximately RMB2.2 million for the six months ended 30 June 2024, resulting from the broadcasting of the movie “Hit the Jackpot” (飛來橫財) during the reporting period, under which the Group acted as non-executive producers.

Management Discussion and Analysis

Cost of Sales

The following table sets forth our cost of sales by business segment for the six months ended 30 June 2023 and 2024.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Costs of the distribution and licensing of broadcasting rights of self-produced drama series	2,211	54,475
Costs of the distribution and licensing of broadcasting rights of outright-purchased drama series	2,041	12,745
Costs of the distribution and licensing of broadcasting rights under co-financing arrangements and others	2,101	34
Total	6,353	67,254

Our cost of sales decreased by approximately 90.6% from approximately RMB67.3 million for the six months ended 30 June 2023 to approximately RMB6.4 million for the six months ended 30 June 2024, primarily due to the decrease in costs of the distribution and licensing of broadcasting rights of self-produced drama series.

Our costs of the distribution and licensing of broadcasting rights of self-produced drama series decreased by approximately 95.9% from approximately RMB54.5 million for the six months ended 30 June 2023 to approximately RMB2.2 million for the six months ended 30 June 2024. This decrease was in line with the decrease in revenue from the distribution and licensing of broadcasting rights of self-produced drama series.

For the business segment of distribution and licensing of the broadcasting rights of outright-purchased drama series, the costs of sales decreased by approximately 84.0% from approximately RMB12.7 million for the six months ended 30 June 2023 to approximately RMB2.0 million for the six months ended 30 June 2024. This decrease was in line with the decrease in revenue from the distribution and licensing of broadcasting rights of outright-purchased drama series.

For the business segment of distribution and licensing of broadcasting rights under co-financing arrangements and others, the costs of sales increased by approximately 6,079.4% from approximately RMB34 thousand for the six months ended 30 June 2023 to approximately RMB2.1 million for the six months ended 30 June 2024. This increase was in line with the increase in revenue from the distribution and licensing of broadcasting rights under co-financing arrangements and others.

Management Discussion and Analysis

Gross Profit and Gross Profit Margin

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

	Six months ended 30 June			
	2024		2023	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Distribution and licensing of the broadcasting rights of self-produced drama series	1,700	43.5	6,838	11.2
Distribution and licensing of the broadcasting rights of outright-purchased drama series	1,865	47.7	2,972	18.9
Distribution and licensing of broadcasting rights under co-financing arrangements and others	140	6.2	–	–
Total	3,705	36.8	9,810	12.7

(i) *Gross profit*

Our gross profit decreased by approximately 62.2% from approximately RMB9.8 million for the six months ended 30 June 2023 to approximately RMB3.7 million for the six months ended 30 June 2024, primarily due to a decrease in gross profit from the distribution and licensing of the broadcasting rights of self-produced drama series.

(ii) *Gross profit margin*

Our gross profit margin increased from approximately 12.7% for the six months ended 30 June 2023 to approximately 36.8% for the six months ended 30 June 2024, mainly because the higher gross profit margin of licensing the broadcasting rights of self-produced drama series and outright-purchased drama series for the six months ended 30 June 2024.

Management Discussion and Analysis

Selling and Marketing Expenses

Selling and marketing expenses primarily consist of (i) marketing and promotion expenses; (ii) staff costs relating to our sales and marketing employees; (iii) travel and transportation expenses of our marketing staff; and (iv) others. The table below sets forth the breakdown of our selling and marketing expenses for the periods indicated:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Marketing and promotion expenses	39	104
Staff costs	86	87
Travel and transportation expenses	4	2
Others	49	61
Total	178	254

Our selling and marketing expenses decreased by approximately 29.9% from approximately RMB254,000 for the six months ended 30 June 2023 to approximately RMB178,000 for the six months ended 30 June 2024, primarily due to a decrease in marketing and promotion expenses, which was in line with the decrease of the revenue.

Management Discussion and Analysis

Administrative Expenses

Administrative expenses primarily consist of (i) staff costs relating to our administrative department; (ii) rental fees, which includes the rental expenses and property management fees in connection with our leased properties; (iii) depreciation and amortisation; (iv) office expenses; (v) consultancy fees, which mainly represents professional services fees, such as legal consulting fees, in connection with our business operations; (vi) transportation fees; (vii) travel expenses; (viii) entertainment expenses; (ix) taxes and surcharges, which primarily consist of construction tax, stamp duty and other education surcharges; (x) bank charges, which primarily represent bank transaction fees; and (xi) others. The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Staff costs	3,415	4,748
Rental fees	66	51
Depreciation and amortisation	1,897	2,061
Office expenses	60	124
Consultancy fees	782	800
Transportation fees	159	118
Travel expenses	587	296
Entertainment expenses	398	315
Taxes and surcharges	2	157
Bank charges	39	27
Others	418	545
Total	7,823	9,242

Administrative expenses decreased by approximately 15.4% from approximately RMB9.2 million for the six months ended 30 June 2023 to approximately RMB7.8 million for the six months ended 30 June 2024. This decrease was primarily due to a decrease of staff costs relating to administrative department, partially offset by an increase in travel expenses and entertainment expenses.

Management Discussion and Analysis

Finance Costs

Finance costs primarily consist of (i) interest on bank and other loans, which primarily includes interest on the investments made by passive investors in drama series that allow the investors (who may or may not participate in the production and/or distribution of such drama series) to receive the fixed contractual cash flows regardless of the sales performance of such drama series, which is partially capitalized, and interest on other loans; and (ii) interest on lease liabilities. The following table sets forth a breakdown of our finance costs for the periods indicated:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest expenses on:		
– bank and other loans	5,456	8,712
– lease liabilities	36	82
Total	5,492	8,794
Less: interest expenses capitalized into drama series copyrights	–	(1,949)
Total	5,492	6,845

Our finance costs decreased by 19.8% from RMB6.8 million for the six months ended 30 June 2023 to RMB5.5 million for the six months ended 30 June 2024, primarily due to a decrease in interest expenses on bank and other loans as a result of a decrease in the effective interest rate per annum for the six months ended 30 June 2024 compared to that for the six months ended 30 June 2023 partially offset by the decrease of the interest expenses capitalized into drama series copyrights.

Income Tax

Income tax expenses represent the tax expenses arising from the assessable profit generated by the Group in the PRC. The Company and subsidiaries are incorporated in different jurisdictions with different taxation requirements.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Group entities established under the International Business Companies Acts of BVI are exempted from BVI income taxes. Pursuant to the PRC Income Tax Law and respective regulations, the Group operating income are subject to enterprise income tax at a rate of 25% on the taxable income. No provision for Hong Kong profits tax was made as the Group had no assessable profit subject to Hong Kong profits tax for the six months ended 30 June 2023 and 2024.

Management Discussion and Analysis

The following table sets forth the major components of our income tax expense for the period indicated:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current taxation		
Provision for the period	12	–

Loss Attributable to Equity Shareholders of the Company for the Period

As a result of the foregoing, our loss attributable to equity shareholders of the Company increased by 53.3% from RMB6.8 million for the six months ended 30 June 2023 to RMB10.5 million for the six months ended 30 June 2024.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's capital expenditure, daily operations and investments are mainly funded by cash generated from its operations, bank loans and proceeds from the global offering.

As of 30 June 2024, we had cash at bank and on hand of approximately RMB2.4 million as compared to cash at bank and on hand of approximately RMB4.5 million as of 31 December 2023, which were predominantly denominated in RMB.

As of 30 June 2024, we had net current assets of approximately RMB15.5 million as compared to the net current assets of approximately RMB25.3 million as of 31 December 2023.

The Group primarily obtains borrowings from banks and other third parties to finance our business operations and to fulfil working capital requirements. In addition, we had total bank and other loans of approximately RMB153.1 million as of 30 June 2024 as compared to total bank and other loans of approximately RMB160.5 million as of 31 December 2023.

As of 30 June 2024, we had bank loans of RMB2.7 million, among which RMB1.7 million were guaranteed by controlling parties. In addition, we had loans from third party non-executive producers with fixed repayment terms and bears interest at a rate of 15% per annum approximately RMB149.9 million as of 30 June 2024.

Management Discussion and Analysis

Key Financial Ratios

Return on equity

The return on equity increased from approximately negative 0.8% for the six months ended 30 June 2023 to approximately negative 38.0% for the six months ended 30 June 2024. Return on equity equals net loss for the year divided by the average of beginning and ending balances of total equity of the relevant year.

Return on total assets

The return on total assets increased from approximately negative 0.8% for the six months ended 30 June 2023 to approximately negative 1.5% for the six months ended 30 June 2024. Return on total assets equals net loss for the year divided by the average of beginning and ending balances of total assets of the relevant year.

Current ratio

The Group's current ratio decreased from approximately 1.2 times as of 30 June 2023 to approximately 1.0 times as of 30 June 2024. Current ratio equals our current assets divided by current liabilities as of the end of the relevant period.

Gearing ratio

The Group's gearing ratio increased from approximately 112.7% as of 30 June 2023 to approximately 684.7% as of 30 June 2024. Gearing ratio equals total debt divided by total equity as of the end of the relevant period. Total debt includes all interest bearing bank loans and other borrowings.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy and thus maintained a healthy liquidity position for the six months ended 30 June 2024. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CAPITAL EXPENDITURES

Our capital expenditure primarily consists of expenditures on the improvements to leased properties and purchase of office furniture and other equipment. Our capital expenditures for the six months ended 30 June 2023 and 2024 were insignificant and were primarily financed by cash flows from our operating activities.

FOREIGN EXCHANGE EXPOSURE

The Group operates in the PRC and the functional currency is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. As of 30 June 2024, only certain bank balances were denominated in HKD.

The Group currently does not have any foreign currency hedging policies. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

Management Discussion and Analysis

CONTINGENT LIABILITIES

During 2023 and six months ended 30 June 2024, certain subsidiaries of the Group were sued by creditors of the Group to settle the considerations of drama series acquired by the Group in prior years, and by a lender of the Group to settle a short-term other loan granted to the Group.

The total amount of the above claims, including principals, interest and add-ons, amounted to RMB93,689,000. Of the above claim amount, principals and interest accrued thereof of RMB81,344,000 have been recognised in the Group's interim financial report as at 30 June 2024. Based on legal advice from the Company's legal counsel, the directors of the Company continue to deny any liability in respect of the remaining claim amount, and do not believe the court will find against these subsidiaries. No provision has therefore been made in respect of the remaining claim amount.

HUMAN RESOURCES AND REMUNERATION POLICY

As of 30 June 2024, the Group had 48 employees (48 as of 31 December 2023). As required by the PRC laws and regulations, the Group participates in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance and unemployment insurance. The remuneration policies of the Group are determined based on prevailing market levels and performance of the Group as well as the individual employees. These policies are reviewed on a regular basis. In addition to salary, the Group also offers to its employees other fringe benefits, including year-end bonus, discretionary bonus, share options to be granted under the Company's share option scheme, contributory provident fund, social security fund and medical benefits. We also provide suitable technical training according to the needs of different positions in order to improve their abilities. The Group believes that we maintain a good working relationship with our employees, and we have not experienced any material labor disputes during the six months ended 30 June 2024.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

For the six months ended 30 June 2024, the Group did not have any significant investment and material acquisition or disposal of subsidiaries, associates and joint ventures.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2024 and up to the date of this report.

Corporate Governance and Other Information

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

Throughout the six months ended 30 June 2024, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code in Appendix C1 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions of the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2024.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the Company sets forth below the change in information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of the Rule 13.51(2) of the Listing Rules from 1 January 2024 and up to the date of this report:

1. Ms. Huang Jingyu was appointed as an executive Director with effect from 19 January 2024.
2. Ms. Huang Jingyu was resigned as an executive Director with effect from 26 April 2024.
3. Mr. Yu Yang was resigned as a non-executive Director with effect from 26 April 2024.
4. Mr. Tang Zhiwei was resigned as a non-executive Director with effect from 26 April 2024.
5. Mr. Huang Zhiqiang was appointed as an executive Director with effect from 19 July 2024.
6. Mr. Lin Mingwei was appointed as an executive Director with effect from 19 July 2024.
7. Ms. Fu Jieyun was resigned as an executive Director with effect from 13 August 2024.
8. Mr. Liu Hanlin was resigned as an independent non-executive Director with effect from 13 August 2024.

Corporate Governance and Other Information

9. Mr. Gan Weimin was resigned as an independent non-executive Director with effect from 13 August 2024.
10. Ms. Hu Na was appointed as an executive Director with effect from 13 August 2024.
11. Mr. Tse Kwok Hing Henry was appointed as an independent non-executive Director with effect from 13 August 2024.
12. Mr. Xie Taoquan was appointed as an independent non-executive Director with effect from 13 August 2024.

Save as disclosed above, there was no change in Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules from 1 January 2024 and up to the date of this report.

AUDIT COMMITTEE

The Company established the Audit Committee which currently comprises three independent non-executive Directors, Mr. Tse Kwok Hing Henry (謝國興先生), Mr. Teng Bing Sheng (滕斌聖先生) and Mr. Xie Taoquan (謝濤權先生). Mr. Tse Kwok Hing Henry is the chairman of the Audit Committee. The primary duties of the Audit Committee include but not limited to supervising our internal control, risk management, financial information disclosure and financial reporting matters. The Audit Committee's composition and written terms of reference are in line with the Corporate Governance Code.

The Audit Committee, together with the management of the Company, has reviewed the interim results of the Group for the six months ended 30 June 2024. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group.

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

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

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

The Company did not hold any treasury shares as of 30 June 2024.

MATERIAL LEGAL PROCEEDINGS

From 1 January 2024 and up to the date of this report, the Company was not involved in any material legal proceeding or arbitration. To the best knowledge of the Directors, as at the date of this report, there is no material legal proceeding or claim which is pending or threatened against the Company.

Corporate Governance and Other Information

INTERIM DIVIDEND

The Board resolved not to recommend the payment of any interim dividends for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

As of 30 June 2024, the interests and short positions of Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have taken under such provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in the Company

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

Notes:

(1) As of 30 June 2024, the total number of issued Share of the Company was 300,000,000 Shares.

(2) Mr. Yuan Li is the sole shareholder of Litian Century and he is therefore deemed to be interested in the Shares held by Litian Century under the SFO.

Corporate Governance and Other Information

- (3) Ms. Tian Tian is the spouse of Mr. Yuan Li. Therefore, Mr. Yuan Li is deemed to be interested in the Shares held by Marshal Investment under the SFO.
- (4) Ms. Tian Tian is the sole shareholder of Marshal Investment and she is therefore deemed to be interested in the Shares held by Marshal Investment under the SFO.
- (5) Mr. Yuan Li is the spouse of Ms. Tian Tian. Therefore, Ms. Tian Tian is deemed to be interested in the Shares held by Litian Century under the SFO.

(ii) Interests in associated corporations of the Company

Name	Name of associated corporation	Capacity/ Nature of interest	Long/short position	Registered capital contributed to the associated corporation RMB	Approximate percentage of shareholding in the associated corporation
Mr. Yuan Li	LiTian TV & Film	Beneficial owner Spouse interest ⁽¹⁾	Long position	14.0 million	30.35%
			Long position	13.2 million	28.61%
Ms. Tian Tian	LiTian TV & Film	Beneficial owner Spouse interest ⁽¹⁾	Long position	13.2 million	28.61%
			Long position	14.0 million	30.35%
Ms. Fu Jieyun ⁽²⁾	LiTian TV & Film	Beneficial owner	Long position	0.4 million	0.87%

Note:

- (1) Ms. Tian Tian is the spouse of Mr. Yuan Li. Therefore, Mr. Yuan and Ms. Tian is respectively deemed to be interested in the shares held by Ms. Tian and Mr. Yuan in LiTian TV & Film under the SFO.
- (2) Ms. Fu Jieyun resigned as an executive Director of the Company with effect from 13 August 2024.

Save as disclosed above, as of 30 June 2024, no Directors or chief executives of the Company had an interest or a short position in the shares, underlying shares or debentures of the Company or its associated corporations, within the meaning of Part XV of the SFO, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of 30 June 2024, to the knowledge of the Directors, the following persons, other than Directors and chief executives of the Company, had interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein:

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

Note:

(1) As of 30 June 2024, the total number of issued Shares of the Company was 300,000,000 Shares.

Save as disclosed above, as of 30 June 2024, to the knowledge of the Directors, no other persons (other than Directors or chief executives of the Company) had an interest or a short position in the shares or underlying shares of the Company which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the six months ended 30 June 2024 was the Company, its holding company, or any of its subsidiary corporations or fellow subsidiary corporations, a party to any arrangement that would enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors of the Company or any of their respective spouses or children under the age of 18 were granted any right to subscribe for the share capital or debt securities of the Company or any other body corporate or had exercised by them any of such rights.

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to the shareholders' resolution of the Company passed on 24 May 2020 to give the eligible persons (as mentioned in the following paragraph) an opportunity to have a personal stake in the Company and help motivate them to optimize their future contributions to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of Executives (as defined below), to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Corporate Governance and Other Information

Eligible persons of the Share Option Scheme include (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group ("**Executive**"), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; (g) an associate of any of the persons referred to in items (a) to (f) above; and (h) any person involved in the business affairs of the Company whom the Board determines to be appropriate to participate in the Share Option Scheme. Pursuant to the amendments to the Listing Rules with effect from 1 January 2024, the eligible persons under the Share Option Scheme is subject to Rule 17.03A of the Listing Rules.

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintains a sufficient public float (at least 25% of the Company's issued Shares) as required under the Listing Rules throughout the six months ended 30 June 2024.

By order of the Board
Yuan Li
Chairman and Executive Director

Hong Kong, 26 August 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024 – unaudited
(Expressed in Renminbi (“RMB”))

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Revenue	4	10,058	77,064
Cost of sales		(6,353)	(67,254)
Gross profit	4	3,705	9,810
Other income		517	710
Selling and marketing expenses		(178)	(254)
Administrative expenses		(7,823)	(9,242)
Impairment loss on trade and other receivables		(1,216)	(1,028)
Loss from operations		(4,995)	(4)
Finance costs	5(a)	(5,492)	(6,845)
Loss before taxation	5	(10,487)	(6,849)
Income tax	6	(12)	–
Loss attributable to equity shareholders of the Company for the period		(10,499)	(6,849)
Other comprehensive income for the period (after tax):			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of the financial statements denominated in foreign currencies into the Group's presentation currency		(13)	1,796
Total comprehensive income attributable to equity shareholders of the Company for the period		(10,512)	(5,053)
Loss per share	7		
Basic and diluted (RMB)		(0.03)	(0.02)

The notes on pages 28 to 42 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2024 – unaudited

(Expressed in RMB)

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Non-current assets			
Property and equipment	8	2,737	4,634
Deferred tax assets		5,883	5,883
		8,620	10,517
Current assets			
Drama series copyrights	9	556,182	550,222
Trade and bills receivables	10	104,697	126,823
Prepayments, deposits and other receivables		36,143	29,344
Cash at bank and on hand	11	2,435	4,503
		699,457	710,892
Current liabilities			
Trade payables	12	220,227	221,307
Other payables and accrued expenses	13	148,152	147,415
Contract liabilities	14	155,003	149,980
Bank and other loans	15	151,382	158,775
Lease liabilities		4,496	3,371
Current taxation		4,713	4,713
		683,973	685,561
Net current assets		15,484	25,331
Total assets less current liabilities		24,104	35,848
Non-current liabilities			
Bank loan	15	1,740	1,740
Lease liabilities		–	1,232
		1,740	2,972
NET ASSETS		22,364	32,876

The notes on pages 28 to 42 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2024 – unaudited
(Expressed in RMB)

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
CAPITAL AND RESERVES	16		
Share capital		2,742	2,742
Reserves		19,622	30,134
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		22,364	32,876

Approved and authorised for issue by the board of directors on 26 August 2024.

Yuan Li
Chairman

Fu Jieyun
Director

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024 – unaudited
(Expressed in RMB)

	Attributable to equity shareholders of the Company					Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	
At 1 January 2023	2,742	160,389	165,870	(8,722)	(133,399)	186,880
Changes in equity for the six months ended 30 June 2023						
Loss for the period	-	-	-	-	(6,849)	(6,849)
Other comprehensive income	-	-	-	1,796	-	1,796
Total comprehensive income	-	-	-	1,796	(6,849)	(5,053)
At 30 June 2023 and 1 July 2023	2,742	160,389	165,870	(6,926)	(140,248)	181,827
Changes in equity for the six months ended 31 December 2023:						
Loss for the period	-	-	-	-	(148,609)	(148,609)
Other comprehensive income	-	-	-	(342)	-	(342)
Total comprehensive income	-	-	-	(342)	(148,609)	(148,951)
At 31 December 2023 and 1 January 2024	2,742	160,389	165,870	(7,268)	(288,857)	32,876
Changes in equity for the six months ended 30 June 2024:						
Loss for the period	-	-	-	-	(10,499)	(10,499)
Other comprehensive income	-	-	-	(13)	-	(13)
Total comprehensive income	-	-	-	(13)	(10,499)	(10,512)
At 30 June 2024	2,742	160,389	165,870	(7,281)	(299,356)	22,364

The notes on pages 28 to 42 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2024 – unaudited
(Expressed in RMB)

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Operating activities			
Cash generated from operations		750	10,366
Income tax paid		(12)	–
Net cash generated from operating activities		738	10,366
Investing activities			
Payments for purchase of property and equipment		–	(63)
Interest received		2	10
Net cash generated from/(used in) investing activities		2	(53)
Financing activities			
Proceeds from bank and other loans		2,141	127,064
Repayment of bank and other loans		(2,640)	(134,750)
Capital element of lease rentals paid		(107)	–
Interest element of lease rentals paid		(36)	(82)
Interest paid		(3,410)	(11,153)
Net cash used in financing activities		(4,052)	(18,921)
Net decrease in cash and cash equivalents		(3,312)	(8,608)
Cash and cash equivalents at the beginning of the period	11	4,314	10,002
Effect of foreign exchanges rates changes		(13)	1,796
Cash and cash equivalents at the end of the period	11	989	3,190

The notes on pages 28 to 42 form part of this interim financial report.

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

Litian Pictures Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 17 June 2019 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 22 June 2020 (the “**Listing Date**”). The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the production, distribution and licensing of broadcasting rights of drama series.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard (“**IAS**”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the “**IASB**”). It was authorised for issue on 26 August 2024.

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

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

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

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

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

2 BASIS OF PREPARATION (continued)

The Group incurred a net loss of RMB10,499,000 during the six months period ended 30 June 2024. The Group expects to pay financial liabilities of RMB534,974,000 as and when they fall due within one year. However, despite the net current assets of RMB15,484,000 as at 30 June 2024, majority of the current assets were drama series copyrights of RMB556,182,000, which may not be realised in full within one year. The Group's cash at bank and on hand only amounted to RMB2,435,000 as at 30 June 2024. The Group will be unable to meet its liabilities in full when they fall due unless the Group is able to generate sufficient cash flow from future operations and/or other sources.

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

In addition, as disclosed in Note 17, certain subsidiaries of the Group is under various litigations initiated by certain creditors and lenders. Of the above claim amount, principals and interest accrued thereof of RMB81,344,000 have been recognised in the Group's consolidated financial statements as at 30 June 2024. Depending on the outcome of the proceedings, the Group may be required to settle the claims on demand in future.

These events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to mitigate the Group's liquidity pressure, which include, but not limited to, the following:

- For self-produced drama series where advances had been received from broadcast platforms (i.e. the Group's contract liabilities), the Group will continue to negotiate with these platforms to accelerate the broadcasting of these drama series in order to accelerate their recognition as the Group's revenue, and in doing so, obtaining the rights to collect the remaining proceeds for such broadcasts;
- For all other completed self-produced drama series, the Group will continue to price them commensurately during negotiations with the various broadcast platforms with a view to accelerate their broadcastings, which includes the sale of the broadcasting rights of these drama series for a longer period, in order to accelerate their recognition as the Group's revenue and expedite the recovery of the costs of the drama series;
- To expedite the sale of outright-purchased drama series to broadcast platforms;

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

2 BASIS OF PREPARATION (continued)

- Subject to availability of liquidity to the Group, to further develop new and existing script copyrights while cooperating with broadcast platforms, such that with more certainty to progress them into the production stage and their eventual broadcasting; or to consider the sale of existing script copyrights to other producers;
- To increase the Group's efforts in expediting the collection of outstanding debtors from the distribution and licensing of broadcasting rights of drama series in prior periods;
- To continue to negotiate with creditors and lenders in restructuring the terms and settlement schedules of existing payables and borrowings with a view to alleviate the liquidity pressure of the Group;
- To monitor the progress of outstanding claims and litigations with an aim to reach an amicable solution with the claimants/plaintiffs as soon as possible; and/or
- The ultimate controlling parties, Mr. Yuan Li and Ms. Tian Tian, have undertaken to provide continuing financial support and also to assist the Group in obtaining additional sources of financing from banks and other financial institutions, as and when needed, to ensure the Group's continuing operation for a period of at least twelve months from 30 June 2024.

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

3 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* ("**2020 amendments**")
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* ("**2022 amendments**")
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES (continued)

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in the production, distribution and licensing of broadcasting rights of drama series. All of the Group's revenue was recognised at a point in time.

Further details regarding the Group's principal activities are disclosed in Note 4(b).

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

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Revenue from the distribution and licensing of broadcasting rights of self-produced drama series	3,911	61,313
Revenue from the distribution and licensing of broadcasting rights of outright-purchased drama series	3,906	15,717
Revenue from the distribution and licensing of broadcasting rights under co-financing arrangements and others	2,241	34
	10,058	77,064

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting

The Group manages its businesses by products and services. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments.

- Self-produced drama series: this segment includes primarily the production, distribution and licensing of broadcasting rights of self-produced drama series.
- Outright-purchased drama series: this segment includes primarily the acquisition, distribution and licensing of broadcasting rights of outright-purchased drama series.
- Others: this segment includes miscellaneous revenue streams such as distribution and licensing of broadcasting rights of drama series under co-financing arrangements, acquisition and sale of script copyrights, provision producing services of drama series and others.

(i) Segment results

For the purposes of assessing segment performance and allocating resources, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments. The measure used for reporting segment result is gross profit. No inter-segment sales have occurred for the six months ended 30 June 2024 and 2023. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating income and expenses, such as other income, selling and marketing expenses, administrative expenses, finance costs, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2024 and 2023 is set out below.

	Six months ended 30 June 2024			
	Self-produced drama series RMB'000	Outright-purchased drama series RMB'000	Others RMB'000	Total RMB'000
Revenue from external customers	3,911	3,906	2,241	10,058
Reportable segment gross profit	1,700	1,865	140	3,705
	Six months ended 30 June 2023			
	Self-produced drama series RMB'000	Outright-purchased drama series RMB'000	Others RMB'000	Total RMB'000
Revenue from external customers	61,313	15,717	34	77,064
Reportable segment gross profit	6,838	2,972	–	9,810

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Reconciliation of reportable segment profit or loss

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Reportable segment gross profit	3,705	9,810
Other income	517	710
Selling and marketing expenses	(178)	(254)
Administrative expenses	(7,823)	(9,242)
Impairment loss on trade and other receivables	(1,216)	(1,028)
Finance costs	(5,492)	(6,845)
Consolidated loss before taxation	(10,487)	(6,849)

(iii) Geographic information

All of the Group's customers are located in the PRC and the Group's non-current assets are substantially located in the PRC, and accordingly, no analysis of geographic information is presented.

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

5 LOSS BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest expenses on:		
– bank and other loans	5,456	8,712
– lease liabilities	36	82
	5,492	8,794
Less: interest expenses capitalised into drama series copyrights	–	(1,949)
	5,492	6,845

(b) Other items

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Depreciation expenses:		
– owned property and equipment	1,025	1,189
– right-of-use assets	872	872
	1,897	2,061
Operating lease expenses relating to short-term leases	27	12
Cost of drama series copyrights (Note 9)	6,353	64,047

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

6 INCOME TAX

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Current taxation		
Provision for the period	12	–

Notes:

- (i) The Company and the subsidiaries of the Group incorporated in the British Virgin Islands (the "BVI") are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.
- (ii) The Company and the subsidiary of the Group incorporated in Hong Kong did not have assessable profits which are subject to Hong Kong Profits Tax rate of 16.5% (six months ended 30 June 2023: 16.5%) for the six months ended 30 June 2024.
- (iii) The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 June 2024 (six months ended 30 June 2023: 25%).
- (iv) In accordance with the income tax rules and regulations in the PRC, entities established in the Xinjiang Kashi/Horgos special economic areas before 31 December 2021 can enjoy full exemption on PRC Corporate Income Tax for five years starting from the year in which revenue was generated. The Group has established subsidiaries in the Xinjiang Kashi/Horgos special economic areas in 2017, 2018 and 2020, and accordingly, these subsidiaries are entitled to full exemption on PRC Corporate Income Tax from the calendar year of their respective establishments to the calendar year of 2021, 2022 and 2024, respectively.

7 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB10,499,000 (six months ended 30 June 2023: RMB6,849,000) and the weighted average of 300,000,000 ordinary shares (six months ended 30 June 2023: 300,000,000 shares) in issue during the interim period.

(b) Diluted earnings per share

There were no dilutive potential shares outstanding during the six months ended 30 June 2024 and 2023.

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

8 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired equipment with a cost of RMBNil (six months ended 30 June 2023: RMB63,000).

9 DRAMA SERIES COPYRIGHTS

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Self-produced drama series with production completed (Note (i))	590,387	583,702
Outright-purchased drama series	24,505	24,505
Co-financed drama series with production completed (Note (ii))	71,077	73,178
Script copyrights (Note (iii))	182,525	182,339
	868,494	863,724
Less: impairment losses	(312,312)	(313,502)
	556,182	550,222

Notes:

- (i) The Group acts either as sole investor or executive producer under co-financing arrangements.
- (ii) The Group acts as non-executive producers under these co-financing arrangements.
- (iii) The carrying amount of script copyrights represents the payment on obtaining the literature patent and the cost incurred in relation to adaptation of these intellectual properties.

Movements of drama series copyrights are set out below:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
At 1 January	550,222	545,630
Additions	12,313	142,066
Recognised in cost of sales (Note 5(b))	(6,353)	(64,047)
At 30 June	556,182	623,649

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

10 TRADE AND BILLS RECEIVABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade receivables	247,547	261,032
Less: loss allowance	(143,850)	(142,434)
	103,697	118,598
Bills receivables	1,000	8,225
	104,697	126,823

(a) Ageing analysis

The ageing analysis of trade and bills receivables, based on the dates of revenue being recognised and net of loss allowance, of the Group is as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 6 months	8,573	22,942
6 to 12 months	9,652	36,019
1 to 2 years	29,497	18,700
2 to 3 years	18,021	34,886
Over 3 years	38,954	14,276
	104,697	126,823

- (b) The Group has discounted certain bills it received from customers at banks. Upon the above discounting, the Group has not derecognised the bills receivables as the Group remains to have a significant exposure to the credit risk of these bills receivables. At 30 June 2024, the carrying amounts of the associated bank loans, and trade and other payables amounted to RMB991,000 (at 31 December 2023: RMB8,167,000).

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

11 CASH AT BANK AND ON HAND

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Cash at bank	2,417	4,469
Cash on hand	18	34
Cash at bank and on hand included in the consolidated statement of financial position	2,435	4,503
Less: restricted cash (Note (i))	(1,446)	(189)
Cash and cash equivalents included in the consolidated cash flow statement	989	4,314

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

Note:

- (i) At 30 June 2024 and 31 December 2023, restricted cash represents bank balance frozen by creditors and lender as collateral for the Group to settle its payable to these creditors and lender in accordance with the agreed settlement arrangement.

12 TRADE PAYABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Payables for productions and acquisitions of drama series	220,227	221,307

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

12 TRADE PAYABLES (continued)

The ageing analysis of trade payables, based on the transaction date, is as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 6 months	3,878	25,969
6 to 12 months	21,191	–
1 to 2 years	89	5,693
More than 2 years	195,069	189,645
	220,227	221,307

Note: At 30 June 2024, the Group's balance of trade payables included RMB66,121,000 (at 31 December 2023: RMB21,208,000) where the creditors have initiated litigations against subsidiaries of the Group in requesting these subsidiaries to repay the outstanding balances. For details of these litigations, refer to Note 17.

13 OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Payables to co-investors of drama series under co-financing arrangements	114,908	114,929
Interest payables	30,644	28,598
Payables for staff related costs	94	1,510
Payables for other taxes	411	223
Others	2,095	2,155
	148,152	147,415

14 CONTRACT LIABILITIES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Receipts in advance from customers	155,003	149,980

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

15 BANK AND OTHER LOANS

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Bank loans:		
– Secured by bills receivables	991	8,167
Other loans from third parties (Notes (i) and (ii)):		
– Guaranteed by the controlling parties (Note (iii))	92,000	92,000
– Unsecured and unguaranteed	57,868	58,608
	149,868	150,608
Other loans from related parties:		
– Guaranteed by the controlling parties	523	–
	151,382	158,775

Notes:

- (i) The balance represents loans from third-party non-executive producers with fixed repayment terms and bears interest at a rate of 15% per annum (at 31 December 2023: 15% per annum).
- (ii) At 30 June 2024, RMB113,151,000 (at 31 December 2023: RMB108,151,000) of the Group's short-term other loans were overdue. The Group is in the process of negotiating with the lenders in restructuring the repayment terms and schedules.
- (iii) At 30 June 2024, the Group's short-term other loans included RMB10,000,000 (at 31 December 2023: RMB10,000,000) where the lender has initiated a litigation against a subsidiary of the Group in requesting this subsidiary to repay the outstanding balance and related interests. For details of this litigation, refer to Note 17.

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Bank loans:		
– Guaranteed by controlling parties	1,740	1,740

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

Notes to the Unaudited Interim Financial Statement

(Expressed in RMB unless otherwise indicated)

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The directors of the Company did not recommend an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: RMBNil).

17 CONTINGENT LIABILITIES

During 2023 and six months ended 30 June 2024, certain subsidiaries of the Group were sued by creditors of the Group to settle the consideration of drama series acquired by the Group in prior years, and by a lender of the Group to settle a short-term other loan granted to the Group. The total amount of the above claims, including principals, interest and add-ons, amounted to RMB93,689,000. Of the above claim amount, principals and interest accrued thereof of RMB81,344,000 have been recognised in the Group's interim financial report as at 30 June 2024 (see Notes 12, 13 and 15). Based on legal advice from the Company's legal counsel, the directors of the Company continue to deny any liability in respect of the remaining claim amount, and do not believe the court will find against these subsidiaries. No provision has therefore been made in respect of the remaining claim amount.

18 MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Proceeds of loans to controlling parties	–	8,000
Repayment of loans to controlling parties	–	28,000
Proceeds of loans from senior management	1,307	6,650
Repayment of loans to senior management	1,150	17,150
Loans from controlling parties at the end of the reporting period	366	–
Guarantees received from controlling parties for bank and other loans at the end of the reporting period	93,740	106,000

Definitions

“Audit Committee”	the audit committee of the Company
“Board”	the board of directors of the Company
“China” or “PRC”	the People's Republic of China, excluding for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Litian Pictures Holdings Limited (力天影業控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 17 June 2019 and whose Shares are listed on the Main Board of the Stock Exchange (Stock code: 9958)
“Corporate Governance Code”	the corporate governance code contained in Appendix C1 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Group” or “We”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing”	the Listing of Shares on the Main Board of the Stock Exchange
“Listing Date”	22 June 2020, the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Litian Century”	Litian Century Media Co., Ltd., a company established under the laws of the British Virgins Islands and is wholly owned by the Director, Mr. Yuan Li (袁力)
“LiTian TV & Film”	Zhejiang LiTian TV & Film Co., Ltd.* (浙江力天影視有限公司), a company established under the laws of the People's Republic of China, and a consolidated affiliated entity of the Company, which is owned as to approximately 30.35% by the Director, Mr. Yuan Li (袁力) and approximately 28.61% by his spouse, Ms. Tian Tian (田甜) and approximately 0.87% by the Director, Ms. Fu Jieyun (傅潔雲) as at the date of this report

Definitions

“Marshal Investment”	Marshal Investment Co. Ltd. (元帥投資有限公司), a company established under the laws of the British Virgin Islands and is wholly owned by Ms. Tian Tian (田甜), the spouse of the Director, Mr. Yuan Li (袁力)
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix C3 to the Listing Rules
“Prospectus”	the prospectus of the Company dated 10 June 2020
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	the ordinary share(s) of the Company with a nominal value of HK\$0.01 each, in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“%”	per cent.

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