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Huashi Group Holdings Limited

华视集团控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1111)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Huashi Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated financial results for the six months ended 30 June 2025 (the “**Reporting Period**”) of the Company and its subsidiaries (collectively, the “**Group**” or “**We**”), together with the comparative figures for the six months ended 30 June 2024 as follows:

FINANCIAL SUMMARY

	For the six months ended 30 June		
	2025	2024	Period- on-Period Changes
	(Unaudited)	(Unaudited)	
	<i>(RMB,000,000, except for percentage)</i>		
Revenue	155.4	123.2	26.1%
Gross profit	108.0	75.0	44.0%
Profit before income tax expense	65.0	44.1	47.4%
Profit for the period	53.7	35.9	49.6%
Adjusted net profit	53.7	35.9	49.6%

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2025

	Notes	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	155,355	123,245
Cost of services		<u>(47,393)</u>	<u>(48,260)</u>
Gross profit		107,962	74,985
Other income and gains, net	5	364	1,196
Selling and marketing expenses		(9,182)	(5,890)
Administrative expenses		(24,195)	(19,911)
Provision for expected credit loss on financial and contract assets, net		(7,635)	(3,115)
Finance costs	6	<u>(2,310)</u>	<u>(3,167)</u>
Profit before income tax expense	7	65,004	44,098
Income tax expense	8	<u>(11,284)</u>	<u>(8,198)</u>
Profit for the period		<u>53,720</u>	<u>35,900</u>
Profit for the period attributable to:			
– Owners of the Company		<u>53,720</u>	<u>35,900</u>
Earnings per share attributable to owners of the Company	10		
– Basic and diluted (<i>RMB cents</i>)		<u>6.97</u>	<u>4.66</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As At 30 June 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Assets			
Non-current assets			
Plant and equipment		91,030	49,073
Right-of-use assets		5,190	6,089
Intangible assets		642	1,238
Deferred tax assets		4,340	3,231
Prepayments		–	626
		101,202	60,257
Current assets			
Trade receivables	11	343,897	203,236
Deposits, prepayments and other receivables		157,243	158,761
Cash and cash equivalents		80,747	100,398
		581,887	462,395
Total assets		683,089	522,652
Liabilities			
Current liabilities			
Trade payables	12	91,730	29,581
Accruals and other payables		12,008	12,235
Contract liabilities		27,599	6,122
Lease liabilities		2,455	2,400
Borrowings	13	124,950	93,920
Current tax liabilities		6,839	6,458
		265,581	150,716
Net current assets		316,306	311,679
Total assets less current liabilities		417,508	371,936

		30 June 2025	31 December 2024
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Borrowings	13	7,980	14,000
Lease liabilities		5,432	7,440
Deferred tax liabilities		7,132	7,252
		20,544	28,692
Total liabilities		286,125	179,408
NET ASSETS		396,964	343,244
Equity attributable to owners of the Company			
Share capital	14	276,515	276,515
Reserves		120,449	66,729
TOTAL EQUITY		396,964	343,244

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2025

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands on 18 February 2021 with limited liability under the Companies Act (as revised) of the Cayman Islands. The address of Company's registered office is located at 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands. The Company's principal place of business is located at the People's Republic of China (the "PRC").

The principal activity of the Company is investment holding. The Group is principally engaged in provision of branding, advertising and marketing services and advertisement placement services in the PRC.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of an interim condensed consolidated financial statements in accordance with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses on a year to date basis. Actual results may differ from these estimates under different assumptions and conditions. There have been no material revisions to the nature and amount of estimates of amounts reported in prior periods.

The interim condensed consolidated financial statements are presented in Renminbi ("**RMB**"). The interim condensed consolidated financial statements 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 2024 annual consolidated financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a complete set of consolidated financial statements prepared in accordance with HKFRS Accounting Standards issued by the HKICPA and should be read in conjunction with the 2024 annual consolidated financial statements.

3. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in its interim condensed consolidated financial statements as in its 2024 annual financial statements, except for the following new amendment which applies for the first time in 2025. However, it is not expected to impact the Group as it is not relevant to the Group's activities.

The following new amendment is effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to HKAS 21)

Lack of Exchangeability (Amendments to HKAS 21)

On 25 September 2023, the HKICPA issued Lack of Exchangeability, which amended HKAS 21 The Effects of Changes in Foreign Exchange Rates (the “**Amendments**”).

These Amendments are applicable for annual reporting periods beginning on or after 1 January 2025. The Amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The Amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency. The Amendments also introduce additional disclosure requirements when an entity estimates a spot exchange rate because a currency is not exchangeable into another currency.

HKAS 21, prior to the Amendments, did not include explicit requirements for the determination of the exchange rate when a currency is not exchangeable into another currency, which led to diversity in practice.

When applying the Amendments, an entity is not permitted to restate comparative information.

These amendments have had no material effect on the interim condensed consolidated financial statements.

4. REVENUE

Management has determined the operating segments based on the reports reviewed by chief executive officer. The chief executive officer, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive director of the Company.

During the six months ended 30 June 2025 and 2024, the Group was principally engaged in the provision of branding, advertising and marketing services and advertisement placement services in the PRC. Management reviews the operating results of the business as one operating segment to make decisions about resources to be allocated. Therefore, the chief executive officer of the Company regards that there is only one segment which is used to make strategic decisions.

The major operating entity of the Group is domiciled in the PRC. Accordingly, all of the Group's revenue were derived in the PRC for the six months ended 30 June 2025 and 2024.

As at 30 June 2025 and 31 December 2024, all of the non-current assets were located in the PRC.

Information about major customers

None of revenue from external customers derived from provision of branding, advertising and marketing services and advertisement placement services contributed over 10% to the total revenue of the Group for the six months ended 30 June 2025 and 2024.

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties.

Revenue mainly comprises provision of branding, advertising and marketing services and advertisement placement services. An analysis of the Group's revenue by category for the six months ended 30 June 2025 and 2024 is as follows:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Branding services	52,579	50,004
Event execution and production services	31,037	27,345
Online media advertising services	17,790	19,942
Advertisement placement services	43,911	18,635
Rebates from Media Partner	10,038	7,319
	<u>155,355</u>	<u>123,245</u>

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Services transferred over time	80,407	77,349
Services transferred at a point in time	<u>74,948</u>	<u>45,896</u>
	<u>155,355</u>	<u>123,245</u>

During the six months ended 30 June 2025 and 2024, there was no significant incremental costs to obtain a contract.

5. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest income	37	355
Government grants (<i>Note a</i>)	–	354
Exchange gain, net	228	487
Others	<u>99</u>	<u>–</u>
	<u>364</u>	<u>1,196</u>

Note:

- (a) For the six months ended 30 June 2024, government grants represented the financial support received from local government as an incentive for business development and there were no unfulfilled conditions attached to the government grants.

6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on borrowings	2,091	2,992
Interest on lease liabilities	219	175
	<u>2,310</u>	<u>3,167</u>

7. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging the following:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Auditor's remuneration	237	380
Cost of services provided by suppliers	45,331	44,217
Amortisation of intangible assets	596	583
Depreciation of plant and equipment	6,517	2,654
Depreciation of right-of-use assets – Leased properties	899	323
Business development costs	8,078	10,512
Provision for expected credit loss on financial and contract assets, net	7,635	3,115
Short-term lease expenses	232	1,141
Staff costs (including directors' emoluments):		
Salaries and bonus	9,615	7,838
Pension costs, housing funds, medical insurances and other social securities (<i>Note a</i>)	900	854
	<u>10,515</u>	<u>8,692</u>

Note:

- (a) Pursuant to the relevant regulations of the PRC government, the Group participates in a central pension scheme operated by the local municipal government (the “**Scheme**”), whereby the subsidiaries in the PRC is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current tax		
Tax for the current year	12,478	7,143
Deferred tax		
(Credited)/charged to profit or loss for the year	(1,194)	1,055
	<u>11,284</u>	<u>8,198</u>

Under the Law of the PRC on Enterprise Income Tax (“**EIT**”) and Implementation Regulations of the EIT Law, the tax rate of the Company’s PRC subsidiaries is 25%.

Provision for the EIT for the year then ended was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws, and regulations applicable to the subsidiaries operated in the PRC.

Huashi Zhonguang International Media (Wuhan) Company Limited, one of the subsidiaries of the Company, is entitled to a preferential income tax rate of 15% for the year ending 31 December 2025 and year ended 31 December 2024, as it was awarded high-technology status by tax authority.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the six months ended 30 June 2025 and 2024.

9. DIVIDEND

No dividend was paid or declared by the Company during the six months ended 30 June 2025 and 2024.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	30 June 2025 (Unaudited)	30 June 2024 (Unaudited)
Profit for the period attributable to owners of the Company (RMB'000)	53,720	35,900
Weighted average number of shares in issue	<u>770,650,000</u>	<u>770,650,000</u>
Basic earnings per share (RMB cents)	<u>6.97</u>	<u>4.66</u>

Note:

Diluted earnings per share presented is the same as the basic earnings per share as there was no dilutive potential ordinary share outstanding during the six months ended 30 June 2025 (six months ended 30 June 2024: Same).

11. TRADE RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables	366,013	217,717
Less: allowance for impairment loss on trade receivables	<u>(22,116)</u>	<u>(14,481)</u>
	<u>343,897</u>	<u>203,236</u>

As at 30 June 2025 and 31 December 2024, the trade receivables was denominated in RMB, and the fair value of trade receivables approximated its carrying amounts.

As at 30 June 2025 and 31 December 2024, the ageing analysis of the trade receivables based on due date were as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Not past due	313,622	200,152
Within 90 days	30,275	2,519
91–180 days	–	496
181–365 days	–	69
	<u>343,897</u>	<u>203,236</u>

As at 30 June 2025 and 31 December 2024, the ageing analysis of the trade receivables based on invoice date were as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 90 days	313,622	200,152
91–180 days	30,275	2,519
181–365 days	–	565
	<u>343,897</u>	<u>203,236</u>

12. TRADE PAYABLES

As at 30 June 2025 and 31 December 2024, the ageing analysis of the trade payables based on services received were as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 30 days	82,777	20,485
31–60 days	5,080	3,127
61–90 days	1,317	2,703
Over 90 days	<u>2,556</u>	<u>3,266</u>
	<u>91,730</u>	<u>29,581</u>

13. BORROWINGS

	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Bank loans – guaranteed	<u>132,930</u>	<u>107,920</u>
	30 June 2025 <i>RMB'000</i> (Unaudited)	31 December 2024 <i>RMB'000</i> (Audited)
Carrying amounts repayable (based on the scheduled repayment dates set out in loan agreements):		
– Within 1 year	124,950	93,920
– More than 1 year, but not exceeding 2 years	<u>7,980</u>	<u>14,000</u>
	<u>132,930</u>	<u>107,920</u>
Less: Portion due on demand or within one year under current liabilities	<u>(124,950)</u>	<u>(93,920)</u>
Portion due over one year under non-current liabilities	<u>7,980</u>	<u>14,000</u>

Notes:

- (i) The weighted-average effective interest rate of the borrowings were 3.1% and 4.5% per annum as at 30 June 2025 and 31 December 2024 respectively.
- (ii) As at 30 June 2025 and 31 December 2024, banking facilities of the Group totalled RMB154.9 million and RMB120.0 million respectively. They were utilised to the extent of RMB132.9 million and RMB107.9 million respectively.
- (iii) As at 30 June 2025 and 31 December 2024, none of the bank loans of the Group were subject to covenants or repayable on demand clauses.
- (iv) As at 30 June 2025 and 31 December 2024, all the bank loans were guaranteed by a controlling shareholder of the Group and subsidiaries of the Group.

14. SHARE CAPITAL

	Number	Amount <i>US\$'000</i>	Amount <i>RMB'000</i>
<i>Issued and fully paid</i>			
Ordinary shares of US\$0.05 each			
At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	<u>770,650,000</u>	<u>38,533</u>	<u>276,515</u>

15. EVENTS AFTER THE END OF REPORTING PERIOD

The Group has no significant events after the end of the reporting period that needs to be disclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business Summary

The Group is a branding, advertising and marketing services provider based in Hubei Province, the PRC, providing services across the entire value chain from market research through collaboration with research institutes to branding, advertising and marketing projects execution through collaboration with different media resources suppliers so as to assist brand owners, advertisers and advertising agents in formulating and implementing effective service proposals to fulfil their promotional needs and marketing objectives, thereby further enhancing their brand reputation to targeted recipients, and improving the competitiveness and market share of their products or services.

Since 2025, due to the intertwined risks of intensified overseas geopolitical conflicts, fluctuating US tariff policies, and trade frictions, the global economy has been under continued pressure. According to the Global Economic Prospects released by the World Bank in June this year, global GDP growth rate for 2025 has been downgraded to 2.3%, which is the lowest since 2008. Domestically, relevant departments have adopted moderately loose monetary policies and more proactive fiscal policies to provide greater momentum for steady economic growth. According to data from the National Bureau of Statistics of the PRC, in the first half of 2025, China's GDP grew by 5.3% year-on-year, and total retail sales of social consumer goods increased by 5.0% year-on-year, with the domestic economy maintaining a steady and positive development trend.

During the Reporting Period, the Group's overall operations remained stable, and continuously strengthened professional service skills and consolidated business cooperation relationships to provide high-quality one-stop services to customers and deliver quality innovative content to end users. This included the "Caidian District 2025 Cultural Tourism Consumption Season Launch Ceremony (蔡甸區二零二五年文化旅遊消費季啟動儀式)" organized and executed by us, which achieved outstanding results with over 2 million exposures across all platforms and daily visitor traffic exceeding 10,000. We also possess various professional qualifications including CNAA I first-class advertising enterprise and high and new technology enterprise, and have accumulated a broad customer base across various industries, demonstrating strong industry competitiveness.

Artificial Intelligence (“AI”) is driving intelligent transformation across industries through technological integration and application scenarios development. The Group continuously deepens technological innovation and accelerates AI business incubation, aiming to achieve synergistic development between existing business models and emerging technologies. “Huashi•ShanBAO (华视•閃BAO)” digital human, as our first AI digital product, commenced internal testing in July this year and has application potential in multiple fields. We optimized product performance through Artificial Intelligence Generated Content (“AIGC”), multimodal interaction and other technologies, endowing “Huashi•ShanBAO” with functions such as IP image customization, AIGC video generation, and digital human interaction, making it suitable for application scenarios including smart government affairs and digital cultural tourism. We will continue to improve our AI digital product and service system, focusing on scenario adaptability and functional scalability, building a data-driven smart media industry ecosystem with deep learning capabilities, and providing comprehensive digital intelligence solutions.

During the Reporting Period, the Group entered into strategic cooperation agreements with several key customers, laying a solid foundation for business development. Among these, we reached a strategic cooperation agreement with a leading domestic enterprise in steel structure industry to jointly explore the “new infrastructure + AI media” business model; we signed a strategic cooperation agreement with a local people’s government in Hubei Province for in-depth cooperation in digital economy industry incubation, urban brand IP construction, and smart cultural tourism platform development. In addition, we maintain close communication with local government departments and industrial investment groups, deepening cooperative construction and exploring new growth sources for commercial value.

During the Reporting Period, the Group’s profitability steadily improved, recording total revenue of RMB155.4 million and the total contract value signed with customers was RMB715.1 million, of which 96.2% (approximately RMB688.2 million) of services had been provided to customers.

Branding Services

The Group is deeply engaged in the branding services industry, conducting in-depth analysis of changes in industry trends and business models, and providing highly customized branding service solutions to customers. The scope of our services includes: (i) conducting in-depth research and analysis of the brand market in which our customers operate with precise brand insights; (ii) planning of brand development strategies for our customers, and providing advice on core values of brands, brand positioning and target customers; (iii) design of brand image; and (iv) formulation of products and/or services marketing and promotional plans. During the Reporting Period, the Group’s revenue from branding service business was RMB52.6 million, representing a 5.1% increase year-on-year.

The Group persists in exploring industrial development paths that integrate branding services with new quality productive forces. We guide the innovation of branding services business with the application of AI technology, focusing on enhancing the creative efficiency of creative planning, marketing copywriting and other aspects. Meanwhile, we assess the development potential of the low-altitude cultural tourism industry and explore the “government + enterprise + scenic area” cooperation model, striving to promote the transformation towards “three-dimensional, intelligent and comprehensive” urban tourism. Through entry points such as IP creation and cultural tourism integration, leveraging the Group’s profound influence in the industry, we successfully promoted Guifeng Mountain Scenic Area (龜峰山景區) in Macheng City to be selected as a national 5A-level tourist scenic area, creating a new benchmark for cultural tourism brands. Relying on the innovation-driven model of “branding + new quality productive forces” and extensive customer base and government resources in multiple industries such as food and beverage, household essentials, automotive manufacturing, and cultural tourism, the Group’s branding services business has steadily improved.

Online Media Advertising Services

The online media advertising services provided by the Group mainly include exploring the marketing needs of customers, analysing the behaviour and preference of consumers, providing suggestions on advertising strategies, analysing and selecting the online platforms, obtaining the resources and executing the advertisement placement and effectiveness monitoring and evaluation. The Group offers two major forms of online media advertising as follows: (i) display advertising; and (ii) search engine advertising. As the Group’s cooperation with China’s top internet enterprises continues to deepen, our media resource matrix extensively covers major regions in China and consumers of various age groups. During the Reporting Period, the revenue from online media advertising services business amounted to RMB17.8 million, representing a 10.8% decrease year-on-year.

The level of digitalization and intelligence is the core of maintaining our industry competitiveness of online media advertising services. During the Reporting Period, through optimization of advertising strategies and digital systems from time to time, our capabilities in precision placement, data management and analysis, and monitoring and evaluation automation have been continuously strengthened. We utilize big data and AI technology for multi-dimensional data collection, processing and analysis, and incorporate them into the business optimization framework to enhance user experience and build an intelligent online advertising service system. In addition, we persist in exploring AI digital human technology and its application prospects, and have gradually conducted functional testing, business compatibility testing and other processes, while actively communicating with potential partner enterprises and institutions to conduct feasibility analysis of business models.

Event Execution and Production Services

The event execution and production services provided by the Group are designed to help clients promote brand concepts, enhance brand awareness, build brand image, and achieve marketing objectives and effects. It covers all phases of organizing marketing campaigns, including (i) formulating campaign strategies; (ii) devising design of the programmes, work plans and rundown of events; (iii) execution of the projects through procuring materials and engaging third-party service providers; (iv) assisting with project management and supervising the execution of marketing campaigns; and (v) evaluating the effectiveness of the marketing campaigns through public opinion. During the Reporting Period, revenue from events execution and production services amounted to RMB31.0 million, representing a 13.5% increase year-on-year.

The Group integrates the advantages of traditional marketing and digital interactive marketing, deeply exploring the potential of hybrid scenario marketing models. We leverage our comprehensive media resource matrix to precisely push event contents to potential users through the internet, enabling marketing effects to break through time and space limitations and help customers improve economic benefits. Meanwhile, due to the differentiation in project types and marketing objectives, we establish dedicated service teams to provide tailored services and continuously create long-term value for customers. During the Reporting Period, the “Caidian District 2025 Cultural Tourism Consumption Season Launch Ceremony” we organized and executed was quite a success. Through intelligent interactive devices such as AI check-in points to enhance touring interest, combined with hybrid marketing models, we created an immersive audiovisual experience, and stimulated the vitality of regional cultural tourism consumption.

Advertisement Placement Services

The Group provides advertisement placement services, which comprise formulation of online advertisement plan, maintaining the accounts of the customers opened at the advertising platform of the Media Partners ^(Note 1) and arranging advertisement placement on the designated online media platforms of the Media Partners according to the requests of our customers. As an ancillary service, we also design and produce short advertisement videos based on the request of our customers. The Media Partners would charge us primarily based on a mixed basis of CPC, CPT and CPM ^(Note 2), while we would charge our customers a fee comprising (i) the cost for placing the advertisement on the online media platforms charged by the Media Partners based on the above pricing mechanisms (i.e. CPC, CPT and CPM); (ii) our service fee for advertisement placement and other related services, which is equivalent to a certain percentage of the costs of advertisement placement on the online media platforms of the Media Partners; and (iii) the rebates we offered to our customers. During the Reporting Period, revenue from the advertisement placement services business was RMB43.9 million, representing a 135.6% increase year-on-year.

The Group's advertisement placement efficiency continues to improve. Customers adopt diversified placement strategies targeting audiences with different characteristics through our platform, enhancing media operation efficiency and input-output ratio. Meanwhile, we actively expand our list of partners and continuously integrate media resources with different characteristics to: (i) satisfy rapid response and precise matching of advertisers' personalized marketing needs; and (ii) promote the diversification of advertising audience structure and the sustainable development of advertisement placement business.

Notes:

1. The "Media Partners" are several Chinese internet technology companies which operate various popular online media platforms in the PRC.
2. "CPC" refers to Cost Per Click, a pricing model where advertising is paid on the basis of each click of the advertisement; "CPM" refers to Cost Per Mille, a pricing model where advertising is paid based on one thousand impressions of the advertisement. "CPT" refers to Cost Per Time, a time-based pricing model where advertising is paid at a fixed price for a given period.

BUSINESS OUTLOOK

The Group will closely monitor changes in industry development trend and competitive landscape, consolidate and enhance our market position as a branding, advertising and marketing services provider in China. We will take the following actions:

- (i) Strengthen AI technology research and development and application. The Group is of the view that the rise of AI technology is an important opportunity to reconstruct the technical barriers of the media industry, opening up broader development space for the industry. We will utilize AI technology to reshape our media business matrix, drive service model upgrades through technological iteration, and expand more commercial scenarios that are expected to be deeply empowered by AI;
- (ii) Enhance industry competitive advantages. The Group will continue to enhance the efficiency of intelligent content creation, precision advertisement placement and full-scenario event execution, customizing high-quality service solutions for customers. We believe that the continuous implementation of high quality projects can further strengthen the Group's brand image, attract more strategic cooperation opportunities, and drive overall revenue-scale growth;
- (iii) Expand business layout scope. While consolidating our regional advantages in Hubei, we will accelerate business layout and office construction in economically active regions such as the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area, and explore overseas business opportunities to further expand market share;

- (iv) Reinforce budget control and reduce costs while increasing efficiency. We will focus on core principal business, refine cost items, optimize resource allocation, and reduce unnecessary expenditures. Meanwhile, we will gradually promote new technology coverage across the entire business process to reduce labor costs in business operations; and
- (v) Build a professional talent pipeline. We extensively recruit technical and marketing talents, improve training systems and incentive mechanisms, fully unleash employee potential to provide talent support for the Group's business development.

FINANCIAL REVIEW

The Group generated revenue primarily from the following services, which include the provision of (i) branding services; (ii) online media advertising services; (iii) event execution and production services; and (iv) advertisement placement services (including rebates from Media Partners) to our customers. During the Reporting Period, our total revenue increased by 26.1% from RMB123.2 million for the six months ended 30 June 2024 to RMB155.4 million.

Revenue Breakdown by Service Type

The table below sets forth the breakdown of our revenue and percentage contribution to our total revenue by business segments for the periods indicated:

	For the six months ended 30 June			
	2025		2024	
	Approximate % of total revenue		Approximate % of total revenue	
	<i>RMB'000</i> (unaudited)	%	<i>RMB'000</i> (unaudited)	%
Branding services	52,579	33.8	50,004	40.6
Event execution and production services	31,037	20.0	27,345	22.2
Advertisement placement services (i)	43,911	28.3	18,635	15.1
Rebates from Media Partners (i)	10,038	6.5	7,319	5.9
Online media advertising services (ii)	17,790	11.4	19,942	16.2
Total	<u>155,355</u>	<u>100</u>	<u>123,245</u>	<u>100</u>

During the Reporting Period, the revenue from the businesses of “Branding Services”, “Event Execution and Production Services”, “Advertisement Placement Services”, and “Rebates from Media Partners” recorded a significant year-on-year growth, which was attributable to the Group’s proactive efforts in expanding its business and building up a solid relationship with more new customers. The revenue from the “Rebates from Media Partners” business recorded a year-on-year increase, which was mainly attributable to the year-on-year growth in the “Advertisement Placement Services” business, which in turn contributed to the increase in the number of advertisements placed by the Company on the major online media platforms of our Media Partners, and the corresponding increase in the rebates from the Media Partners to the Group. The revenue from “Online Media Advertising Services” business decreased slightly year-on-year, which was mainly due to an increase in the proportion of online media advertising services provided to advertising agencies, and an increase in the direct costs of this business, which have been deducted from total revenue.

- (i) For our “Advertisement Placement Services” (including Rebates from Media Partners), we recognised revenue on a net basis.
- (ii) For the relevant advertising agents under “Online Media Advertising Services”, we recognised revenue on a net basis. In accordance with HKFRS 15, for the six months ended 30 June 2024 and the Reporting Period, the direct costs incurred for our “Online Media Advertising Services” provided to the relevant advertising agents had been deducted from the total revenue to derive the revenue from these services on a net basis. Other than the above-mentioned costs paid to the suppliers, no other direct costs were incurred by us in relation to the “Online Media Advertising Services” provided to the relevant advertising agents.

Cost of Services

The Group’s cost of services decreased from RMB48.3 million for the six months ended 30 June 2024 to RMB47.4 million for the Reporting Period, primarily attributable to the increase in the proportion of online media advertising services provided to relevant advertising agencies in the online media advertising services business. The direct costs incurred have been deducted from total revenue, and revenue from such services is calculated on a net basis.

Gross Profit and Gross Profit Margin

The Group's overall gross profit and gross profit margin for the six months ended 30 June 2024 and the Reporting Period were affected by our cost of services, which were project specific and affected by our services mix, customised services we provided and scale of each project. As a result, the Group's gross profit and gross profit margin may vary from project to project.

The Group's gross profit increased from RMB75.0 million for the six months ended 30 June 2024 to RMB108.0 million for the Reporting Period, and the gross profit margin increased from 60.8% for the six months ended 30 June 2024 to 69.5% for the Reporting Period, mainly due to the online media advertising services provided to relevant advertising agencies in advertisement placement services, rebates from Media Partners and online media advertising services, with revenue recognised on a net basis, and the revenue growth was significant.

Other Income and Gains, Net

The Group's other income and gains, net decreased from RMB1.2 million for the six months ended 30 June 2024 to RMB0.4 million for the Reporting Period, primarily attributable to (i) the decrease in interest income and foreign exchange gains; and (ii) the absence of government subsidies received during the Reporting Period.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased from RMB5.9 million for the six months ended 30 June 2024 to RMB9.2 million for the Reporting Period, mainly due to (i) the expansion of our business which led to an increase in the number of employees in our sales and media operations teams, resulting in higher salaries and daily expense reimbursements; and (ii) the increase in office equipment in line with our business expansion, resulting in higher equipment depreciation expenses.

Administrative Expenses

The Group's administrative expenses increased from RMB19.9 million for the six months ended 30 June 2024 to RMB24.2 million for the Reporting Period, primarily due to the expansion of business operations which led to an increase in the number of employees in the administrative management team and R&D team, resulting in higher salaries and daily expense reimbursements.

Liquidity and Capital Resources

As at 30 June 2025, the Group's cash and cash equivalents amounted to RMB80.7 million (denominated in RMB, HK\$ and US\$), representing a decrease of RMB19.7 million as compared with RMB100.4 million (denominated in RMB, HK\$ and US\$) as at 31 December 2024, primarily due to the increase in software platform development expenditure.

During the Reporting Period, the Group financed our operation needs primarily through cash flows from operating activities and borrowings. The Group derived its cash flows from operating activities principally from the revenue of its principal activities. The Group will monitor our working capital positions from time to time to ensure maintaining sufficient cash resources for daily operations and capital expenditure needs.

Income Tax Expense

The Group's PRC corporate income tax expense increased from RMB8.2 million for the six months ended 30 June 2024 to RMB11.3 million for the Reporting Period, which was mainly due to the two different income tax rates applicable to the Group's subsidiaries, namely, the rate of 25% and a preferential rate of 15%. During the Reporting Period, the proportion of business activities conducted by Group's subsidiaries subject to the preferential corporate income tax rate of 15% was lower than that for the six months ended 30 June 2024.

Profit for the Reporting Period

As a result of the foregoing, for the six months ended 30 June 2024 and the Reporting Period, (i) the Group's profit was RMB35.9 million and RMB53.7 million, respectively; and (ii) the net profit margin (i.e. profit divided by revenue) was 29.1% and 34.6%, respectively.

Capital Structure

As at 30 June 2025 and up to the date of this announcement, the authorised share capital of the Company was US\$50,000,000 divided into 1,000,000,000 shares of US\$0.05 each, and the issued share capital of the Company was US\$38,532,500 divided into 770,650,000 shares of US\$0.05 each. There was no change to the authorised share capital and issued share capital of the Company during the Reporting Period.

Gearing Ratio

As at 30 June 2025, the Group's total borrowings were RMB132.9 million (loans were denominated in RMB). Among those borrowings, 6.0% of which were classified as non-current liabilities, and 94.0% of which were classified as current liabilities.

As at 30 June 2025, the gearing ratio of the Group (being the sum of total bank and other borrowings and lease liabilities divided by total equity multiplied by 100%) increased to 35.5% from 34.3% as at 31 December 2024. Such increase was mainly due to the increase in the Group's total bank borrowings during the Reporting Period.

Pledge of Assets

As at 30 June 2025, the Group had no pledged assets.

Foreign Exchange Risk Management

Foreign exchange risk refers to the risk of loss due to changes in foreign currency exchange rates. The Group's business is principally operated in the PRC and most of the transactions are denominated and settled in RMB. The Group will closely monitor the relevant situation and take certain measures when necessary to ensure that the foreign exchange risk is within the controllable range. During the Reporting Period, the Group did not use any financial instruments for hedging purposes.

Employees

As of 30 June 2025, the Group had 242 full-time employees, all of whom are based in the PRC. The Group enters into a standard employment contract with each of our full-time employees with terms covering, among other things, position, salaries, employment term, working hours, leave arrangements and other benefits. The remuneration package the Group offers to our employees includes basic salary and discretionary bonuses. In general, we determine our employees' salaries based on, amongst others, their qualifications, seniority, working hours, performance, our financial performance and market wages. We generally review the performance of our employees, which forms the basis of our decisions with respect to salary adjustments, bonuses and promotions annually. During the Reporting Period, the total staff remuneration expenses (including directors' emoluments) amounted to RMB10.5 million (six months ended 30 June 2024: RMB8.7 million).

Capital Expenditure

During the Reporting Period, the Group incurred capital expenditures on software platform development. The Group's capital expenditure increased from RMB5.6 million for the six months ended 30 June 2024 to RMB44.5 million for the Reporting Period, which was primarily due to the increased software platform development expenses. The Group financed its capital expenditure mainly through internal resources and bank borrowings.

Contingent Liabilities

As of 30 June 2025, the Group did not have any significant contingent liabilities.

Material Acquisitions, Disposals of Subsidiaries, Associates and Joint Ventures and Material Investments

During the Reporting Period, the Group did not have material acquisitions or disposals of subsidiaries, associates and joint ventures and did not hold any material investments.

Use of The Net Proceeds from the Global Offering

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 November 2023. The Company issued 125,000,000 shares in the Global Offering at the offer price of HK\$1.04 per share. The Group received net proceeds from the Global Offering (after deducting underwriting fees and commissions and other expenses payable by the Group in connection with the Global Offering) of approximately HK\$72.1 million.

For details of the use of net proceeds and the expected timetable of the unutilised funds, please refer to the interim report of the Company for the six months ended 30 June 2025, which will be published in due course.

Future Plans for Material Investments or Capital Assets

As at the date of this announcement, the Group had no detailed future plans for any material investments or capital assets.

Events after the Reporting Period

There have been no significant matters subsequent to the Reporting Period and up to the date of this announcement.

Interim Dividend

The Board does not recommend the payment of any interim dividend for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to protect the interests of shareholders and enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code of governance.

During the Reporting Period, except for deviations from Code Provisions C.1.8 and C.2.1 of the CG Code, the Company has complied with all applicable code provisions set out in the CG Code.

Under Code Provision C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. Currently, the Company does not have insurance cover for legal action against its Directors. Every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto pursuant to the Articles of Association of the Company. However, as the Company considered its risk management and internal control systems are effective and constantly under review, and as all the executive Directors and management are familiar with the operation of the Group, the Company believes that the risk of the Directors being sued or getting involved in litigation in their capacity as Directors is relatively low, and hence the Company is of the view that the benefits of the insurance may not outweigh the cost.

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer shall be separated and shall not be performed by the same individual. Mr. Chen Jicheng (“**Mr. Chen**”) is the chairman and chief executive officer of the Company and the roles of Mr. Chen have not been separated in accordance with Code Provision C.2.1 of the CG Code.

In view of the fact that Mr. Chen has been responsible for the day-to-day operation and management of the Group since February 2011, and has accumulated extensive experience and knowledge in our business, the Board believes that Mr. Chen can undertake effective management and business development in both roles, which is in the best interests of the Group. Accordingly, the Directors are of the opinion that the deviation from Code Provision C.2.1 of the CG Code is appropriate under such circumstance. The Board considers that this management structure is effective for the business operation of the Group and can form sufficient checks and balances.

The Group will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by all Directors and related employees (as defined in the Model Code). Having made specific enquiry of all Directors, each of the Directors has confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares). As at 30 June 2025, the Company did not hold any of treasury shares.

AUDIT COMMITTEE

The Board has established the audit committee (the “**Audit Committee**”) pursuant to Rules 3.21 and 3.22 of the Listing Rules and Code Provision D.3 of the CG Code with written terms of reference adopted. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company respectively.

During the Reporting Period, the Audit Committee comprises three independent non-executive Directors (i.e. Dr. He Weifeng, Mr. Peng Litang and Mr. Li Guangdou). Dr. He Weifeng is currently the chairman of the Audit Committee and has the appropriate professional qualifications.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the Reporting Period, including the applicable accounting policies and accounting standards adopted by the Group, and is of the opinion that these statements have been prepared in compliance with the applicable Listing Rules. The Audit Committee is satisfied that these financial statements have been prepared in accordance with the applicable accounting standards and present fairly the financial position and results of the Group for the Reporting Period.

Publication of Interim Results Announcement and 2025 Interim Report

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.youmeimu.com), and the interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be despatched to the shareholders (if requested) and published on the above websites in due course.

By Order of the Board
Huashi Group Holdings Limited
Chen Jicheng
Chairman and Chief Executive Officer

Wuhan, the PRC, 29 August 2025

As at the date of this announcement, the Board comprises Mr. Chen Jicheng, Ms. Chen Jizhen, Mr. Zhang Bei and Ms. Xue Yuchun as executive Directors; and Dr. He Weifeng, Mr. Peng Litang and Mr. Li Guangdou as independent non-executive Directors.