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華夏控股

CATHAY GROUP HOLDINGS INC.

華夏集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1981)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Cathay Group Holdings Inc. (the “**Company**”, together with its subsidiaries and consolidated affiliated entities, the “**Group**”) is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2025 (the “**Reporting Period**”). These interim results have been reviewed by the audit committee of the Company and the auditor of the Company, Messrs. Deloitte Touche Tohmatsu.

FINANCIAL HIGHLIGHTS

| | Six months ended 30 June | | |
|---|-------------------------------|-------------|------------|
| | 2025 | 2024 | Percentage |
| | (unaudited) | (unaudited) | change |
| | (RMB'000, except percentages) | | |
| Revenue | | | |
| – Higher education (media and arts), vocational education and international education | 352,221 | 320,308 | 10.0% |
| – Entertainment and livestreaming e-commerce | 27,068 | 66,262 | -59.2% |
| Gross profit | 207,732 | 193,768 | 7.2% |
| Profit for the period | 140,102 | 59,262 | 136.4% |
| Non-HKFRS: Adjusted Net Profit ^(Note) | 140,614 | 108,393 | 29.7% |

Note: Adjusted Net Profit, which is unaudited, represents profit for the period after adjustments for impairment losses on Bridging Loans (as defined below) included in other receivables and equity-settled share-based payments. Please refer to the reconciliation below and in the section headed “Management Discussion and Analysis” for details.

The following table reconciles our Adjusted Net Profit from the most directly comparable financial measure calculated and presented in accordance with HKFRS Accounting Standards (“**HKFRS**”) (profit for the period).

| | Six months ended 30 June | |
|---|---------------------------------|-----------------------|
| | 2025 | 2024 |
| | (unaudited) | (unaudited) |
| | (RMB’000) | (RMB’000) |
| Profit for the period | 140,102 | 59,262 |
| Add: Impairment losses on other receivables (included in impairment losses under expected credit loss model, net of reversal) | – | 48,231 |
| Add: Share options award (equity-settled share-based payments) | 512 | 900 |
| Non-HKFRS: Adjusted Net Profit | <u>140,614</u> | <u>108,393</u> |

BUSINESS REVIEW AND OUTLOOK

BUSINESS REVIEW

Higher education (media and arts), vocational education and international education

Communication University of China, Nanjing (南京傳媒學院) (“CUCN” or our “University”)

As at 30 June 2025, the Group had approximately 29,742 students, including 25,157 undergraduates, 4,585 vocational education students and international preparatory students in aggregate. The above number of undergraduates no longer contained undergraduates enrolled by Olympic College of Nanjing Sport Institute (南京體育學院奧林匹克學院) (“**Olympic College**”) under our University’s management and, accordingly, the total number of our students recorded a period-on-period growth of approximately 4.1%.

Currently, CUCN offers more than 50 undergraduate majors approved by the relevant authorities under the Ministry of Education of the People’s Republic of China (“**China**” or the “**PRC**”), covering multiple media and art fields. Among them, 16 majors were appraised as the first tier at the provincial level of Jiangsu and 4 were appraised as the first tier at the national level. Our high-quality courses, ingenious ideas and excellent teaching results made CUCN unique, competitive and attractive.

Our vocational education programs serve adult students to further develop skills for a new job, develop a personal interest, or obtain a degree and better job opportunities. We provide self-taught examination preparation program (自考助學課程) to the aforementioned adult students. Our international preparatory programs are supported by our cooperation with more than 80 leading media and art colleges across the world. Students enrolled in these programs can study at the overseas universities we cooperate with to continue their undergraduate courses after completing relevant courses.

Olympic College

As at the date of this announcement, although the acquisition of Olympic College (the “**Acquisition**”) has not yet been completed, the Group has managed the properties of Olympic College and has utilised its campus as the Binjiang campus of CUCN. According to the terms of the Acquisition, as certain conditions could not be satisfied by the transferor (the “**Transferor**”) on 20 June 2024 (i.e. within 36 months from the date of the Acquisition agreement), the consideration for the Acquisition shall be adjusted from RMB450 million to RMB250 million (the “**Adjusted Consideration**”) upon completion of the Acquisition. For details of the Acquisition and the bridging loans of RMB250 million and RMB170 million (the “**Bridging Loans**”), please refer to the announcements of the Company dated 22 June 2021 and 19 August 2021.

On the one hand, in order to complete the Acquisition and set-off the Adjusted Consideration payable to the Transferor against part of the Bridging Loans, the Group has been liaising with the Transferor with the assistance of the local authorities. The relevant local authorities have confirmed certain arrangements in relation to the transfer of properties of Olympic College to CUCN. On the other hand, the Group has initiated legal proceedings in order to recover the Bridging Loan of RMB170 million from the Transferor and obtained a judgment in favour of the Group from the relevant PRC arbitration committee. The PRC local court is in the process of enforcing the arbitration award.

As at 30 June 2025, the total amount of RMB420 million for the Bridging Loans was included in other receivables in the Company’s consolidated statement of financial position and the accumulated impairment losses amounted to RMB240.7 million (as at 31 December 2024: RMB240.7 million). The accumulated impairment losses on the Bridging Loans have been provided based on the change in fair value of Olympic College and the security provided for the Bridging Loans estimated by an independent professional valuer. As there was no material change in the fair value of the relevant security for the Bridging Loans, no further impairment losses on the Bridging Loans were recognised for the Reporting Period.

Segment performance

During the Reporting Period, our higher education (media and arts), vocational education and international education segment recorded a total revenue of RMB352.2 million, representing a period-on-period growth of 10.0%. Such growth was primarily attributable to an increase in revenue from our undergraduate programmes by RMB34.1 million, or 14.7%, due to i) the increase in tuition fees for new students who have enrolled in our undergraduate programs from the 2023/2024 school year and ii) the increase in the number of undergraduates.

The segment profit of our higher education (media and arts), vocational education and international education business increased from RMB101.4 million for the six months ended 30 June 2024 to RMB180.4 million for the Reporting Period, primarily due to i) improved gross profit and ii) no further impairment losses on the Bridging Loans recognised for the Reporting Period as explained above.

Entertainment and livestreaming e-commerce

Our entertainment and livestreaming e-commerce segment currently comprises livestreaming e-commerce and artist management business as well as TV/film production business. In view of the challenges faced by the PRC TV/film industry in recent years, the Group has not invested in new TV/film production projects for several years.

Livestreaming e-commerce and artist management

During the Reporting Period, the variety show Viva La Romance (International Season) (妻子的浪漫旅行•國際季) was broadcast on certain major media platforms in China. Our artists, Ms. Qi Wei and Mr. Li Chengxuan, were the key cast members of the show, and the show achieved outstanding ratings and widespread popularity. In the first half of 2025, as Ms. Qi Wei and Mr. Li Chengxuan were required to fulfil their commitments to filming certain variety shows and endorsing several prestigious brands, Ms. Qi Wei was unable to conduct many livestreaming sales sessions during the Reporting Period. Revenue from our livestreaming e-commerce and artist management business amounted to RMB27.1 million for the Reporting Period as compared to RMB66.3 million for the six months ended 30 June 2024.

TV/film production

During the Reporting Period, the Group did not generate revenue from its TV/film production business and did not invest in any new projects. Based on the current situation, the Group will not invest in TV/film projects in the future.

The investment in the TV/film series Fights Break Sphere (鬥破蒼穹) (“**Fights Break Sphere (鬥破蒼穹)**”) (30% invested by the Group in 2021) was recorded as financial assets at fair value through profit or loss (“**FVTPL**”) in the Company’s consolidated statement of financial position according to certain terms of the investment agreement. In May 2025, the PRC local court accepted an application for liquidation of the key co-producer of Fights Break Sphere (鬥破蒼穹) by a creditor. Accordingly, the fair value of the completed series of Fights Break Sphere (鬥破蒼穹) is estimated to be zero, resulting in a loss from change in fair value of financial assets measured at FVTPL of RMB31.4 million recognised for the Reporting Period.

During the Reporting Period, there were no further impairment losses on major trade receivables in our TV/film production business and certain long-outstanding trade receivables have been recovered. Accordingly, our TV/film production business recognised a reversal of credit impairment losses amounting to RMB4.7 million (as compared to credit impairment losses of RMB31.4 million for the six months ended 30 June 2024). The Group will continue to negotiate with the relevant customers from its TV/film production business on their repayment plans for the remaining amounts, and will take appropriate legal actions to recover the outstanding amounts when necessary.

Segment performance

As a result of the foregoing, our entertainment and livestreaming e-commerce segment recorded a total revenue of RMB27.1 million for the Reporting Period as compared to that of RMB66.3 million for the six months ended 30 June 2024. This business segment recorded a loss of RMB45.2 million for the Reporting Period, primarily due to the loss from change in fair value of Fights Break Sphere (鬥破蒼穹) in our TV/film production business, and limitations in conducting livestreaming sales as Ms. Qi Wei was required to devote substantial time to participating in variety shows during the Reporting Period, as mentioned above.

Regulatory update

As advised by the Company's PRC legal adviser, there has been no significant PRC regulatory update relating to our business in China since the publication of the Company's 2024 annual report. Please refer to the Company's 2024 annual report published on 29 April 2025 for details.

Recent developments after the Reporting Period

There has been no significant events after the Reporting Period and up to the date of this announcement.

OUTLOOK

Higher education (media and arts), vocational education and international education

The Group will strategize the development in three major areas – media and arts education, pay-for-knowledge and vertical e-commerce, and AI professors and AI arts courses – to build an ecosystem which integrates “policy compliance, technological innovation, and commercial realization”. This aims to establish a distinct competitive advantage in the AI education, particularly in the area of media and arts.

i) Media and arts education: Strengthening foundations and expanding the scale of operations

The Group has committed to the field of media and arts education, and the scale of operations of CUCN continues to grow steadily. The total number of new students across all categories for the 2025/2026 school year is expected to reach approximately 12,000. The Group plans to expand the capacity of CUCN's main campus and the Binjiang campus to approximately 33,000 students and 10,000 students respectively, and, if necessary, rent an additional campus with the capacity of 10,000 students for the development of vocational education business. It is expected that the overall scale of the higher education (media and arts), vocational education and international education businesses will exceed 50,000 students in the future, with approximately 40,000 students in degree programmes.

ii) Pay-for-knowledge and vertical e-commerce: Insight on trends and innovative strategies

The media and arts industry in China is undergoing rapid transformation, with the integration of industry and education emerging as a key trend. The “Several Opinions on Deepening Industry-Education Integration” issued by the General Office of the State Council of the PRC provides policy support for the Group's ecosystem development and deepened its growth in media and arts education. The pay-for-knowledge market in China has shown strong growth in recent years, and the Group has identified this trend. Building on its existing vocational education, international preparatory programs, and adult training, the Group will launch a “pay-for-knowledge and vertical e-commerce” business. By leveraging the Group's high-quality resources in the area of media and arts and benchmarking pay-for-knowledge influencers with ten millions of subscribers, the Group will focus on the vertical integration of media and arts. This includes developing pay-for-knowledge offerings in disciplines such as music, fine arts, and film, aiming to create high-quality media and arts pay-for-knowledge intellectual properties, expand product portfolios, and broaden market reach.

iii) AI professors and AI arts courses: The innovative engine of AI education

The Group actively responds to national strategies such as the “14th Five-Year Plan” and the “New Generation Artificial Intelligence Development Plan,” deeply engaging in the education sector. It will implement a strategy to integrate AI with media and arts higher education, fully developing a “dual-track of academic and applied operation system”. This encompasses two core areas: “AI Professor” teaching scenarios and “AI Arts Courses” for pay-for-knowledge. Recently, the Group has entered into an exclusive collaboration with a well-known PRC AI company and plans to launch a subscription-based “AI Professors and AI Arts Courses” product in the media and arts field in the second half of 2025. This product will pioneer a “basic algorithm + scenario adaptation” dual-licensing system, offering deeply personalized customization for professional courses such as film production, animation design, and digital media arts. With a broad audience, this product can meet the needs of users across different age groups through personalized services, providing 24-hour uninterrupted instruction and breaking through the boundaries of traditional teaching. Additionally, the “AI Professors and AI Arts Courses” pay-for-knowledge education project, as a smart education platform, will bring together top PRC media and arts experts to offer customized services to various institutions. It will be promoted to schools with media and arts course demands both domestically and internationally, and such project can reduce operational costs through digital means and enhance the quality of media and arts education.

The Group’s continued investment and optimization in the areas of higher education (media and arts), vocational education and international education have solidified its leading position in private media and arts education in China. This has laid a solid foundation for the deep integration of industry and education in the fields of pay-for-knowledge and vertical e-commerce. Through close collaboration with the industry, the Group can provide students with more practical opportunities and diverse employment channels, effectively enhancing graduates’ competitiveness in the job market. This, in turn, boosts the attractiveness and reputation of the Group’s educational brand, achieving a close connection between the chains of education, talent, industry and innovation, and contributing more high-quality professionals to the sustainable development of China’s media and arts industry.

Entertainment and livestreaming e-commerce

Livestreaming e-commerce and artist management

According to the statistics from the China Internet Network Information Center, as of December 2024, the number of online livestreaming users in China has reached 833 million. The huge user base has driven the rapid growth of the livestreaming e-commerce industry in China. The Group will continue to strengthen the strategic development of the supply chain of our livestreaming e-commerce business. By leveraging the talent pool of our teachers and students at CUCN and our resources in the PRC media and arts industry, we will attract more talents to become our streamers, content creators, operators, etc. to develop our livestreaming e-commerce business, and will also provide more employment opportunities for talents in the PRC media and arts industry to achieve economic and social benefits.

Conclusion

We believe that, with its precise strategic planning and innovative advancements in three major areas: media and arts education, pay-for-knowledge and vertical e-commerce, and AI professors and AI arts courses, the Group is poised to enhance social benefits while carving out broader business development opportunities, leading a new trend in the integrated development of media and arts education and industry in China, and creating stable value growth and returns for shareholders of the Company (the “Shareholders”).

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The following table sets forth our revenue by business segment for the six months ended 30 June 2025 and 2024.

| | Six months ended 30 June | | | |
|---|--------------------------------|-------|-------------|-------|
| | 2025 | | 2024 | |
| | (unaudited) | | (unaudited) | |
| | (RMB '000, except percentages) | | | |
| Segment Revenue | | | | |
| Higher education (media and arts), vocational education and international education | 352,221 | 92.9% | 320,308 | 82.9% |
| Entertainment and livestreaming e-commerce | 27,068 | 7.1% | 66,262 | 17.1% |
| Total | 379,289 | 100% | 386,570 | 100% |

Despite an increase in revenue from our higher education (media and arts), vocational education and international education business segment increased, revenue from our entertainment and livestreaming e-commerce segment decreased, resulting in an overall decrease in the total revenue of the Group by RMB7.3 million, or 1.9%, from RMB386.6 million for the six months ended 30 June 2024 to RMB379.3 million for the six months ended 30 June 2025.

Revenue from our higher education (media and arts), vocational education and international education business segment increased by RMB31.9 million, or 10.0%, from RMB320.3 million for the six months ended 30 June 2024 to RMB352.2 million for the six months ended 30 June 2025, primarily due to the increase in revenue from our undergraduate programmes as mentioned in the section headed “Business Review”.

The overall revenue from our entertainment and livestreaming e-commerce business segment decreased from RMB66.3 million for six months ended 30 June 2024 to RMB27.1 million for the six months ended 30 June 2025, primarily due to the decrease in revenue from our livestreaming e-commerce and artist management business as mentioned in the section headed “Business Review”.

Cost of revenue

Six months ended 30 June
2025 **2024**
(unaudited) **(unaudited)**
(RMB '000, except percentages)

Segment Cost

| | | | | |
|---|-----------------------|---------------------|----------------|--------------|
| Higher education (media and arts), vocational education and international education | 141,587 | 82.5% | 137,854 | 71.5% |
| Entertainment and livestreaming e-commerce | <u>29,970</u> | <u>17.5%</u> | <u>54,948</u> | <u>28.5%</u> |
| Total | <u>171,557</u> | <u>100%</u> | <u>192,802</u> | <u>100%</u> |

Despite a 10.0% increase in revenue from our higher education (media and arts), vocational education and international education business segment, the cost of revenue of this business segment increased slightly by 2.7% from RMB137.9 million for the six months ended 30 June 2024 to RMB141.6 million for the Reporting Period primarily due to our stringent cost control in this period.

The overall cost of revenue of our entertainment and livestreaming e-commerce business segment decreased from RMB54.9 million for the six months ended 30 June 2024 to RMB30.0 million for the Reporting Period, primarily due to the decrease in the number of livestreaming sales sessions.

Gross profit/(loss) and gross margin

| | Six months ended 30 June | | | |
|---|---------------------------------------|-----------------|-----------------|-----------------|
| | 2025 | | 2024 | |
| | (unaudited) | | (unaudited) | |
| | Gross profit/(loss) | Gross margin | Gross profit | Gross margin |
| | <i>(RMB '000, except percentages)</i> | | | |
| Higher education (media and arts), vocational education and international education | 210,634 | 59.8% | 182,454 | 57.0% |
| Entertainment and livestreaming e-commerce | (2,902) | -10.7% | 11,314 | 17.1% |
| Total | 207,732 | 54.8% | 193,768 | 50.1% |

As a result of the foregoing, the gross profit and gross profit margin of our higher education (media and arts), vocational education and international education business segment improved during the Reporting Period, and the Group's overall gross profit increased by 7.2% from RMB193.8 million for the six months ended 30 June 2024 to RMB207.7 million for the Reporting Period, whereas the Group's overall gross margin increased from 50.1% for the six months ended 30 June 2024 to 54.8% for the Reporting Period.

During the Reporting Period, our entertainment and livestreaming e-commerce business segment recorded a gross loss margin of 10.7% as compared to a gross profit margin of 17.1% for the six months ended 30 June 2024, primarily due to a RMB3.0 million write-down of inventories for an obsolete script in our TV/film production business.

Other income

Other income increased from RMB12.9 million for the six months ended 30 June 2024 to RMB17.0 million for the Reporting Period, primarily due to an increase in interest income from banks.

Other gains and losses

Other gains and losses recorded a net loss of RMB26.1 million for the Reporting Period as compared to the net gain of RMB2.4 million for the six months ended 30 June 2024, primarily due to the change in fair value of financial assets measured at FVTPL.

Selling expenses

The Group's selling expenses decreased from RMB9.3 million for the six months ended 30 June 2024 to RMB7.4 million for the Reporting Period, primarily due to the decrease in selling expenses in our entertainment and livestreaming e-commerce business segment.

Administrative expenses

The Group's administrative expenses decreased from RMB60.0 million for the six months ended 30 June 2024 to RMB55.8 million for the Reporting Period, primarily due to the decrease in administrative expenses in our entertainment and livestreaming e-commerce business segment.

Impairment losses reversed (recognised) under expected credit loss model, net of reversal

During the Reporting Period, the Group recorded a reversal of impairment losses of RMB5.3 million, primarily due to the recovery of certain trade receivables and the reversal of impairment losses recognised in our trade receivables from our TV/film production business, and there were no further impairment losses on Bridging Loans in our higher education (media and arts), vocational education and international education business, as mentioned in the section headed "Business Review".

The Group has engaged an independent valuer during the Reporting Period to estimate the amount of impairment losses based on certain valuation methods which are consistently applied in prior periods, details of which are set out in the Company's 2024 annual results announcement published on 28 March 2025 and its 2024 annual report published on 29 April 2025.

Save as disclosed in this announcement, there were no material updates on the status of recovery as compared to the status as disclosed in the Company's 2024 annual result announcement and its 2024 annual report.

Taxation

The Group income tax expense increased from RMB0.4 million for the six months ended 30 June 2024 to RMB0.5 million for the Reporting Period, primarily due to an increase in deferred tax of certain subsidiaries.

Profit for the period

As a result of the foregoing, profit for the period of the Group increased from RMB59.3 million for the six months ended 30 June 2024 to RMB140.1 million for the six months ended 30 June 2025, representing a period-on-period growth of 136.4%.

Non-HKFRS Measure – Adjusted Net Profit

In order to supplement the Group's consolidated financial statements, which are presented in accordance with HKFRS, the Group also uses Adjusted Net Profit as an additional financial measure. The Group presents this financial measure because it is used by the Group's management to evaluate the Group's financial performance by eliminating the impact of certain items that the Group does not consider to be indicative of the Group's performance from its normal business operations. The Group also believes that this non-HKFRS measure provides additional information to investors and others in their understanding and evaluating the Group's results of operations in the same manner as they help the Group's management and in comparing financial results across accounting periods and to those of the Group's peer companies. This non-HKFRS measure provides a consistent and unbiased presentation for investors to understand the Group's results of operations without the impact of unusual, non-operating and/or non-recurring items. However, this non-HKFRS measure does not have a standardised meaning prescribed by HKFRS and therefore it may not be comparable to similar measures presented by other companies listed on the Stock Exchange.

Adjusted Net Profit, which is unaudited, represents profit for the period after adjustments for impairment losses on Bridging Loans included in other receivables and equity-settled share-based payments. The Adjusted Net Profit of the Group for the six months ended 30 June 2025 was RMB140.6 million, as compared to the Adjusted Net Profit of RMB108.4 million for the six months ended 30 June 2024.

The following table reconciles our Adjusted Net Profit from the most directly comparable financial measure calculated and presented in accordance with HKFRS (profit for the period).

| | Six months ended 30 June | |
|---|---------------------------------|-----------------------|
| | 2025 | 2024 |
| | (unaudited) | (unaudited) |
| | (RMB'000) | (RMB'000) |
| Profit for the period | 140,102 | 59,262 |
| Add: Impairment losses on other receivables (included in impairment losses under expected credit loss model, net of reversal) | – | 48,231 |
| Add: Share options award (equity-settled share-based payments) | 512 | 900 |
| Non-HKFRS: Adjusted Net Profit | <u>140,614</u> | <u>108,393</u> |

Impairment losses on other receivables represented impairment losses on the Bridging Loans provided to facilitate the standalone and one-off Acquisition. The Group is of the view that impairment losses on Bridging Loans and equity-settled share-based payments were non-operating and non-cash in nature and, accordingly, included these items as adjusting items. There were no changes in the composition of the adjusting items for both periods.

Adjusted Net Profit is not a measure of performance under HKFRS. The use of Adjusted Net Profit has material limitations as an analytical tool, as it does not include all items that impact our profit for the relevant period.

Liquidity, financial resources and capital structure

During the Reporting Period, the Group funded its cash requirements principally from cash generated from operations.

As at 30 June 2025, the Group's cash and cash equivalents, time deposits and structured deposits classified as financial assets at FVTPL amounted to RMB1,114.8 million in aggregate (as at 31 December 2024: RMB1,306.2 million), of which the majority were denominated in Renminbi ("RMB") and Hong Kong dollars. The decrease in cash and cash equivalents was primarily due to cash used in operating activities and for dividend payment. The majority of these time deposits and structured deposits were placed with banks for better utilisation of our surplus cash.

The Group continued to maintain a healthy and sound financial position. As at 30 June 2025, the current ratio (the ratio of total current assets to total current liabilities) was 457.7% (as at 31 December 2024: 241.4%). The liability-to-asset ratio (the ratio of total liabilities to total assets) decreased from 20.0% as at 31 December 2024 to 8.8% as at 30 June 2025.

As at 30 June 2025, the Group did not have any interest-bearing borrowings (as at 31 December 2024: nil). As at 30 June 2025, the Group's total equity amounted to RMB2,492.3 million (as at 31 December 2024: RMB2,445.6 million). The Board will evaluate the Group's capital structure from time to time based on the Group's operations, its business growth, the relevant funding requirements and available financial resources.

Gearing ratio

As at 30 June 2025, the Group's gearing ratio was zero (as at 31 December 2024: zero), which is calculated as total interest-bearing borrowings divided by total equity.

Capital expenditure and commitment

During the six months ended 30 June 2025, the Group paid RMB72.8 million primarily for the expansion of dormitories and the purchases of equipment for our University.

As at 30 June 2025, capital commitment of the Group was RMB32.9 million (as at 31 December 2024: RMB1.5 million).

Foreign exchange exposure

During the six months ended 30 June 2025, the Group mainly operated in China and the majority of the transactions were settled in RMB, which is the Company's primary subsidiaries and consolidated affiliated entities' functional currency. As at 30 June 2025, except for certain bank balances and deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. The Group did not enter into any financial instrument for hedging purpose as it is expected that foreign exchange exposure will not be material.

Pledge of assets

As at 30 June 2025, the Group had no pledge of assets (as at 31 December 2024: nil).

Contingent liabilities

As at 30 June 2025, the Group had no material contingent liabilities (as at 31 December 2024: nil).

Significant investments

The Group did not make or hold significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 30 June 2025) during the Reporting Period.

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the six months ended 30 June 2025.

Future plans for material investments or capital assets

As at 30 June 2025, the Group did not have detailed future plans for material investments or capital assets.

Employees and remuneration

As at 30 June 2025, the Group had a total of 2,294 employees (as at 31 December 2024: 2,311 employees). The following table sets forth the total number of employees by function as at 30 June 2025:

| Function | Number of employees |
|---|---------------------|
| Higher education (media and arts), vocational education and international education | |
| Teachers | 1,986 |
| Administration | 247 |
| Livestreaming e-commerce and artist management | |
| Operations | 24 |
| Administration | 11 |
| TV/film production, and corporate management | |
| Operations | 5 |
| Administration | 21 |
| Total | 2,294 |

The total remuneration cost incurred by the Group for the six months ended 30 June 2025 was RMB102.1 million, as compared to RMB103.9 million for the six months ended 30 June 2024.

The Company has adopted a post-IPO share award scheme and a post-IPO share option scheme on 22 June 2020. Please refer to the interim report of the Company for the six months ended 30 June 2025 to be published for details of the post-IPO share award scheme and the post-IPO share option scheme.

CORPORATE GOVERNANCE

The Board is committed to achieving high standards of corporate governance, which are crucial to the Company's development and safeguarding the interests of Shareholders.

Compliance with the Code on Corporate Governance Practices

The Board believes that transparency and good corporate governance will lead to long-term success for the Company.

The Company has adopted and complied with the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) during the six months ended 30 June 2025, save for the deviation set out below.

Code provision C.2.1 of the CG Code recommends, but does not require, that the roles of chairperson and chief executive should be separate and should not be performed by the same person. Mr. Pu Shulin (“**Mr. Pu**”) performs both the roles of the chairperson of the Board (the “**Chairperson**”) and the chief executive officer of the Company. Mr. Pu is the founder of the Group and has extensive experience in the business operations and management of the Group. The Board believes that vesting the roles of both Chairperson and chief executive officer in Mr. Pu has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning. This structure will enable the Company to make and implement decisions promptly and effectively.

The Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors. The Board will reassess the division of the roles of Chairperson and the chief executive officer from time-to-time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of the Group as a whole.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Management Trading of Securities Policy (the “**Company's Code**”), with terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Company's Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Company's Code during the six months ended 30 June 2025 and up to the date of this announcement.

Audit committee

The Group has established an audit committee comprising three members, being Mr. Lee Cheuk Yin Dannis, Mr. Zhang Jizhong and Mr. Huang Yu, with Mr. Lee Cheuk Yin Dannis (being the Company's independent non-executive Director with the appropriate professional qualifications) as the chairperson of the audit committee.

The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2025 and has met with the independent auditor, Messrs. Deloitte Touche Tohmatsu. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, risk management and internal control and financial reporting matters with senior management members of the Company.

OTHER INFORMATION

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any of the Company's listed securities (including treasury shares) during the Reporting Period. As at 30 June 2025, the Company did not hold any treasury shares.

Material litigation

Save as disclosed in this announcement, the Company was not involved in other material litigation or arbitration proceedings during the six months ended 30 June 2025 and the Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this announcement.

Interim dividend

The Board did not recommend the distribution of an interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: nil).

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 RMB'000 (unaudited) | 2024 RMB'000 (unaudited) |
|---|-------|--|--------------------------------|
| Revenue | 4 | 379,289 | 386,570 |
| Cost of revenue | | (171,557) | (192,802) |
| Gross profit | | 207,732 | 193,768 |
| Other income | 5 | 17,027 | 12,932 |
| Other gains and losses | 6 | (26,138) | 2,373 |
| Impairment losses reversed (recognised) under expected credit loss model, net of reversal | 7 | 5,255 | (79,620) |
| Selling expenses | | (7,415) | (9,327) |
| Administrative expenses | | (55,767) | (59,955) |
| Finance costs | | (71) | (513) |
| Profit before tax | | 140,623 | 59,658 |
| Income tax expense | 8 | (521) | (396) |
| Profit for the period | 9 | 140,102 | 59,262 |
| Other comprehensive expense: | | | |
| <i>Item that will not be reclassified to profit or loss:</i> | | | |
| Exchange differences arising on translation from functional currency to presentation currency | | (3,315) | (1,714) |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | – | 101 |
| Other comprehensive expense for the period | | (3,315) | (1,613) |
| Total comprehensive income for the period | | 136,787 | 57,649 |
| Profit for the period attributable to: | | | |
| Owners of the Company | | 125,397 | 48,547 |
| Non-controlling interests | | 14,705 | 10,715 |
| | | 140,102 | 59,262 |
| Total comprehensive income for the period attributable to: | | | |
| Owners of the Company | | 122,082 | 46,934 |
| Non-controlling interests | | 14,705 | 10,715 |
| | | 136,787 | 57,649 |
| Earnings per share | 11 | | |
| – Basic (RMB cents) | | 7.73 | 2.99 |
| – Diluted (RMB cents) | | 7.73 | 2.99 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

| | NOTES | 30 June 2025 <i>RMB'000</i> (unaudited) | 31 December 2024 <i>RMB'000</i> (audited) |
|--|-------|--|--|
| Non-current Assets | | | |
| Property and equipment | | 1,234,454 | 1,216,174 |
| Right-of-use assets | | 107,684 | 124,359 |
| Intangible assets | | 16,395 | 23,873 |
| Deferred tax assets | | – | 379 |
| Time deposits | | 270,000 | 230,000 |
| Other receivables | 12 | 8,551 | 7,487 |
| | | <u>1,637,084</u> | <u>1,602,272</u> |
| Current Assets | | | |
| Inventories | | 11,208 | 14,291 |
| Trade and other receivables | 12 | 236,767 | 333,486 |
| Financial assets at fair value through profit or loss (“FVTPL”) | | 427,480 | 386,795 |
| Time deposits | | 90,000 | 30,000 |
| Cash and cash equivalents | | 328,821 | 690,770 |
| | | <u>1,094,276</u> | <u>1,455,342</u> |
| Current Liabilities | | | |
| Trade and other payables | 13 | 174,748 | 191,069 |
| Contract liabilities | | 42,903 | 384,842 |
| Tax liabilities | | 459 | 494 |
| Dividend payable | | 20,950 | 20,950 |
| Lease liabilities | | – | 5,447 |
| | | <u>239,060</u> | <u>602,802</u> |
| Net Current Assets | | <u>855,216</u> | <u>852,540</u> |
| Total Assets less Current Liabilities | | <u><u>2,492,300</u></u> | <u><u>2,454,812</u></u> |

| | <i>NOTE</i> | 30 June 2025 RMB'000 (unaudited) | 31 December 2024 RMB'000 (audited) |
|--|-------------|---|---|
| Non-current Liabilities | | | |
| Lease liabilities | | – | 9,129 |
| Deferred income | | – | 75 |
| | | – | 9,204 |
| Net Assets | | 2,492,300 | 2,445,608 |
| Capital and Reserves | | | |
| Share capital | 14 | 117 | 117 |
| Reserves | | 2,252,409 | 2,220,422 |
| Equity attributable to owners of the Company | | 2,252,526 | 2,220,539 |
| Non-controlling interests | | 239,774 | 225,069 |
| Total Equity | | 2,492,300 | 2,445,608 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 January 2017 as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares have been listed on the Main Board of the Stock Exchange since 15 July 2020. Its immediate holding company is Cathay Media Holdings Inc., a company incorporated in the British Virgin Islands (the “BVI”) and its ultimate holding company is Media One International (PTC) Limited, a company incorporated in the BVI, which is the trustee of a trust established in January 2021 of which the settlor is Mr. Pu Shulin, who is also an executive Director and Chairperson. The address of the Company’s registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of higher education (media and arts), vocational education and international education services and entertainment and livestreaming e-commerce in the PRC. The Group conducts a substantial portion of its businesses through the Consolidated Affiliated Entities and Contractual Arrangements (as defined in the Company’s annual report for the year ended 31 December 2024).

The condensed consolidated financial statements are presented in RMB, which is different from the Company’s functional currency of Hong Kong dollars (“HK\$”). Since the majority of the assets and operations of the Group are located in the PRC, the condensed consolidated financial statements are presented in RMB.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as the applicable disclosure requirements of the Listing Rules.

3. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

Other than additional/change in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|-----------------------|-------------------------|
| Amendments to HKAS 21 | Lack of Exchangeability |
|-----------------------|-------------------------|

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

| | Six months ended 30 June | |
|--|--------------------------|-----------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Types of goods or services | | |
| <i>Recognised over time</i> | | |
| Higher education (media and arts), vocational education and international education service income | | |
| – Higher education programmes | 266,091 | 231,957 |
| – Continuing education programmes | 46,332 | 55,336 |
| – International preparatory programmes | 32,051 | 26,274 |
| Promotion income from livestreaming e-commerce | 1,964 | 9,159 |
| Other income from education business | 4,440 | 3,274 |
| | <u>350,878</u> | <u>326,000</u> |
| <i>Recognised at a point in time</i> | | |
| Artist management service income | 24,450 | 45,781 |
| Sales of groceries | 3,307 | 3,467 |
| Commission income from livestreaming e-commerce and others | 654 | 11,322 |
| | <u>28,411</u> | <u>60,570</u> |
| | <u>379,289</u> | <u>386,570</u> |
| | | |
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Geographical markets (Note) | | |
| Mainland China | <u>379,289</u> | <u>386,570</u> |

Note: Information about the Group's revenue is presented based on the location of the customers.

Segment information

The Group's operating segments are based on information prepared and reported to the chief executive officer and executive Directors, being the chief operating decision maker ("CODM"), for the purposes of resources allocation and performance assessment.

The CODM had identified two reportable and operating segments, namely higher education (media and arts), vocational education and international education segment and entertainment and livestreaming e-commerce segment.

Segment results represent the profits earned by each segment and excluding certain other income, other gains and losses and corporate administrative expenses. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

| | Higher education (media and arts), vocational education and international education RMB'000 | Entertainment and livestreaming e-commerce RMB'000 | Total RMB'000 |
|--|--|---|--------------------------|
| For the six months ended 30 June 2025 (unaudited) | | | |
| Segment revenue | | | |
| External sales | <u>352,221</u> | <u>27,068</u> | <u>379,289</u> |
| Segment profit (loss) | <u>180,388</u> | <u>(45,182)</u> | <u>135,206</u> |
| Unallocated other income | | | 10,551 |
| Unallocated other gains and losses | | | 546 |
| Unallocated corporate expenses | | | <u>(5,680)</u> |
| Profit before tax | | | <u><u>140,623</u></u> |
| For the six months ended 30 June 2024 (unaudited) | | | |
| Segment revenue | | | |
| External sales | <u>320,308</u> | <u>66,262</u> | <u>386,570</u> |
| Segment profit (loss) | <u>101,439</u> | <u>(41,212)</u> | <u>60,227</u> |
| Unallocated other income | | | 6,490 |
| Unallocated other gains and losses | | | (33) |
| Unallocated corporate expenses | | | <u>(7,026)</u> |
| Profit before tax | | | <u><u>59,658</u></u> |

Information about major customers

No single customer contributed over 10% or more of total revenue of the Group during the six months ended 30 June 2025 and 2024.

5. OTHER INCOME

| | Six months ended 30 June | |
|---|--------------------------|--------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Interest income from banks | 10,551 | 5,698 |
| Miscellaneous service income | 3,543 | 4,747 |
| Donation income | 2,160 | 850 |
| Interest income from consideration receivables (<i>note 12</i>) | – | 792 |
| Government grants | 122 | 149 |
| Others | 651 | 696 |
| | <u>17,027</u> | <u>12,932</u> |

6. OTHER GAINS AND LOSSES

| | Six months ended 30 June | |
|---|--------------------------|--------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| (Losses) gains from changes in fair value of financial assets measured at FVTPL | (25,832) | 2,406 |
| Loss on write-off of property and equipment | (1,796) | – |
| Gain on termination of lease agreement | 944 | – |
| Net foreign exchange gains (losses) | 546 | (33) |
| | <u>(26,138)</u> | <u>2,373</u> |

7. IMPAIRMENT LOSSES (REVERSED) RECOGNISED UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

| | Six months ended 30 June | |
|--|--------------------------|--------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Impairment losses (reversed) recognised: | | |
| – trade receivables | (5,255) | 31,389 |
| – other receivables | – | 48,231 |
| | <u>(5,255)</u> | <u>79,620</u> |

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024.

8. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|-----------------------------------|--------------------------|----------------|
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (unaudited) | (unaudited) |
| PRC Enterprise Income Tax (“EIT”) | | |
| – current tax | 142 | 495 |
| – deferred tax | 379 | (99) |
| | <u>521</u> | <u>396</u> |

The Company was incorporated in the Cayman Islands and its direct owned subsidiary, Cathay Media Group (BVI) Inc. was incorporated in the BVI that are tax exempted as no business carried out in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI, respectively.

No provision for Hong Kong profits tax was made in the condensed consolidated financial statements as the Group had no assessable profit subject to Hong Kong profits tax for both periods.

Pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC (the “**EIT Law of the PRC**”), the statutory tax rate of the PRC subsidiaries is 25% for both periods.

Certain subsidiaries of the Company are subject to small and thin-profit enterprises and entitled to the preferential tax rate of 20% with 75% reduction on annual taxable income during both periods.

According to the relevant provisions of Implementation Rules for the Law for Promoting Private Education and the Implementation Rules, private schools, which are providing academic qualification education, are eligible to enjoy income tax exemption treatment if the school sponsors of such schools do not require reasonable returns or the schools are elected to be not-for-profit schools. In June 2021, the Group submitted the application for the election for the registration of CUCN into for-profit private school (the “**Conversion**”) in accordance with these laws and regulations. As at 30 June 2025 and 2024, the Conversion was still in process and the tax positions of CUCN has not been changed for both periods. CUCN followed previous EIT preferential treatments according to the current tax practice. During the six months ended 30 June 2025, the non-taxable income amounted to RMB347,530,000 (six months ended 30 June 2024: RMB316,580,000), and the related non-deductible expenses amounted to RMB170,086,000 (six months ended 30 June 2024: RMB165,522,000).

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No deferred tax liabilities regarding the withholding tax have been provided as the PRC subsidiaries will not declare any dividend to holding companies outside mainland China in the foreseeable future.

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging the following items:

| | Six months ended 30 June | |
|---|---------------------------------|--------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Directors' remuneration | 2,860 | 2,850 |
| Other staff costs | | |
| – salaries and other allowances | 84,861 | 85,289 |
| – retirement benefit scheme contributions | 13,886 | 14,890 |
| – share-based payments | 512 | 900 |
| Total staff costs | 102,119 | 103,929 |
| Depreciation of property and equipment | 32,207 | 32,837 |
| Depreciation of right-of-use assets | 4,033 | 6,140 |
| Amortisation of intangible assets | 7,715 | 7,007 |
| Total depreciation and amortisation | 43,955 | 45,984 |
| Write-down of inventories (included in cost of revenue) | 2,992 | – |

10. DIVIDEND

On 28 March 2025, a final dividend of HK\$0.03 per ordinary share and a special dividend of HK\$0.03 per ordinary share in respect of the year ended 31 December 2024 were declared to owners of the Company. The aggregate amounts of the final and special dividend declared and paid in the current period amounted to approximately HK\$99,296,000 (equivalent to approximately RMB90,607,000).

Subsequent to the end of the current interim period, the directors of the Company have determined that no interim dividend will be declared for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

11. EARNINGS PER SHARE

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

| | Six months ended 30 June | |
|---|---------------------------------|--------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Earnings | | |
| Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share | 125,397 | 48,547 |
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | '000 | '000 |
| | (unaudited) | (unaudited) |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 1,622,937 | 1,622,937 |
| Effect of dilutive potential ordinary shares | | |
| – share options (<i>Note</i>) | 187 | – |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 1,623,124 | 1,622,937 |

Note: The computation of diluted earnings per share for the six months ended 30 June 2024 did not assume the exercise of the Company's share options granted under the post-IPO share option scheme as the exercise price of the share options was higher than the average market price for shares for the period.

12. TRADE AND OTHER RECEIVABLES

| | 30 June 2025 <i>RMB'000</i> (unaudited) | 31 December 2024 <i>RMB'000</i> (audited) |
|--|--|--|
| Trade receivables | | |
| – from entertainment and livestreaming e-commerce | 490,404 | 576,259 |
| – from higher education (media and arts), vocational education and international education | 974 | 15,908 |
| | 491,378 | 592,167 |
| Less: Allowance for credit losses | (487,160) | (492,415) |
| | 4,218 | 99,752 |
| Other receivables and prepayments | | |
| Loan Receivables (defined below) (<i>Note i</i>) | 420,000 | 420,000 |
| Less: Allowance for credit losses (<i>Note i</i>) | (240,749) | (240,749) |
| | 179,251 | 179,251 |
| Consideration receivables (<i>Note ii</i>) | 10,000 | 10,000 |
| Prepayment for services | 9,867 | 12,773 |
| Interest receivables from banks | 13,662 | 8,201 |
| Miscellaneous deposits | 5,230 | 6,261 |
| Receivables from service providers | 5,837 | 5,541 |
| Value added tax recoverable | 5,756 | 5,554 |
| Others | 11,497 | 13,640 |
| | 241,100 | 241,221 |
| | 245,318 | 340,973 |
| Analysed as: | | |
| – Current | 236,767 | 333,486 |
| – Non-current | 8,551 | 7,487 |
| | 245,318 | 340,973 |

Notes:

- i. On 21 June 2021, Nanjing Lanchou Corporate Management Co., Ltd. (南京藍籌企業管理有限公司) (“**Nanjing Lanchou**”) entered into the sale and purchase agreement with the Transferor, Jiangsu China Red Science and Education Investment Group Nanjing Energy and Technology Co. Ltd. (江蘇華紅科教投資集團南京能源科技有限公司), pursuant to which Nanjing Lanchou agreed to acquire the entire equity interests of Jiangsu China Red Science and Education and Investment Group Co., Ltd. (江蘇華紅科教投資集團有限公司) for an aggregate cash consideration of RMB450,000,000 which may be adjusted to RMB250,000,000 if certain conditions precedent (including completion of transfer of an additional land lot for the operation of the Olympic College of Nanjing Sport Institute (南京體育學院奧林匹克學院)) cannot be satisfied within 36 months from the date of the sale and purchase agreement.

To facilitate the series of restructuring stated in the sale and purchase agreement, Nanjing Lanchou has also entered into two loan agreements, pursuant to which Nanjing Lanchou shall grant to the Transferor the Bridging Loans in the principal amounts of RMB250,000,000 and RMB170,000,000, respectively (collectively referred as the “**Loan Receivables**”). The Loan Receivables were non-interest bearing with maturity date of six months, among which RMB410,000,000 shall not be used for any purpose other than agreed terms in the loan agreements. Mr. Ye Hua and Ms. Gao Jiehong, the founders of the Transferor, have provided the personal guarantee and pledged their 67% and 33% of equity interests in the Transferor as well as their 9% equity interests in Jiangsu Zijin Science and Education Investment Co., Ltd. (江蘇紫金科教投資有限公司) (“**Jiangsu Zijin**”) to Nanjing Lanchou as collaterals for the Loan Receivables.

As at 30 June 2025 and 31 December 2024, the Loan Receivables were not repaid and were overdue by the Transferor.

The Directors are of the view that, after seeking the legal advice and support from the independent valuer, the market value of the pledged assets held by the Transferor and the founders of the Transferor, including 100% equity interests of the Transferor and 9% equity interests of Jiangsu Zijin, will be approximately RMB179,251,000 (2024: RMB179,251,000) as at the end of the reporting period, and the Group has recognised allowance for credit loss amounting to RMB240,749,000 (2024: RMB240,749,000) as at the end of the reporting period.

- ii. Pursuant to the unwind agreement as disclosed in the Company’s announcement dated 28 March 2022, consideration receivables were secured by 20% equity interests of Beijing Shuimu Huaxia Education Technology Co., Ltd. (北京水木華夏教育科技有限公司). As at the end of the reporting period, the Group has not recognised a loss allowance for consideration receivables as a result of these collaterals.

The following is an aging analysis of trade receivables net of allowance for credit losses presented based on the revenue recognition dates:

| | 30 June 2025 RMB’000 (unaudited) | 31 December 2024 RMB’000 (audited) |
|------------------|---|---|
| Less than 1 year | 2,620 | 24,807 |
| 1 to 2 years | 1,598 | 74,945 |
| | 4,218 | 99,752 |

The Group allows a credit period ranging from three months to one year to its customers.

13. TRADE AND OTHER PAYABLES

| | 30 June 2025 RMB’000 (unaudited) | 31 December 2024 RMB’000 (audited) |
|--|---|---|
| Trade payables | 80,666 | 67,085 |
| Payables for property and equipment | 33,749 | 54,226 |
| Payroll payables | 21,567 | 25,702 |
| Miscellaneous deposits received from students | 17,061 | 21,014 |
| Deposits from construction suppliers | 8,959 | 9,513 |
| Discretionary subsidies received on behalf of students | 2,849 | 2,079 |
| Value added tax and other taxes payable | 4,573 | 4,850 |
| Other payables | 5,324 | 6,600 |
| | 174,748 | 191,069 |

The following is an aging analysis of trade payables presented based on the transaction date.

| | 30 June 2025 RMB'000 (unaudited) | 31 December 2024 RMB'000 (audited) |
|---------------|---|---|
| Within 1 year | 16,678 | 17,789 |
| 1 to 2 years | 16,260 | 3,568 |
| Over 2 years | 47,728 | 45,728 |
| | 80,666 | 67,085 |

14. SHARE CAPITAL

| | Number of shares | Share capital US\$ | Shown in the condensed consolidated financial statements RMB'000 |
|--|-----------------------------|-----------------------------------|---|
| <i>Ordinary shares of United States dollars ("US\$") 0.00001 each</i> | | | |
| Authorised: | | | |
| At 1 January 2024 (audited), 30 June 2024 (unaudited), 1 January 2025 (audited) and 30 June 2025 (unaudited) | 5,000,000,000 | 50,000 | |
| Issued and fully paid: | | | |
| At 1 January 2024 (audited), 30 June 2024 (unaudited), 1 January 2025 (audited) and 30 June 2025 (unaudited) | 1,654,937,000 | 16,549 | 117 |

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cathaymedia.com). The interim report for the six months ended 30 June 2025 will be dispatched to the Shareholders (upon requests from Shareholders) and made available on the abovementioned websites of the Stock Exchange and the Company in due course.

By order of the Board
Cathay Group Holdings Inc.
Pu Shulin
Chairperson and executive Director

China, 29 August 2025

As at the date of this announcement, the executive Directors are Mr. Pu Shulin, Ms. Jacqueline Luo, Mr. Wu Ye and Mr. Lau Chi Hung, and the independent non-executive Directors are Mr. Zhang Jizhong, Mr. Lee Cheuk Yin Dannis and Mr. Huang Yu.