華夏控股
CATHAY HOLDINGS

INTERIM REPORT 2025

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

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Pu Shulin *(Chairperson and chief executive officer)*
Ms. Jacqueline Luo
Mr. Wu Ye
Mr. Lau Chi Hung

Independent non-executive Directors

Mr. Zhang Jizhong
Mr. Lee Cheuk Yin Dannis
Mr. Huang Yu

AUDIT COMMITTEE

Mr. Lee Cheuk Yin Dannis *(chairperson)*
Mr. Zhang Jizhong
Mr. Huang Yu

REMUNERATION COMMITTEE

Mr. Huang Yu *(chairperson)*
Mr. Pu Shulin
Mr. Lee Cheuk Yin Dannis

NOMINATION COMMITTEE

Mr. Pu Shulin *(chairperson)*
Ms. Jacqueline Luo
Mr. Zhang Jizhong
Mr. Lee Cheuk Yin Dannis
Mr. Huang Yu

COMPANY SECRETARY

Mr. Lau Chi Hung

AUTHORISED REPRESENTATIVES

Mr. Pu Shulin
Mr. Lau Chi Hung

HEADQUARTERS

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Chaoyang District
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

REGISTERED OFFICE

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Grand Cayman KY1-9008
Cayman Islands

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor
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Central, Hong Kong

LEGAL ADVISERS

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No. 1 Jianguomenwai Avenue
Chaoyang District, Beijing, PRC

As to Cayman Islands law
Walkers (Hong Kong)
15/F, Alexandra House,
18 Chater Road, Central, Hong Kong

HONG KONG SHARE REGISTRAR

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Walkers Corporate Limited
190 Elgin Avenue, George Town
Grand Cayman KY1-9008
Cayman Islands

PRINCIPAL BANKS

DBS Bank (Hong Kong) Limited
Bank of China (HK) Ltd.

STOCK CODE

1981

COMPANY WEBSITE

www.cathaymedia.com

FINANCIAL HIGHLIGHTS

	Six months ended 30 June 2025 (unaudited)	2024 (unaudited)	Percentage 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 Accounting Standards: 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 (profit for the period).

	Six months ended 30 June 2025 (unaudited) (RMB'000)	2024 (unaudited) (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 Accounting Standards: Adjusted Net Profit	**140,614**	108,393

BUSINESS REVIEW AND OUTLOOK

BUSINESS REVIEW

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

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 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 report, 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 recongised 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.

Recent developments after the Reporting Period

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

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.

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 (unaudited)		2024 (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 (unaudited)		2024 (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	**29,970**	**17.5%**	54,948	28.5%
Total	**171,557**	**100%**	192,802	100%

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 (unaudited)		2024 (unaudited)	
	Gross profit/(loss)	**Gross margin**	Gross profit	Gross margin
	(RMB'000, except percentages)			
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 report, 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 ACCOUNTING STANDARDS MEASURE – ADJUSTED NET PROFIT

In order to supplement the Group's consolidated financial statements, which are presented in accordance with HKFRS Accounting Standards, 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 Accounting Standards 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 Accounting Standards 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 Accounting Standards measure does not have a standardised meaning prescribed by HKFRS Accounting Standards 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 Accounting Standards (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 Accounting Standards: Adjusted Net Profit	**140,614**	108,393

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 Accounting Standards. 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 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 section headed "Share Schemes" in this report for details of the Post-IPO Share Award scheme and the Post-IPO Share Option Scheme.

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 as set out in Part 2 of Appendix C1 to the Listing Rules on 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 Corporate Governance 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 performs both the roles of 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 that 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 report.

DISCLOSURES PURSUANT TO RULES 13.13 AND 13.20 OF THE LISTING RULES

In order to facilitate the restructuring in connection with the acquisition of Olympic College as disclosed in the section headed "Business Review and Outlook" in this report, the Group entered into the Loan Agreements for the principal amounts of RMB250 million (the "**1st Loan**") and RMB170 million (the "**2nd Loan**"), respectively, to be extended to 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).

The 1st Loan and the 2nd Loan are free of interest and repayment of these loans shall be at the earlier of six (6) months from the drawdown date of the respective loan agreements, or the complete date pursuant to the respective loan agreement, or the compulsory early repayment date pursuant to the respective loan agreements. Mr. Ye Hua and Ms. Gao Jiehong, two of the founders of the Olympic College, have executed share pledges in favour of Nanjing Lanchou over the entire interest of the Transferor and 9% equity interest in Jiangsu Zijin Science and Education Investment Co. Ltd* (江蘇紫金科教投資有限公司) as collateral relating to the 1st Loan and the 2nd Loan. As at 30 June 2025, the 1st loan and the 2nd loan provided under the Loan Agreements remained outstanding, and the aggregate amount (before credit impairment loss) was RMB420 million which exceeded 8% under the assets ratio (as defined under Chapter 14 of the Listing Rules) and constituted an advance to an entity under Rule 13.13 of the Listing Rules.

For details of the Loan Agreements in relation to the 1st Loan and 2nd Loan, please see the Company's announcement dated 22 June 2021.

AUDIT COMMITTEE

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

In addition, the independent auditor of the Company, Deloitte Touche Tohmatsu, has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2025 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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 report, 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 report.

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).

DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION PURSUANT TO LISTING RULE 13.51B(1)

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors since the last published annual report are set out below:

(a) Ms. Jacqueline Luo, an executive Director, was appointed as a member of the Nomination Committee with effect from 27 June 2025; and

(b) Mr. Huang Yu, an independent non-executive Director, was appointed as a member of the Nomination Committee with effect from 27 June 2025.

Save as disclosed above, there has been no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the publication of the 2024 annual report of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ASSOCIATED CORPORATIONS

As of 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) which were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange are set out below:

Interest in the Company

Name of Director	Nature of interest	Number of ordinary shares (Long position)	Approximate percentage of holding[1]
Mr. Pu	Founder of a discretionary trust	1,208,000,000	72.99%
Ms. Jacqueline Luo[2]	Interest of spouse	1,208,000,000	72.99%
Mr. Lau Chi Hung	Beneficial owner	100,000	0.00%

Notes:

(1) The calculation is based on the total number of 1,654,937,000 Shares in issue as of 30 June 2025.

(2) Ms. Jacqueline Luo is the spouse of Mr. Pu. Under the SFO, Ms. Jacqueline Luo is deemed to be interested in any Shares in which Mr. Pu is interested.

Interest in associated corporations

Associated corporation	Name of director	Nature of interest	Number of shares/amount of contribution to registered capital	Interest in associated corporation
Cathay Media Holding Inc.	Mr. Pu[1]	Interest of controlled corporation	1	100%

Note:

(1) Ms. Jacqueline Luo is the spouse of Mr. Pu, and she is deemed to be interested in the shares in Cathay Media Holding Inc. in which Mr. Pu is interested.

Save as disclosed above, as of 30 June 2025, so far as is known to any Director or the chief executive of the Company, none of the Directors nor the chief executives of the Company has any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 30 June 2025, the following persons (other than the Directors and chief executives whose interests have been disclosed in this interim report), had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company, pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares (Long position)	Approximate percentage of holding[(1)]
Mr. Pu[(2)]	Founder of a discretionary trust	1,208,000,000	72.99%
Ms. Jacqueline Luo[(2)]	Interest of spouse	1,208,000,000	72.99%
Cathay Media Holding Inc.[(2)]	Beneficial owner	1,208,000,000	72.99%
Media One International (PTC) Limited[(2)]	Trustee	1,208,000,000	72.99%
Winning Global Ventures Limited[(2)]	Interest of controlled corporation	1,208,000,000	72.99%

Notes:

(1) The calculation is based on the total number of 1,654,937,000 Shares in issue as of 30 June 2025.

(2) Cathay Media Holding Inc. is wholly-owned by Winning Global Ventures Limited. Mr. Pu, as settlor, controls Winning Global Ventures Limited through a discretionary trust. Ms. Jacqueline Luo is the spouse of Mr. Pu, and she is deemed to be interested in the shares in Cathay Media Holding Inc. in which Mr. Pu is interested.

(3) Pursuant to Section 336 of the SFO, if certain conditions are met, the Shareholders are required to submit a disclosure of interest notice. In the event of changes in the shareholding of the Shareholders in the Company, the Shareholders will not be required to notify the Company and the Stock Exchange unless certain conditions are met. Therefore, the latest shareholding of the Shareholders in the Company may be different from the shareholding submitted to the Stock Exchange.

Save as disclosed herein, as of 30 June 2025, no person, other than the Directors and chief executives whose interests are set out in this interim report, had any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE SCHEMES

The Company has two existing share schemes, namely the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme, which were all adopted before the effective date of the new Chapter 17 of the Listing Rules on 1 January 2023. The Company complied and will continue to comply with Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

As there were no grants made under the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme during the Reporting Period, there were 0 new Shares, representing 0% of the weighted average number of issued Shares of the Company for the Reporting Period, may be issued in respect of all options granted during the Reporting Period to eligible participants pursuant to the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme.

Further details and relevant breakdowns of each of the share schemes of the Company are set out below:

(i) Post-IPO Share Award Scheme

Maximum number of shares available for grant

The maximum aggregate number of Shares underlying all grants made pursuant to the Post-IPO Share Award Scheme (excluding Shares which have been forfeited in accordance with the Share Award Scheme) will not exceed 32,000,000 Shares (representing approximately 2% of the total issued Shares as of the Listing Date) without further Shareholders' approval (the "**Share Award Scheme Limit**"), subject to an annual limit of 1% of the total number of issued Shares of the relevant times. Save as otherwise restricted by the Share Award Scheme Limit or the Listing Rules, there shall be no limit on the total number of non-vested Shares that may be granted to a selected participant under the scheme.

Pursuant to the rules of the Post-IPO Share Award Scheme, the Company entered into a trust deed with Tricor Trust (Hong Kong) Limited (the "**Trustee**") on 24 September 2021 in respect of, among others, granting, administration or vesting of any award shares (the "**Award Shares**"). As at 30 June 2025, the Trustee has purchased a total of 32,000,000 Shares (as at 31 December 2024: 32,000,000 Shares) on the Stock Exchange.

No Award Shares had been granted and agreed to be granted under the Post-IPO Share Award Scheme. As of 1 January 2025 and 30 June 2025, the total number of Award Shares available for grant under the Post-IPO Share Awards Scheme was 32,000,000 Shares and 32,000,000 Shares, respectively.

Further details of the Post-IPO Share Award Scheme are set out in the Prospectus.

(ii) Post-IPO Share Option Scheme

Maximum number of Shares available for grant

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of the Company is 160,000,000, representing 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the "**Option Scheme Mandate Limit**"). Options which have lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option schemes of our Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

The Option Scheme Mandate Limit may be refreshed at any time subject to prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the Option Scheme Mandate Limit as refreshed cannot exceed 10% of the Shares in issue as of the date of such approval.

As of 1 January 2025 and 30 June 2025, the total number of options available for grant under the Post-IPO Share Option Scheme was 150,000,000 Shares and 150,000,000 Shares, respectively.

Further details of the Post-IPO Share Option Scheme are set out in the Prospectus.

					Number of options									
Category of grantee	Date of Grant	Exercise Period	Vesting Period	Exercise Price (HK$ per Share)	Outstanding as at 1 January 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2025	Closing price of the Shares immediately before the date of grant during the Reporting Period (HK$/Share)	Fair value of options at the date of grant during the Reporting Period (HK$)	Weighted average closing price of Shares immediately before the date of exercise during the Reporting Period (HK$/Share)	Performance targets
Employee Participant	31 May 2023	31 May 2023 - 30 May 2028	20% will vest on 30 April 2024, 30% will vest on 30 April 2025, 30% will vest on 30 April 2026, and 20% will vest on 30 October 2026. (Note)	1.40	10,000,000	–	–	–	–	10,000,000	N/A	N/A	N/A	N/A
Total					10,000,000	–	–	–	–	10,000,000				

Note:

The options shall vest in accordance with the vesting periods if the audited net profit of a consolidated affiliated entity of the Company is not less than a specified figure for each of the financial years preceding the relevant vesting dates (or in respect of the vesting date of 30 April 2025, the period from 1 May 2024 to 31 December 2024, and in respect of the vesting date of 30 October 2026, for the period from 1 January 2026 to 30 April 2026). The Board and the remuneration committee of the Company have the discretion to vest the options to the grantee on a pro-rata basis according to the actual results performance of the relevant consolidated affiliated entity. For the avoidance of doubt, the final vesting percentage will not exceed the percentages set out above.

REGULATORY UPDATE

As advised by the 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 for details.

Qualification requirements

There has been no significant update since the publication of the company's 2024 annual report. Please refer to the Company's 2024 annual report for details.

Pu Shulin
Executive Director
29 August 2025

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Cathay Group Holdings Inc.
華夏集團控股有限公司
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Cathay Group Holdings Inc. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 21 to 40, which comprise the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") as issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 August 2025

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:			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation from functional currency to presentation currency		**(3,315)**	(1,714)
Item that may be reclassified subsequently to profit or loss:			
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 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Non-current Assets			
Property and equipment	12	**1,234,454**	1,216,174
Right-of-use assets	12	**107,684**	124,359
Intangible assets		**16,395**	23,873
Deferred tax assets		**–**	379
Time deposits		**270,000**	230,000
Other receivables	14	**8,551**	7,487
		1,637,084	1,602,272
Current Assets			
Inventories	13	**11,208**	14,291
Trade and other receivables	14	**236,767**	333,486
Financial assets at fair value through profit or loss ("FVTPL")	15	**427,480**	386,795
Time deposits		**90,000**	30,000
Cash and cash equivalents		**328,821**	690,770
		1,094,276	1,455,342
Current Liabilities			
Trade and other payables	16	**174,748**	191,069
Contract liabilities	17	**42,903**	384,842
Tax liabilities		**459**	494
Dividend payable		**20,950**	20,950
Lease liabilities		**–**	5,447
		239,060	602,802
Net Current Assets		**855,216**	852,540
Total Assets less Current Liabilities		**2,492,300**	2,454,812
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	18	**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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Attributable to owners of the Company										
	Share capital RMB'000	**Shares held for share award scheme** RMB'000	**Share premium** RMB'000	**Capital reserve** RMB'000	**Translation reserve** RMB'000	**Share-based payment reserve** RMB'000	**Statutory surplus reserve** RMB'000	**Retained profits** RMB'000	**Subtotal** RMB'000	**Non-controlling interests** RMB'000	**Total** RMB'000
At 1 January 2024 (audited)	117	(52,411)	824,424	247,627	(83,302)	1,204	427,129	850,954	2,215,742	200,222	2,415,964
Profit for the period (unaudited)	–	–	–	–	–	–	–	48,547	48,547	10,715	59,262
Other comprehensive expense for the period (unaudited)	–	–	–	–	(1,613)	–	–	–	(1,613)	–	(1,613)
Total comprehensive (expense) income for the period (unaudited)	–	–	–	–	(1,613)	–	–	48,547	46,934	10,715	57,649
Recognition of equity-settled share-based payments (note 19) (unaudited)	–	–	–	–	–	900	–	–	900	–	900
Dividend recognised as distribution (note 10)	–	–	(90,338)	–	–	–	–	–	(90,338)	–	(90,338)
At 30 June 2024 (unaudited)	117	(52,411)	734,086	247,627	(84,915)	2,104	427,129	899,501	2,173,238	210,937	2,384,175
At 1 January 2025 (audited)	**117**	**(52,411)**	**734,086**	**247,627**	**(81,765)**	**2,738**	**453,342**	**916,805**	**2,220,539**	**225,069**	**2,445,608**
Profit for the period (unaudited)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**125,397**	**125,397**	**14,705**	**140,102**
Other comprehensive expense for the period (unaudited)	**–**	**–**	**–**	**–**	**(3,315)**	**–**	**–**	**–**	**(3,315)**	**–**	**(3,315)**
Total comprehensive (expense) income for the period (unaudited)	**–**	**–**	**–**	**–**	**(3,315)**	**–**	**–**	**125,397**	**122,082**	**14,705**	**136,787**
Recognition of equity-settled share-based payments (note 19) (unaudited)	**–**	**–**	**–**	**–**	**–**	**512**	**–**	**–**	**512**	**–**	**512**
Dividend recognised as distribution (note 10)	**–**	**–**	**(90,607)**	**–**	**–**	**–**	**–**	**–**	**(90,607)**	**–**	**(90,607)**
At 30 June 2025 (unaudited)	**117**	**(52,411)**	**643,479**	**247,627**	**(85,080)**	**3,250**	**453,342**	**1,042,202**	**2,252,526**	**239,774**	**2,492,300**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(37,182)**	(129,037)
INVESTING ACTIVITIES		
Interest received	**5,090**	5,698
Purchases of property and equipment	**(72,760)**	(64,915)
Purchases of intangible assets	**(237)**	(237)
Purchases of financial assets at FVTPL	**(866,320)**	(528,309)
Redemptions of financial assets at FVTPL	**799,803**	666,769
Placement of time deposits	**(100,000)**	(150,000)
Withdrawal of time deposits	**–**	245,377
Net cash (used in) from investing activities	**(234,424)**	174,383
FINANCING ACTIVITIES		
Dividend paid	**(90,607)**	(90,338)
Repayments of leases liabilities	**–**	(2,644)
Net cash used in financing activities	**(90,607)**	(92,982)
Net decrease in cash and cash equivalents	**(362,213)**	(47,636)
Cash and cash equivalents at the beginning of the period	**690,770**	342,044
Effect of foreign exchange rate changes	**264**	1,569
Cash and cash equivalents at the end of the period	**328,821**	295,977

1. GENERAL INFORMATION

Cathay Group Holdings Inc. (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 of Hong Kong Limited (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 chairman of the board of directors of the Company. 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 (collectively referred as the "**Group**") 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 People's Republic of China (the "**PRC**"). The Group conducts a substantial portion of the business through the Consolidated Affiliated Entities under Contractual Arrangements (as detailed and defined in note 2) in the PRC.

The condensed consolidated financial statements are presented in Renminbi ("**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 Rules Governing the Listing of Securities on the Stock Exchange.

The Group's higher education (media and arts), vocational education and international education business was carried out by Nanjing Lanchou Corporate Management Co., Ltd. (南京藍籌企業管理有限公司) ("**Nanjing Lanchou**"), Nanjing Meiya Education Investment Co., Ltd. (南京美亞教育投資有限公司), Communication University of China, Nanjing (南京傳媒學院) ("**CUCN**"), while the entertainment and livestreaming e-commerce business was carried out by Dongyang Huaxia Audio-Visual Film Culture Co., Ltd. (東陽華夏視聽影視文化有限公司) ("**Dongyang Huaxia**"), Huaxia Audio-Visual Global Media (Beijing) Holdings Co., Ltd. (華夏視聽環球傳媒(北京)股份有限公司), Beijing Huaxia Zhenxuan Cultural Communication Co., Ltd. (北京華夏珍選文化傳播有限公司) (formerly known as Beijing Huaxia Huyu Cultural Communication Co., Ltd. (北京華夏互娛文化傳播有限公司) and Beijing Huaxia Audio-Visual Online Cultural Development Co., Ltd. (北京華夏視聽在線文化發展有限公司)) and Beijing Huaxia Huyu Culture Media Co., Ltd. (北京華夏互娛文化傳媒有限公司) (formerly known as Huaxia Youpin (Beijing) Culture Communication Co., Ltd. (華夏優品(北京)文化傳播有限公司)) (collectively as the "**Consolidated Affiliated Entities**").

2. BASIS OF PREPARATION (continued)

Due to the restriction of foreign ownership in the operation of higher education (media and arts), vocational education and international education business and entertainment and livestreaming e-commerce business, the Company does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the contractual arrangements entered by Bicheng Art Consulting (Nanjing) Co., Ltd. (碧城藝術諮詢(南京)有限公司), a wholly owned subsidiary of the Group, with the Consolidated Affiliated Entities operating education business and Mr. Pu Shulin, while Dongyang Huaxia Audio-Visual Culture Consulting Co., Ltd. (東陽華夏視聽文化諮詢有限公司), a wholly owned subsidiary of the Group, with the Consolidated Affiliated Entities operating television series and film production business, Mr. Pu Shulin and Mr. Liu Chang, respectively (the "**Contractual Arrangements**"), the Group is able to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders' voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interests and returns generated by the Consolidated Affiliated Entities, in consideration for the technical and consulting services provided by the Group, at the Group's discretion;
- obtain the irrevocable and exclusive right for the Group or their designated persons to purchase all or part of the equity interests in the Consolidated Affiliated Entities from equity holders at a minimum purchase price permitted under the PRC laws and regulations at the Group's sole and absolute discretion to the extent permitted by PRC law; and
- obtain a pledge over the entire equity interests in the Consolidated Affiliated Entities from their equity holders to secure the performance of their obligations under the Contractual Arrangements.

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.

3. ACCOUNTING POLICIES (continued)

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		
Recognised over time		
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
	350,878	326,000
Recognised at a point in time		
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
	28,411	60,570
	379,289	386,570
Geographical markets (Note)		
Mainland China	**379,289**	386,570

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

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment information

The Group's operating segments are based on information prepared and reported to the chief executive officer and executive directors of the Company, 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	**352,221**	**27,068**	**379,289**
Segment profit (loss)	**180,388**	**(45,182)**	**135,206**
Unallocated other income			**10,551**
Unallocated other gains and losses			**546**
Unallocated corporate expenses			**(5,680)**
Profit before tax			**140,623**
For the six months ended 30 June 2024 (unaudited)			
Segment revenue			
External sales	320,308	66,262	386,570
Segment profit (loss)	101,439	(41,212)	60,227
Unallocated other income			6,490
Unallocated other gains and losses			(33)
Unallocated corporate expenses			(7,026)
Profit before tax			59,658

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 (note 14)	**–**	792
Government grants	**122**	149
Others	**651**	696
	17,027	12,932

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)
	(26,138)	2,373

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
	(5,255)	79,620

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
	RMB'000	RMB'000
	(unaudited)	(unaudited)
PRC Enterprise Income Tax ("**EIT**")		
– current tax	**142**	495
– deferred tax	**379**	(99)
	521	396

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 30 May 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 dividend 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 (Note)	**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 defined in note 19 as the exercise price of the share options was higher than the average market price for shares for the period.

12. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2025, the Group incurred RMB52,283,000 (six months ended 30 June 2024: RMB7,275,000) on acquisition of the property and equipment.

As at 30 June 2025, the Group is in the process of obtaining title deeds of buildings with carrying value of RMB667,305,000 (31 December 2024: RMB666,054,000).

As at 30 June 2025, the carrying values of the leasehold lands of RMB105,072,000 (31 December 2024: RMB106,521,000) are allocated by the government, which have no definite lease term stated in the relevant leasehold lands certificates. However, without the relevant administrative authorities' permission, the Group cannot transfer, lease or pledge any leasehold land allocated by the government.

13. INVENTORIES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Scripts	**5,910**	8,902
Television series and films completed	**4,528**	4,528
Other products	**770**	861
	11,208	14,291

14. TRADE AND OTHER RECEIVABLES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (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) (Note i)	**420,000**	420,000
Less: Allowance for credit losses (Note i)	**(240,749)**	(240,749)
	179,251	179,251
Consideration receivables (Note ii)	**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

14. TRADE AND OTHER RECEIVABLES (continued)

Notes:

i. On 21 June 2021, Nanjing Lanchou entered into the sale and purchase agreement with 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) (the "**Transferor**"), 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 two bridging loans in the principal amounts of RMB250,000,000 ("**250M Bridging Loan**") and RMB170,000,000 ("**170M Bridging Loan**"), 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, has 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 of the Company 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

15. FINANCIAL ASSETS AT FVTPL

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Financial assets mandatorily measured at FVTPL (Note):		
– Structured deposits	**425,965**	355,420
– Listed equity investments	**1,515**	–
– Film production investment	**–**	31,375
	427,480	386,795

Note: Details of the fair value measurement for financial assets at FVTPL are set out in note 20.

16. 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

17. CONTRACT LIABILITIES

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Contract liabilities		
– from higher education (media and arts), vocational education and international education	**21,870**	358,147
– from entertainment and livestreaming e-commerce	**21,033**	26,695
	42,903	384,842

18. SHARE CAPITAL

	Number of shares	**Share capital** US$	**Shown in the condensed consolidated financial statements** RMB'000
*Ordinary shares of United States dollars (“**US$**”) $0.00001 each*			
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

19. SHARE-BASED PAYMENT TRANSACTIONS

The Company has adopted two share schemes, namely the post initial public offering share award scheme (the “**Post-IPO Share Award Scheme**”) and the post initial public offering share option scheme (the “**Post-IPO Share Option Scheme**”).

Post-IPO Share Award Scheme

On 24 September 2021, the Company adopted the share award scheme (the “**Post-IPO Share Award Scheme**”) to align the interests of eligible persons with those of the Company through ownership of shares, dividends and other distributions paid on shares and/or the increase in value of the shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group. The Company has set up the Cathay Media and Education Share Incentive (the “**Trust**”) to administer and hold the Company's shares before they are vested and transferred. The Trust purchased the Company's shares from the open market using cash contributed by the Company, not permitted to exceed 32,000,000 shares without further shareholders' approval.

19. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Post-IPO Share Award Scheme (continued)

As at 30 June 2025 and 2024, 32,000,000 shares in a total consideration of HK$63,102,000 (equivalent to RMB52,411,000) were recognised as treasury shares in the condensed consolidated statement of changes in equity.

No shares were granted under the Post-IPO Share Award Scheme by the Company for both periods.

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was adopted pursuant to the written resolutions of the shareholders passed on 22 June 2020 to provide eligible persons with the opportunity to acquire proprietary interests in the Company and to encourage the eligible person to work towards enhancing the value of the Company.

On 30 May 2023, the Company granted 10,000,000 options to an employee of the Group pursuant to the Post-IPO Share Option Scheme. The details of the Post-IPO Share Option Scheme are as follows:

Date of grant	Vesting period	Exercise period	Number of options to be vested	Fair value at grant date
				HK$
31 May 2023	31 May 2023 ~30 April 2024	1 May 2024 ~ 30 May 2028	2,000,000	852,000
31 May 2023	31 May 2023 ~30 April 2025	1 May 2025 ~ 30 May 2028	3,000,000	1,285,000
31 May 2023	31 May 2023 ~30 April 2026	1 May 2026 ~ 30 May 2028	3,000,000	1,264,000
31 May 2023	31 May 2023 ~30 October 2026	1 November 2026 ~ 30 May 2028	2,000,000	830,000

No option was exercised during the current interim period. The Group recognised the total expense of RMB512,000 during the six months ended 30 June 2025 in relation to Post-IPO Share Option granted by the Company (six months ended 30 June 2024: RMB900,000).

The fair value of the Post-IPO Share Option was determined at the date of grant using the binomial option-pricing model. Option valuation model requires the input of highly subjective assumptions, including the option's expected life and the price volatility of the underlying shares, and changes in the subjective input assumptions can materially affect the fair value estimate of share options.

19. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Post-IPO Share Option Scheme (continued)

Stock price as at grant date	HK$1.4
Exercise price	HK$1.4
Expected volatility	49.63%
Expected life	2.32 years
Risk-free rate	3.3372%
Expected dividend yield	6.43%

The binomial option-pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Expected volatility was determined by using the historical volatility of comparable company's share prices. Changes in variables and assumptions may result in changes in the fair value of the options.

As at 30 June 2025, the number of shares in respect of which options had been granted and remained outstanding under the Post-IPO Share Option Scheme was 10,000,000 (31 December 2024: 10,000,000).

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include the lowest level inputs which are significant to the fair value measurement for the asset or liability that are not based on observable market data (significant unobservable inputs).

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value at 30 June 2025 RMB'000 (unaudited)	Fair value at 31 December 2024 RMB'000 (audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Financial assets at FVTPL:						
– Listed equity investments	**1,515**	–	Level 1	Quoted prices in active markets	N/A	N/A
– Structured deposits	**425,965**	355,420	Level 3	Discounted cash flow method was used/ expected return rate	Expected return rates from 0.70% to 2.42% (2024: 1.57% to 3.65%)	The higher the expected return, the higher the fair value, vice versa
– Film production investment	**–**	31,375	Level 3	Discounted cash flow method was used/ future cash flow was estimated based on the contractual terms and discounted at a rate that reflects the credit risk of the counterparty	N/A (2024: discount rate of 28.43%)	The higher the discount rate, the lower the fair value, vice versa

Reconciliation of Level 3 fair value measurements of financial assets

The following table presents the reconciliation of Level 3 measurements during both periods:

	Financial assets at FVTPL RMB'000
At 1 January 2024 (audited)	381,515
Purchases	458,180
Redemptions	(576,030)
Gains in profit or loss	3,119
At 30 June 2024 (unaudited)	266,784
At 1 January 2025 (audited)	**386,795**
Purchases	**860,000**
Redemptions	**(794,132)**
Losses in profit or loss	**(26,698)**
At 30 June 2025 (unaudited)	**425,965**

21. CAPITAL COMMITMENTS

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Capital expenditures contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of		
– property and equipment	**32,880**	1,478

22. RELATED PARTY TRANSACTIONS

(i) Non-trade balance with a related party

	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
Dividend payable to a non-controlling shareholder	**20,950**	20,950

(ii) Compensation of key management personnel

The remuneration of directors of the Company and key management of the Group is as follows:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (audited)
Short-term employee benefits	**2,810**	2,800
Post-employment benefits	**50**	50
	2,860	2,850

"Board"	the board of Directors
"Chairperson"	the chairperson of the Board
"China" or "PRC"	the People's Republic of China
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Cathay Group Holdings Inc., an exempted company incorporated in the Cayman Islands with limited liability on 4 January 2017
"Consolidated Affiliated Entity(ies)"	Dongyang Huaxia, Nanjing Lanchou and their subsidiaries and affiliated entities, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of contractual arrangements
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules and except where the context requires otherwise, refers to Mr. Pu, Cathay Media Holding Inc. and Winning Global Ventures Limited
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules, as amended from time to time
"CUCN" or "University"	南京傳媒學院 (Pinyin: Nanjing Chuanmei Xueyuan), formally known as Communication University of China, Nanjing (中國傳媒大學南廣學院), which received the certificate of registration for a privately-run non-enterprise unit on 31 January 2005
"Director(s)"	the director(s) of our Company
"Dongyang Huaxia"	Dongyang Huaxia Audio-Visual Film Culture Co., Ltd. (東陽華夏視聽影視文化有限公司), a company established in the PRC on 18 June 2019 and a Consolidated Affiliated Entity
"Group", "we" or "us"	the Company, its subsidiaries, and the Consolidated Affiliated Entities from time to time, and in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Listing Date"	15 July 2020, the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Mr. Pu"	Mr. Pu Shulin (蒲樹林), our founder, executive Director, chief executive officer, Chairperson and our Controlling Shareholder
"Nanjing Lanchou"	Nanjing Lanchou Corporate Management Co., Ltd. (南京藍籌企業管理有限公司), a company established in the PRC on 26 October 2017 and a Consolidated Affiliated Entity
"Post-IPO Share Award Scheme"	the post-IPO share award scheme conditionally approved and adopted by our Company on 22 June 2020
"Post-IPO Share Option Scheme"	the post-IPO share option scheme conditionally approved and adopted by our Company on 22 June 2020
"PRC Legal Adviser"	Commerce & Finance Law Offices
"Prospectus"	the prospectus of the Company dated 30 June 2020
"RMB"	Renminbi yuan, the lawful currency of PRC
"Reporting Period"	the six months ended 30 June 2025
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.00001 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed to it in the Listing Rules
"United States" or "US"	the United States of America
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"%"	per cent