



ANNUAL 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

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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

22/F, Tower 12, Wanda Plaza
No. 93 Jianguo Road
Chaoyang District
Beijing, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1918, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

REGISTERED OFFICE

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

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor
35/F One Pacific Place
88 Queensway
Central, Hong Kong

LEGAL ADVISERS

As to Hong Kong and U.S. laws
Skadden, Arps, Slate, Meagher & Flom and affiliates
42/F, Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

As to PRC law
Commerce & Finance Law Offices
12/F – 14/F, China World Office 2
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

CHAIRPERSON'S STATEMENT

Dear Shareholders,

The Group recorded a profit of RMB331.6 million for the Reporting Period, representing a significant year-on-year increase of 183.6%. This growth was primarily driven by the increase in both tuition fees and student enrollment in our higher education (media and arts) business, and the absence of further impairment losses provided for the Group's trade and other receivables. The Board has recommended a final dividend of HK\$0.068 per Share for the year ended 31 December 2025, totaling HK\$112.5 million, subject to Shareholders' approval at the forthcoming annual general meeting.

We expect our higher education (media and arts), vocational education and international education segment will continue to provide the Group with stable revenue growth and cash flow. Leveraging our years of high-quality teaching resources and extensive experience in industry-education integration, the Group has actively expanded into new business areas, including pay-for-knowledge and vertical e-commerce, artificial intelligence ("AI") professor and AI art courses. Our higher education (media and arts), vocational education and international education businesses currently have more than 33,000 students and teachers, providing a unique talent advantage for the development of these new businesses.

As at 31 December 2025, the Group's cash and cash equivalents, time deposits and structured deposits amounted to RMB1,648.6 million in aggregate, with zero interest-bearing borrowings. The Group continues to maintain a robust financial position, providing a strong support for our strategic development across the three major areas: (i) media and arts education, (ii) pay-for-knowledge and vertical e-commerce, as well as (iii) AI professor and AI art courses.

Looking ahead, we are confident that the core value of the Group will be appropriately reflected over the long term, creating sustainable value growth and returns for our Shareholders.

I would like to take this opportunity to express my sincere gratitude to our Shareholders and our partners including students, parents, suppliers, bankers, professional parties and local government authorities for your continuous trust, support and assistance. I would also like to thank our Board members, senior management and staff for their endeavours and contributions to our Group.

Pu Shulin

Chairperson of the Board

30 March 2026

BUSINESS REVIEW

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

According to the 2026 ABC China Private University Rankings, CUCN is ranked first among private arts universities in China, with our educational capabilities consistently ranking at the top of the industry. CUCN offers more than 50 undergraduate majors, providing comprehensive coverage across 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, reflecting remarkable success in our program development. Leveraging our high-quality curriculum system, commitment to cultivating talent with craftsmanship and outstanding educational performance, CUCN has developed a unique core competitiveness.

Our vocational education programs help adult students acquire new professional skills, pursue personal interests, or earn additional qualifications to enhance their career prospects. We provide self-study examination preparation programs (自考助學課程) to adult students. Our international education 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.

As at 31 December 2025, the Group had a total of approximately 30,785 students, including 27,273 undergraduates, 3,512 vocational education students and international education students in aggregate. The total number of our students recorded a year-on-year growth of approximately 3.5%.

As at the date of this report, the Group has managed the properties of the Olympic College and has utilised its campus as the Binjiang campus of CUCN, though the acquisition of Olympic College (the “**Acquisition**”) has not yet been completed. Under the terms of the Acquisition, 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). As a result, the Acquisition consideration shall be adjusted from RMB450 million to RMB250 million (the “**Adjusted Consideration**”) upon completion of the Acquisition. As disclosed in note 20 to the Company’s consolidated statement of financial position, the Group has provided the Transferor with bridging loans of RMB250 million and RMB170 million (the “**Bridging Loans**”) to facilitate the reorganisation for the Acquisition.

As at the date of this report, on one 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.

On the other hand, in order to complete the Acquisition and set-off the Adjusted Consideration payable to the Transferor against the Bridging Loan of RMB250 million provided to the Transferor, the Group has agreed with the relevant local authorities certain arrangements in relation to the transfer of properties of Olympic College to CUCN. Subject to the completion of certain procedures for the transfer of properties of Olympic College, the Acquisition is expected to be completed by the end of 2026.

As at 31 December 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). As there was no material change in the fair value of the relevant security for the Bridging Loans, no further impairment losses on the Bridging Loans were recognised for the Reporting Period. 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.

Segment performance

During the Reporting Period, our higher education (media and arts), vocational education and international education segment recorded a total revenue of RMB728.1 million, representing a year-over-year growth of 8.5%. Such growth was primarily attributable to an increase in revenue from our higher education (media and arts) programs by RMB82.5 million, or 16.7%. The growth in revenue from our higher education (media and arts) programs was primarily due to (i) an increase in tuition fees for new students who have enrolled in our undergraduate programs from the 2025/2026 school year and (ii) an increase in the number of undergraduates.

The segment profit of our higher education (media and arts), vocational education and international education business significantly increased by RMB126.5 million, or 51.4%, from RMB246.3 million for the year ended 31 December 2024 to RMB372.8 million for the Reporting Period, primarily due to (i) an increase in gross profit driven by the growth in revenue from higher education (media and arts) programs and (ii) no further recognition of impairment losses on the Bridging Loans.

Entertainment and livestreaming e-commerce

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. 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 host as many livestreaming sales sessions as in the prior year, resulting in lower livestreaming revenue for the Reporting Period. Primarily due to the decrease in livestreaming revenue as mentioned above, the overall revenue from the Group's livestreaming e-commerce and artist management business decreased to RMB59.6 million for the Reporting Period from RMB111.0 million for the year ended 31 December 2024.

The Group has not invested in new TV/film projects for several years and, based on the current situation, the Group has no plan to invest in new TV/film projects in the future.

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 RMB79.6 million for the year ended 31 December 2024). The Group has taken legal actions to recover certain outstanding amounts and will continue to negotiate with the relevant customers from its TV/film production business on their repayment plans for the remaining amounts.

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 losses from change in fair value of financial assets measured at FVTPL of RMB31.4 million recognised for the Reporting Period.

Segment performance

As there was no revenue from our TV/film production business for the years ended 31 December 2025 and 31 December 2024, our entertainment and livestreaming e-commerce segment recorded a total revenue of RMB59.6 million for the Reporting Period as compared to that of RMB111.0 million for the year ended 31 December 2024. The segment loss, mainly from the TV/film production business, decreased from RMB129.9 million for the year ended 31 December 2024 to RMB41.8 million for the Reporting Period, primarily due to the absence of further impairment losses on trade receivables of the TV/film production business.

Recent developments after the Reporting Period

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

OUTLOOK

The Group will continue to pursue development across its three strategic areas – media and arts education, “pay-for-knowledge” (知識付費, referring to China’s growing market for monetised expert-led educational content delivered through digital platforms) and vertical e-commerce, and AI professors and AI arts courses – to build an industry-education integration ecosystem that combines policy compliance, technological innovation, and commercialisation. This aims to establish a distinct competitive advantage in the AI education industry, particularly in the field 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 2026/2027 school year is expected to be approximately 12,000. The Group will continue to expand the capacity of CUCN’s main campus and the Binjiang campus in phases and may lease additional premises if needed to support the growth of its vocational education business.

Approved by the Ministry of Education of the PRC for operating a Sino-foreign cooperative school, the Group will jointly establish the CUCN-UEA Digital Creativity Institute with the University of East Anglia (“UEA”) at our University. CUCN-UEA Digital Creativity Institute will provide undergraduate programs with a total enrollment capacity of 1,200 students. Established in the United Kingdom (the “UK”) in 1963, UEA is a top-tier public research university. UEA is committed to achieving research excellence, as evidenced by its academic success with three Nobel Prizes awarded to alumni. According to The Complete University Guide 2026, UEA is ranked 26th overall in the UK, while its “Communication and Media Studies” subject is ranked 21st in the UK.

ii) **Pay-for-knowledge and vertical e-commerce: Capitalising on industry trends**

The media and arts industry in China is undergoing a rapid transformation, with the integration of industry and education emerging as a pivotal development trend. The “Several Opinions on Deepening the Integration of Industry and Education” issued by the General Office of the State Council of the PRC has provided clear policy guidance for the Group to further deepen its footprint in media and arts education and to build an industrial collaborative ecosystem. In recent years, China’s “pay-for-knowledge” market has maintained relatively rapid growth, with a growing emphasis on professional-grade content, vertical specialisation, and brand-building. In response to these industry trends, the Group has extended its value chain by launching a “pay-for-knowledge and vertical e-commerce” business, leveraging its established strengths in vocational education, international education programs, and adult training. This business will systematically integrate the Group’s long-standing teaching resources, faculty systems, and content production capabilities in the media and arts sector. Taking cues from leading content creators in the pay-for-knowledge space, the Group will focus on specialised segments in media, arts, culture, and education, developing high-quality proprietary content with strong commercial potential. By expanding its product range and content offers, the Group expects to diversify its revenue streams, improve monetisation efficiency, and build a sustainable growth model centered on premium content, providing additional momentum for future performance.

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

The 2026 Government LC Work Report of China emphasized the need to deepen and expand the “AI +” initiative. From the Planning Outline for Building an Education Powerhouse (2024-2035), which called for AI-enabled educational transformation, to the release of multiple AI education guidelines and regulatory documents in 2025, the national AI strategy has strongly driven the rapid expansion of AI-empowered education from pilot projects to broader implementation across the sector.

The Group actively responds to The 2026 Government Work Report of China and national strategies such as the “15th Five-Year Plan” and the “New Generation AI Development Plan,” maintaining its deep commitment to the education sector. It will implement a strategy to integrate AI with media and arts higher education, developing a “dual-track model combining academic research and practical application”. This encompasses two core areas: “AI Professor” teaching scenarios and “AI Arts Courses” for pay-for-knowledge. 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 near future. This product will feature a dual-licensing model covering both core algorithms and scenario-based applications, offering tailored customization for professional courses such as film production, animation design, and digital media arts. The product is designed to serve users across different age groups through personalised instructions available around the clock, extending beyond the constraints of traditional classroom teaching. Additionally, the “AI Professors and AI Arts Courses” pay-for-knowledge education project, as a smart education platform, will bring together leading PRC media and arts experts to provide tailored solutions to institutional clients. It will be promoted to schools with media and arts course demands both domestically and internationally, and this platform is expected to reduce operational costs through digitalisation while enhancing the quality of media and arts education.

Conclusion

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, strengthening the links between education, talent development, industry and innovation, and cultivating high-calibre professionals for the sustainable development of China's media and arts industry.

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 well-positioned to generate broader social and commercial value, advance the integration of media and arts education with industry in China, and deliver sustainable returns for Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The following table sets forth our revenue by business segment for the years ended 31 December 2025 and 2024.

	Year ended 31 December			
	2025		2024	
	(RMB'000, except percentages)			
Segment Revenue				
Higher education (media and arts), vocational education and international education	728,092	92.4%	671,346	85.8%
Entertainment and livestreaming e-commerce	59,642	7.6%	111,013	14.2%
Total	787,734	100.0%	782,359	100.0%

Revenue from our higher education (media and arts), vocational education and international education business segment increased by RMB56.7 million, or 8.5%, from RMB671.3 million for the year ended 31 December 2024 to RMB728.1 million for the Reporting Period, primarily due to the increase in revenue from our undergraduate programs as mentioned in the section headed “Business Review”.

The overall revenue from our entertainment and livestreaming e-commerce business segment decreased from RMB111.0 million for the year ended 31 December 2024 to RMB59.6 million for the Reporting Period, primarily due to the decrease in revenue from our livestreaming e-commerce and artist management business as mentioned in the section headed “Business Review”.

As a result of the foregoing, total revenue of the Group increased from RMB782.4 million for the year ended 31 December 2024 to RMB787.7 million for the Reporting Period.

Cost of revenue

	Year ended 31 December			
	2025		2024	
	(RMB'000, except percentages)			
Segment Cost				
Higher education (media and arts), vocational education and international education	276,348	83.5%	287,140	71.6%
Entertainment and livestreaming e-commerce	54,479	16.5%	114,065	28.4%
Total	330,827	100.0%	401,205	100.0%

Despite a 8.5% 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 decreased by 3.8% from RMB287.1 million for the year ended 31 December 2024 to RMB276.3 million for the Reporting Period, primarily due to our stringent cost control during the Reporting Period.

The cost of revenue from our entertainment and livestreaming e-commerce business segment decreased from RMB114.1 million for the year ended 31 December 2024 to RMB54.5 million for the Reporting Period, primarily due to the decrease in the number of livestreaming sales sessions.

As a result of the foregoing, total cost of revenue of the Group decreased from RMB401.2 million for the year ended 31 December 2024 to RMB330.8 million for the Reporting Period.

Gross profit/(loss) and gross margin

	Year ended 31 December			
	2025	2025	2024	2024
	Gross profit	Gross margin	Gross profit/(loss)	Gross margin
	(RMB'000, except percentages)			
Higher education (media and arts), vocational education and international education	451,744	62.0%	384,206	57.2%
Entertainment and livestreaming e-commerce	5,163	8.7%	(3,052)	-2.7%
Total	456,907	58.0%	381,154	48.7%

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, which also led to an increase in Group's overall gross profit by 19.9% from RMB381.2 million for the year ended 31 December 2024 to RMB456.9 million for the Reporting Period, and an increase in the overall gross profit margin from 48.7% for the year ended 31 December 2024 to 58.0% for the Reporting Period.

Our entertainment and livestreaming e-commerce business segment turned around from a gross loss margin of 2.7% for the year ended 31 December 2024 to a gross profit margin of 8.7% for the Reporting Period, primarily due to the decrease in write-down of inventories in the Group's TV/film production business.

Other income

Other income decreased from RMB39.8 million for the year ended 31 December 2024 to RMB34.8 million for the Reporting Period, primarily due to a decrease in donation income.

Net impairment reversals (losses) on financial assets

During the Reporting Period, the Group recorded a reversal of impairment losses of RMB5.1 million, primarily due to the recovery of certain 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 years, details of which are set out in the Company's annual report for the year ended 31 December 2024 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 annual report for the year ended 31 December 2024.

Other gains and losses

Other gains and losses for the Reporting Period was a net loss of RMB26.5 million as compared to a net gain of RMB0.4 million for the year ended 31 December 2024, primarily due to the losses from change in fair value of certain financial assets measured at FVTPL recognised for the Reporting Period as mentioned in the section headed “Business Review”.

Selling expenses

The Group’s selling expenses decreased from RMB21.3 million for the year ended 31 December 2024 to RMB18.5 million for the Reporting Period, primarily driven by reduced operations in our livestreaming e-commerce and artist management business.

Administrative expenses

The Group’s administrative expenses decreased from RMB122.3 million for the year ended 31 December 2024 to RMB114.5 million for the Reporting Period, primarily due to the decrease in office rental expenses and professional services expenses.

Taxation

The Group’s income tax expense increased from RMB0.4 million for the year ended 31 December 2024 to RMB5.7 million for the Reporting Period, primarily due to an increase in taxable profits of certain subsidiaries.

Profit for the year

As a result of the foregoing, the Group profit for the year significantly increased from RMB116.9 million for the year ended 31 December 2024 to RMB331.6 million for the Reporting Period.

Non-HKFRS Measure – Adjusted Net Profit

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

Adjusted Net Profit, which is unaudited, represents profit for the year after adjustments for impairment losses on Bridging Loans included in other receivables, write-down of inventories and equity-settled share-based payments. The Adjusted Net Profit of the Group increased from RMB218.3 million for the year ended 31 December 2024 to RMB332.4 million for the Reporting Period.

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

	Year ended 31 December	
	2025	2024
	(RMB'000)	
Profit for the year	331,578	116,911
Add: Impairment losses on Bridging Loans included in other receivables	–	79,443
Add: Write-down of inventories	–	20,378
Add: Equity-settled share-based payments (post-IPO share option incentive)	813	1,534
Non-HKFRS: Adjusted Net Profit	332,391	218,266

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. Write-down of inventories for the year ended 31 December 2024 were made due to unusual impact of COVID-19 on the TV/film production industry in China, which was not expected to persist for years and, accordingly, such non-cash amount was included as an adjustment item for that year. There were no changes in the composition of the adjusting items for both years.

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

Liquidity, financial resources and capital structure

The Group continued to maintain a healthy and sound financial position and, during the Reporting Period, funded its cash requirements principally from cash generated from operations.

As at 31 December 2025, the Group's cash and cash equivalents, time deposits and structured deposits (classified as financial assets at FVTPL) amounted to RMB1,648.6 million (as at 31 December 2024: RMB1,306.2 million) in aggregate, of which the majority were denominated in RMB and HK\$. The majority of these time deposits and structured deposits were placed with banks for better utilisation of our surplus cash. The increase in cash and cash equivalents was primarily due to an increase in net cash from operating activities.

As at 31 December 2025, the current ratio (the ratio of total current assets to total current liabilities) was 251.4% (as at 31 December 2024: 241.4%), whereas the liability-to-asset ratio (the ratio of total liabilities to total assets) was 20.6% (as at 31 December 2024: 20.0%).

As at 31 December 2025, the Group did not have interest-bearing borrowings (as at 31 December 2024: nil). As at 31 December 2025, the Group's total equity amounted to RMB2,681.3 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 31 December 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 year ended 31 December 2025, the Group paid RMB119.8 million primarily for the expansion of dormitories and the purchases of equipment for our University.

As at 31 December 2025, capital commitment of the Group was RMB0.2 million (as at 31 December 2024: RMB1.5 million).

Foreign exchange exposure

During the year ended 31 December 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 31 December 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 31 December 2025, the Group had no pledge of assets (as at 31 December 2024: nil).

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2025 (as at 31 December 2024: RMB57,041,000).

Significant investments

The Group did not make or hold other significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 31 December 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 year ended 31 December 2025.

Future plans for material investments or capital assets

As at 31 December 2025, the Group did not have detailed future plans for material investments or capital assets.

Employees and remuneration

As at 31 December 2025, the Group had a total of 2,536 employees (as at 31 December 2024: 2,311 employees). The following table sets forth the total number of employees by function as at 31 December 2025:

Functions	Number of employees
Higher education (media and arts), vocational education and international education	
Teachers	2,232
Management and administration	248
Livestreaming e-commerce and artist management	
Operations	25
Management and administration	12
TV/film production and corporate management	
Operations	4
Management and administration	15
Total	2,536

The total remuneration cost incurred by the Group for the year ended 31 December 2025 was RMB196.2 million, as compared to RMB204.0 million for the year ended 31 December 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 “Other Information” in this report for details of the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme.

DIRECTORS' REPORT

The Board is pleased to present this Directors' report together with the consolidated financial statements of the Group for the year ended 31 December 2025.

GENERAL INFORMATION

The Company was incorporated under the laws of the Cayman Islands on 4 January 2017 as an exempted limited liability company. The Company's Shares were listed on the Main Board of the Stock Exchange on 15 July 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal businesses of the Company's subsidiaries are (i) higher education (media and arts), vocational education and international education, and (ii) entertainment and livestreaming e-commerce. Analysis of the principal activities of the Group during the year ended 31 December 2025 is set out in note 34 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 63 of this annual report.

DIRECTORS

The Directors who held office during the year ended 31 December 2025 and up to the date of this report are:

Executive Directors

Pu Shulin
Jacqueline Luo
Wu Ye
Lau Chi Hung

Independent non-executive Directors

Zhang Jizhong
Lee Cheuk Yin Dannis
Huang Yu

BUSINESS REVIEW AND OUTLOOK

A business review of the Group, as required by Schedule 5 to the Companies Ordinance, including a fair review of the Company's business, a description of the principal risks and uncertainties facing the Company, particulars of important events affecting the Company that have occurred since the end of the financial year, an indication of likely future developments in the Group's business, an analysis of the Group's financial performance and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the "Business review and outlook" and "Management discussion and analysis" on pages 5 to 15 of this annual report. These discussions form part of this Directors' report. Events affecting the Company that have occurred since the end of the financial year are set out in the "Recent developments after the Reporting Period" in "Business review and outlook".

PRINCIPAL RISKS AND UNCERTAINTIES

Our business involves certain risks as set out in the section headed “Risk Factors” in the Prospectus. The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control.

- Our entertainment and livestreaming e-commerce business is primarily dependent upon, among other factors, audience acceptance, which is extremely difficult to predict and therefore inherently risky.
- The TV/film industry is regulated extensively in China.
- We are subject to significant uncertainties brought by regulations in the private higher education industry.
- Our TV/film production and investment business depends on the success of a limited number of releases each year. The commercial failure of any one of them could have a material adverse effect on us and this pattern subjects our revenues from our TV/film production and investment business to significant seasonal fluctuation.
- We are exposed to the risk of high concentration of service providers in our TV/film production and investment business.
- Our University terminated the cooperation agreement with Communication University of China (“**CUC**”). We will face significant uncertainties on student enrollment and employment in connection with the termination of the cooperation with CUC.
- Our higher education business depends on the level of tuition fees and boarding fees we are able to charge and the size of the student body we are allowed to enroll.
- We face intense competition in the PRC education industry, which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of qualified employees and increased capital expenditures.
- The PRC government may find that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, which may subject us to severe penalties and our business may be materially and adversely affected.
- TV/film production and investment is a lengthy process during which we may encounter some unexpected situations that may affect the timing of revenue collection and the recoverability of our investment.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

ENVIRONMENT POLICIES AND PERFORMANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. Details of such are set out in the Environmental, Social and Governance Report which will be published on the same date with this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2025, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 16 December 2025 (the "**Lease Announcement**"). Unless otherwise defined herein, capitalized terms shall have the meaning given to it in the Lease Announcement.

On 16 December 2025, the Group, through the Company's subsidiaries and consolidated affiliated entities as tenants, entered into the 2026 Lease Agreements with Mr. Pu (the executive Director and the Controlling Shareholder), as the landlord, to renew the leases of the Premises for a term of three years commencing from 1 January 2026 and ending on 31 December 2028. The Premises are currently used as the Group's headquarters. The aggregate rental amount for the 2026 Lease Agreements (all equivalent to three years' rent in aggregate of approximately RMB7.5 million) will be reduced by approximately 47% as compared to that of the 2023 Lease Agreements.

As at the date of the Lease Announcement, Mr. Pu is the executive Director and the Controlling Shareholder and therefore, Mr. Pu and his associates are connected persons of the Company and the entering into of the 2026 Lease Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the value of the right-of-use assets to be recognised by the Group under the 2026 Lease Agreements are more than 0.1% but less than 5%, the entering into of the 2026 Lease Agreements fall within the ambit of Rule 14A.76(2) (a) of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the year ended 31 December 2025, save as disclosed in this annual report, no related party transaction disclosed in note 33 to the consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules for which disclosure is required. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31 December 2025.

CONTRACTUAL ARRANGEMENTS

Background to the Contractual Arrangements

We currently conduct our TV/film production and investment business, livestreaming e-commerce business and education business (the “**Relevant Businesses**”) through our Consolidated Affiliated Entities in the PRC as PRC laws and regulations, or their implementation by relevant government authorities, generally prohibit or restrict foreign ownership in the Relevant Businesses. Currently, PRC laws and regulations prohibit the operation of TV series or film production companies and restrict the operation of higher education institutions to Sino-foreign cooperation ownership (in addition to imposing a qualification requirement on the foreign owners). Government approvals of Sino-foreign cooperation ownership in the private education sector have, with very limited exceptions, been withheld in practice.

As a result of the restrictions imposed by PRC laws and regulations, our Company is unable to own or hold any direct sponsor interest or equity interest in our Consolidated Affiliated Entities. Accordingly, the term ‘ownership’ or the relevant concept, as applied to our Company in this document, refers to an economic interest in the assets or businesses through the Contractual Arrangements without holding any sponsor/equity interest in our Consolidated Affiliated Entities. The Contractual Arrangements, through which we are able to exercise control over and derive the economic benefits enjoyed by Registered Shareholders from our Consolidated Affiliated Entities, have been narrowly tailored to achieve our business purpose and minimize the potential conflict with relevant PRC laws and regulations.

All of the Contractual Arrangements are subject to the foreign ownership restrictions described herein and as set out in the Prospectus.

Risks relating to the Contractual Arrangements and actions taken to mitigate the risks

We believe the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 47 to 53 of the Prospectus.

- The PRC government may find that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, which may subject us to severe penalties and our business may be materially and adversely affected.
- Substantial uncertainties exist with the PRC foreign investment legal regime and may have a significant impact on our corporate structure and business operations.
- The Contractual Arrangements may not be as effective in providing control over our Consolidated Affiliated Entities as direct ownership.
- The beneficial owners of our Consolidated Affiliated Entities may have conflicts of interest with us, which may materially and adversely affect our business and financial condition.
- The Contractual Arrangements may subject us to scrutiny by the PRC tax authorities and may result in a finding that we owe additional taxes or are ineligible for tax exemptions, or both, which could substantially increase our taxes owed and thereby reduce our profit attributable to equity shareholders of the Company.
- Our exercise of the option to acquire the equity interest held by the Registered Shareholders of our Consolidated Affiliated Entities may be subject to certain limitations and we may incur substantial costs.

DIRECTORS' REPORT

- Any failure by our Consolidated Affiliated Entities or their respective shareholders to perform their obligations under our Contractual Arrangements would potentially lead to the incurrence of additional costs and the expending of substantial resources on our part to enforce such arrangements, temporary or permanent loss of control over our primary operations or loss of access to our primary sources of revenue.
- Certain terms of the Contractual Arrangements may not be enforceable under PRC laws.
- We rely on dividend and other payments from WFOEs to pay dividends and other cash distributions to our Shareholders and any limitation on the ability of WFOEs to pay dividends to us would materially and adversely limit our ability to pay dividends to our Shareholders.
- If any of our Consolidated Affiliated Entities becomes subject to winding up or liquidation proceedings, we may lose the ability to enjoy certain important assets, which could negatively impact our business and materially and adversely affect our ability to generate revenue.

The structuring and implementation of the Contractual Arrangements, including the detailed terms of Contractual Agreements, as discussed herein is designed to mitigate these risks.

PRC laws and regulations

TV/film production and investment

Pursuant to the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024 version) (外商投資准入特別管理措施(負面清單)(2024年版)), foreign investors are prohibited from holding any equity interest in any PRC radio and TV production company and any PRC film production company. See “Regulations – Regulations on TV series and variety shows production in the PRC” in the Prospectus for more details.

We consulted the National Radio and Television Administration (國家廣播電視總局) (“**NRTA**”), being the competent authority as advised by our PRC Legal Adviser, to confirm the matters relating to foreign investment in a radio and TV production company. We were advised by an official of the Division of TV Series Content of the NRTA that:

- (i) foreign investment in TV and film production and distribution business are explicitly prohibited, and the NRTA will not approve any foreign investors to directly or indirectly invest in such business; and
- (ii) the execution of the Contractual Arrangements does not require approval from the NRTA.

Given the relevant regulations and policy followed by the NRTA as summarized above, our Directors consider that it is not practicable for us to hold any equity interest in Dongyang Huaxia and its subsidiaries directly or indirectly.

Higher education

Pursuant to the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024 version) (外商投資准入特別管理措施(負面清單)(2024年版)), the provision of higher education in the PRC falls within the 'restricted' category. As such, foreign investment in higher education institutions must be in the form of a Sino-foreign cooperation, which means that foreign investors may only operate higher education institutions through cooperating with PRC incorporated entities that are in compliance with the Regulations on Operating Sino-foreign Schools (中外合作辦學條例) (the "**Sino-Foreign Regulation**") and its implementing rules. In addition, such catalog provides that the domestic party shall play a dominant role in the Sino-foreign cooperation, meaning that: (a) the principal or other chief executive officer of the schools or education institutions shall be a PRC national; and (b) the representative of the domestic party shall account for no less than half of the total members of the board of directors, the executive council or the joint administration committee of the Sino-foreign school (the "**Foreign Control Restriction**"). Currently, the principal, the chief executive officers and all members of the board of directors (except Jacqueline Luo) of CUCN are PRC nationals.

In relation to the interpretation of Sino-foreign cooperation, pursuant to the Sino-Foreign Regulation and its implementing rules, the foreign investor in a Sino-foreign school (a "**Sino-Foreign School**") must be a foreign educational institution with relevant qualification and high quality of education (the "**Qualification Requirement**"). Furthermore, pursuant to the Implementation Opinions of the MOE on Encouraging and Guiding the Entry of Private Capital in the Fields of Education and Promoting the Healthy Development of Private Education (關於鼓勵和引導民間資金進入教育領域促進民辦教育健康發展的實施意見), the foreign portion of the total investment in a Sino-Foreign School should be below 50% (the "**Foreign Ownership Restriction**") and the establishment of these schools is subject to approval of education authorities at the provincial or national level. Our PRC Legal Adviser has advised that the laws and regulations are currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience, and form and extent of ownership in the foreign jurisdiction) in order to demonstrate to the relevant authority that it meets the Qualification Requirement.

We consulted the Education Department of Jiangsu Province (江蘇省教育廳), being the competent authority as advised by our PRC Legal Adviser, to confirm the matters relating to the Sino-Foreign Schools relevant to us. We were advised by an official of Development and Planning Office of the Education Department of Jiangsu Province that:

- (i) the Foreign Control Restriction and the Foreign Ownership Restriction apply to Sino-Foreign Schools in Jiangsu Province;
- (ii) no implementing measures or specific guidance were promulgated pursuant to the Sino-Foreign Regulation and its implementing rules and the Qualification Requirement in Jiangsu Province;
- (iii) although there is an understanding that the foreign investor will generally be an educational institution ranked globally among the top 200 universities or top 100 in the relevant fields, due to policy reason, the Education Department of Jiangsu Province will be unlikely to approve an application to convert CUCN or any schools to be newly established or invested by us into Sino-Foreign Schools; and
- (iv) the execution of the Contractual Arrangements does not require approval from them.

Given the policy adopted by the Education Department of Jiangsu Province as summarized above, our Directors consider that it is not practicable for us to seek to apply to reorganize CUCN as a Sino-Foreign School.

Qualification requirements

Notwithstanding the above, we have adopted a specific plan and will continue to expend genuine efforts and financial resources towards meeting the Qualification Requirement. We will remain abreast of any regulatory developments and continuously assess whether we meet the Qualification Requirement, with a view to unwinding the Contractual Arrangements wholly or partially as and when practicable and permissible under the prevailing PRC Laws.

We have implemented a business plan with a view to expanding our education operations overseas. We have planned to establish and operate a university authorized to grant Bachelor of Arts degrees in Animation and Media in the state of California, the United States. We believe that such business plan represents our commitment and a meaningful endeavor to demonstrate compliance with the Qualification Requirement. In particular, we have taken the following concrete steps to comply with the Qualification Requirement:

- On 27 June 2017, we incorporated a holding company of a new school in California, United States, namely, Cathay Picture, Inc., which is wholly-owned by Cathay Media HK and will be responsible for the daily operation and management of the university to be established.
- On 6 July 2017, we entered into a consulting agreement with an independent education consultant with extensive experience and background in private post-secondary education in California, the United States, pursuant to which the consultant shall provide consultation and adviser services in relation to the licensing application submitted to the Bureau for Private Post-secondary Education (“BPPE”) in California.
- On 30 May 2018, we submitted a formal application to, and have since been in correspondence with, the BPPE for the establishment of a university through the non-accredited process.
- In December 2018, we received a response letter from the BPPE to request for further information, which we responded to in January 2019.
- In February 2020, we received a request from BPPE for further information, which we responded to in March 2020.

Due to tense trade relations between China and the United States, based on our understanding from our agent, the approval process with the BPPE is expected to be further delayed and it is uncertain as to when the approval will be granted by BPPE.

Our PRC Legal Adviser is of the view that while Sino-foreign Schools are to be jointly established by both foreign and domestic educational institutions, it is currently uncertain as to what specific criteria must be met by a foreign investor (such as length of experience, and form and extent of ownership in the foreign jurisdiction) in order to demonstrate that it meets the Qualification Requirement.

Regulatory update

As advised by the PRC Legal Advisor, on 6 September 2024, the Ministry of Commerce and the National Development and Reform Commission jointly released the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》), which became effective on 1 November 2024, to replace the previous negative list (2021 Edition). Save as disclosed in this report, there has been no significant PRC regulatory update relating to our business in China.

Summary of the Contractual Arrangements

The Contractual Arrangements in place for the Reporting Period were:

- Exclusive Business Cooperation Agreements.** Pursuant to the exclusive business cooperation agreements entered into by and between the WFOEs, the Registered Shareholders, the Onshore Holdcos and CUCN dated 28 August 2019, the WFOEs have the exclusive right to provide to Dongyang Huaxia and its subsidiaries, Nanjing Lanchou and CUCN technical services, management support services, consulting services, intellectual property licenses and other additional services as the parties may mutually agree from time to time, and in return, the Onshore Holdcos, CUCN shall make payments accordingly.
- Exclusive Technical Services and Management Consultancy Agreements.** Pursuant to the exclusive technical services and management consultancy agreements entered into by and between the WFOEs, the Onshore Holdcos and CUCN dated 28 August 2019, the WFOEs have the exclusive right to provide, or designate any third party to provide, technical and management services to Dongyang Huaxia and its subsidiaries, Nanjing Lanchou and CUCN. In consideration of the technical and management consultancy services provided by the WFOEs, each of the Onshore Holdcos and CUCN agreed to pay the WFOEs a service fee equal to all (in the case of the Onshore Holdcos) or 91% (in the case of CUCN) of their respective amount of surplus from operations (after deducting operating costs and other sums required by relevant laws and regulations to be reserved or withheld).
- Exclusive Call Option Agreements.** Under the exclusive call option agreements entered into by and between the WFOEs, our Consolidated Affiliated Entities and the Registered Shareholders dated 28 August 2019, the Registered Shareholders have irrevocably granted the WFOEs or their designated purchaser the right to purchase all or part of the interests held by them in our Consolidated Affiliated Entities.
- Shareholders' Rights Entrustment Agreements.** Pursuant to the shareholders' rights entrustment agreements entered into by and between the WFOEs, the Onshore Holdcos, and the Registered Shareholders, the Registered Shareholders have irrevocably authorized and entrusted the WFOEs to exercise all their rights as shareholders of each of the Onshore Holdcos to the extent permitted by PRC laws.
- Equity Pledge Agreements.** Pursuant to the equity pledge agreements entered into by the WFOEs, the Registered Shareholders, the Onshore Holdcos, Huaxia Audio-Visual and Nanjing Meiya dated 28 August 2019, Mr. Pu, Mr. Liu Chang, Dongyang Huaxia, and Nanjing Lanchou unconditionally and irrevocably pledged and granted first priority security interests over all of their respectively equity interests in Dongyang Huaxia, Huaxia Audio-Visual, Nanjing Lanchou, and Nanjing Meiya, together with all related rights thereto to the WFOEs as security for performance of the Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by the WFOEs as a result of any event of default on the part of the Registered Shareholders and the Consolidated Affiliated Entities and all expenses incurred by the WFOEs as a result of enforcement of the obligations of the Registered Shareholders and the Consolidated Affiliated Entities under the Contractual Arrangements.

DIRECTORS' REPORT

- **Directors' Rights Entrustment Agreements.** Pursuant to the directors' rights entrustment agreements entered into by and between WFOE-Education and each director of CUCN dated 28 August 2019, each of the directors of CUCN has irrevocably authorized and entrusted WFOE-Education to exercise all of their rights as directors of CUCN and to the extent permitted by PRC laws.

See pages 165 to 172 of the Prospectus for details of the material terms of the Contractual Arrangements.

On 18 November 2020, WFOE-Education, Nanjing Lanchou, Nanjing Meiya, CUCN and the then directors of CUCN entered into a supplemental agreement to the Contractual Arrangements, to reflect conversion, change of name of CUCN and the change of directors of CUCN.

Apart from the above, there were no other new Contractual Arrangements entered into, renewed or reproduced during the financial year ended 31 December 2025. Save as disclosed above, there was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted for the year ended 31 December 2025.

For the year ended 31 December 2025, none of the Contractual Arrangements had been terminated as none of the restrictions that led to the adoption of the contracts under the Contractual Arrangements has been removed.

The total revenue and net assets of the Consolidated Affiliated Entities that are subject to the Contractual Arrangements amounted to approximately RMB773.7 million for the year ended 31 December 2025 and approximately RMB2,438.1 million as of 31 December 2025, respectively.

Listing Rules implications and waivers

Mr. Pu is a party to the Contractual Arrangements and is also our Controlling Shareholder and executive Director. Therefore the transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Company. The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

However, in respect of the Contractual Arrangements and related new intergroup agreements, we have applied for, and the Stock Exchange has granted us, waivers from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement to set annual caps under Rule 14A.53a of the Listing Rules, and (iii) the requirement to limit the term to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are listed on the Stock Exchange subject to the following conditions.

CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company's independent non-executive Directors have reviewed the Contractual Arrangements and confirmed that:

- (i) the transactions carried out during the year ended 31 December 2025 have been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended 31 December 2025;
- (iii) no new contracts were entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the year ended 31 December 2025 other than the ones disclosed above;
- (iv) the Contractual Arrangements have been entered into in the ordinary and usual course of business of the Group;
- (v) the Contractual Arrangements have been entered into on normal commercial terms or better; and
- (vi) the Contractual Arrangements have been entered into in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONCLUSIONS FROM THE COMPANY'S INDEPENDENT AUDITOR

The auditor of the Company has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended 31 December 2025:

- (i) nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (ii) nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iii) with respect of the disclosed continuing connected transactions with the Consolidated Affiliated Entities under the Contractual Arrangements, nothing has come to their attention that causes the auditor to believe that there are any dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of the equity interests of the Consolidated Affiliated Entities which are not otherwise subsequently assigned or transferred to the Group.

MAJOR CUSTOMERS

The customers in our TV/film production and investment business generally include TV stations, online video platforms and third party distributors. The customers in our livestreaming e-commerce and artist management business generally include consumer products' companies, advertising agencies and media platforms. All of our five largest customers during the Reporting Period were from our entertainment and livestreaming e-commerce business segment.

During the year ended 31 December 2025, revenue generated from our five largest customers of the Group represented less than 30% of our total revenue.

None of the Directors, their respective close associates, or any Shareholder (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) had any interest in any of our five largest customers during the year ended 31 December 2025.

MAJOR SUPPLIERS

In addition to our full-time employees, we engage third-party service providers in the production of our TV series and films, including directors, producers, actors, providers of film studios, production equipment, costumes and special effects. The suppliers in our livestreaming e-commerce business generally included our streamers, managed artists, media platforms and third-party service providers who provide styling, photography services and content creation services.

During the year ended 31 December 2025, the purchases we made from the five largest suppliers represented less than 30% of our total purchases.

None of the Directors, their respective close associates, or any Shareholder (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) had any interest in any of our five largest suppliers during the year ended 31 December 2025.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in note 34 to the consolidated financial statements.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended 31 December 2025 are set out in note 15 to the consolidated financial statements.

None of the Company's properties are held for development and/or sale or for investment purposes.

The Group's properties were valued at RMB533.3 million as of 30 April 2020. Had the Group's properties been included in these consolidated financial statements at such valuation amount throughout the year ended 31 December 2025 an additional depreciation charge of RMB1.4 million would have been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended 31 December 2025 are set out in note 26 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed percentage of public float under the Listing Rules.

DONATION

During the year ended 31 December 2025, the Group did not make charitable donations (2024: RMB0.3 million).

DEBENTURE ISSUED

The Group has not issued any debentures during the year ended 31 December 2025.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Schemes" in this Directors' report, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2025.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance) for the benefit of the Directors of the Company is currently and was in force during the year ended 31 December 2025. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company had reserves available for distribution to Shareholders amounting to RMB1,822.5 million.

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2025 are set out in the consolidated statement of changes in equity on page 66 and in note 35 to the consolidated financial statements, respectively.

LOANS AND BORROWINGS

As at 31 December 2025, the Group did not have any bank loans, overdrafts and other borrowings statements.

DIRECTORS' SERVICE CONTRACTS

Each of our executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as executive Directors for (i) an initial term of three years from the Listing Date or until the third annual general meeting of our Company after the Listing Date (whichever is sooner), or (ii) a term of three years from the appointment date.

Each of our independent non-executive Directors has entered into an appointment letter with our Company. The term of office of our independent non-executive Directors is three years or until the third annual general meeting of our Company since the Listing Date (whichever is sooner).

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has or is proposed to have a service contract with any member of our Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

DIRECTORS INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section "Connected Transactions" of this Directors' report, none of the Directors or any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 December 2025.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

In compliance with the Corporate Governance Code, the Company has established the remuneration committee of the Company to formulate remuneration policies.

The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the remuneration committee.

The Directors and the senior management personnel are eligible participants of the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme, details of which are set out in the Prospectus and pages 52 to 56 under "Other information" in this annual report.

Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in note 12 to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as set out in “Connected Transactions” above and the Underwriting Agreements (as defined in the Prospectus), no contract of significance or contract of significance for the provision of services has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended 31 December 2025.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2025.

AUDITOR

On 15 July 2022, the Company announced that Pricewaterhouse Coopers (“PwC”) resigned as the auditor of the Company and on the same day, Deloitte Touche Tohmatsu was appointed as the auditor of the Company. The consolidated financial statements of the Group have been audited by Deloitte Touche Tohmatsu, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

Save as disclosed above, there has been no change in the Company’s auditor in any of the preceding three years.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended 31 December 2025 was the Company or any of its subsidiaries, fellow subsidiaries or its holdings companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

By order of the Board

Pu Shulin

Chairperson

China
30 March 2026

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Pu Shulin (蒲樹林), aged 70, is our founder, and is an executive Director, chairperson of the Board and chief executive officer of our Company, and chairperson of the nomination committee and member of the remuneration committee of the Board. Mr. Pu founded our Group and serves as a director and chairman of Dongyang Huaxia, Huaxia Audio-Visual, Huaxia Zhenxuan, Huaxia Huyu, Nanjing Lanchou, Nanjing Meiya, and CUCN. Mr. Pu graduated from Shenyang Conservatory of Music (瀋陽音樂學院) in Shenyang, Liaoning Province, China in 1983.

Mr. Pu founded Beijing Pushengda Advertising Co., Ltd. (北京普聖達廣告有限公司) in December 1998 and Huaxia Zhenxuan in December 2001 to invest in TV series production, and founded Nanjing Meiya in January 2003 to invest in private higher education services and has continued to serve as its chairman since then, going on to co-found CUCN and now serves as its chairman. Mr. Pu served as the film and TV program center director of Heilongjiang TV Series Production Center (黑龍江電影電視劇製作中心) from 1989 to 1993, and the deputy director of the Heilongjiang International Culture Association (黑龍江省對外文化交流協會) from 1993 to the end of 1996.

Ms. Jacqueline Luo (羅佳), aged 45, is our executive Director and a member of the nomination committee of the Board. She is primarily responsible for strategic formulation and implementation of the Group's business plan and overall supervision on the development of the Group's livestreaming e-commerce business. She is the chairperson and a director of Huaxia Huyu and a director of each of Nanjing Meiya and CUCN. Huaxia Huyu, Nanjing Meiya and CUCN are consolidated affiliated entities of the Company. Ms. Luo is the spouse of Mr. Pu.

Ms. Luo, has more than 16 years of management experience in media, entertainment, television/film production and education businesses. She has served as a vice president of Huaxia Audio-Visual since joining the Group in 2015 and a vice president of the Company since January 2017. Prior to joining the Group, Ms. Luo held a management position responsible for business strategy, sales and marketing in a private entertainment company. Ms. Luo graduated from California University, Fullerton, with a bachelor's degree in international business administration.

Mr. Wu Ye (吳擘), aged 47, is our executive Director and chief production officer, and a director of Huaxia Audio-Visual. He joined our Group in December 2003 and has served as technology director (2003-2007), chief technology officer (2007-2012) and chief production officer (2013-Present) of Huaxia Audio-Visual. Mr. Wu received his associate degree in economic management from Nanjing University (南京大學) in Nanjing, Jiangsu Province, China, in July 2000.

Mr. Wu worked in the production and technology department of China Television Media, Ltd (中視傳媒股份有限公司) (stock code: 600088.SH) from 1998 to 2001. He also served as the technology director of China Media North Television Productions Ltd (中視北方影視製作有限公司) from 2001 to 2003.

Mr. Lau Chi Hung (劉志雄), aged 55, is our executive Director, the chief financial officer based in Hong Kong and the company secretary of the Company. He joined our Group in June 2021. Mr. Lau has over 30 years of experience in corporate finance, accounting, auditing, company secretarial affairs and investor relations management. Prior to joining the Group, Mr. Lau held senior management positions in several companies whose shares are listed on the Stock Exchange and worked in an international accounting firm.

Mr. Lau is a practising member of Hong Kong Institute of Certified Public Accountants, a fellow member of The Institute of Chartered Accountants in England and Wales, a chartered tax adviser and an associate member of The Taxation Institute of Hong Kong. Mr. Lau is also an associate member of each of The Hong Kong Chartered Governance Institute (formerly The Hong Kong Institute of Chartered Secretaries) and Chartered Governance Institute (formerly The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

Mr. Lau holds a master's degree in business administration and a bachelor's degree in accountancy from The Hong Kong Polytechnic University.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Jizhong (張紀中), aged 74, is our independent non-executive Director and a member of the audit and nomination committee of the Board. He joined our Group in June 2020. He completed his certificate in drama and literature, majoring in television drama directing, from The Central Academy Of Drama (中央戲劇學院) in Beijing, China in January 1990.

Mr. Zhang has extensive experience as a TV series producer, including producing:

- The People's Policeman (有這樣一個民警), which was awarded First-Class TV Special at the 10th Flying Apsaras Awards (飛天獎) in 1990;
- The Legend of the Condor Heroes (射雕英雄傳), which won the Gold Prize for Sina's 2003 Most Popular TV Series;
- Demi-Gods and Semi-Devils (天龍八部), which won the Feature TV Series Excellence Award (長篇連續劇(優秀獎)) at the 22nd China TV Golden Eagle Awards (中國電視金鷹獎), Best Period Drama (最佳古裝電視劇) at the 1st TV Fengyun Celebrations (首屆電視劇風雲盛典), each in 2004; and
- The Return of the Condor Heroes (神鵰俠侶), for which he was awarded Best Producer at the 3rd TV Drama Fengyun Festival (第三屆電視劇風雲盛典) in 2007.

Mr. Zhang's personal contributions and achievements have also been recognized with his receipt of an Outstanding Contributions Award (突出貢獻人物) at the China TV Drama Industry 20th Industry Heroes Celebrations (中國電視劇產業 20 年群英盛典) in 2011, the Special Contributions Award (特殊貢獻獎) at the 5th Shanghai University Student TV Festival Award Ceremony (第五屆上海大學生電視節頒獎典禮) in 2012 and the National Deyi Shuangxin Lifetime Achievement Award (全國德藝雙馨終身成就獎) at the 11th Deyi Shuangxin Award Ceremony (第 11 屆德藝雙馨頒獎盛典) in 2015.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lee Cheuk Yin Dannis (李卓然), aged 55, is our independent non-executive Director, and chairperson of the audit committee and member of the remuneration and nomination committees of the Board. He joined our Group in June 2020. Mr. Lee received a bachelor of business administration from Texas A&M University, United States in August 1992, and has been a member of the American Institute of Certified Public Accountants since April 1995 and an associate member of the Hong Kong Institute of Certified Public Accountants since June 1996.

Mr. Lee has served as the managing director of DLK Advisory Limited, a company engaged in financial advisory and investment consulting services, since October 2009. Mr. Lee has been an independent non-executive director of Tiangong International Company Limited (stock code: 826.HK) since September 2010, of CMBC Capital Holdings Limited (stock code: 1141.HK) since June 2017, of C&D Property Management Group Co., Ltd (stock code: 2156.HK) since December 2020, of Luen Thai Holdings Limited (stock code: 311.HK) since May 2023, and of Eternal Beauty Holdings Limited (stock code: 6883) since March 2026, respectively. He was an independent non-executive director of Meilleure Health International Industry Group Limited (formerly U-Home Group Holdings Limited) (stock code: 2327.HK) from August 2013 to October 2015, of Southern Energy Holdings Group Limited (stock code: 1573.HK) from June 2016 to October 2019, and of Geely Automobile Holdings Limited (stock code: 175.HK) from June 2002 to May 2022, respectively. Mr. Lee was also an independent director of Gridsum Holding Inc. (NASDAQ: GSUM) from April 2019 to March 2021.

Mr. Huang Yu (黃煜), aged 69, is our independent non-executive Director, and the chairperson of the remuneration committee and member of the audit and nomination committees of the Board. He joined our Group in June 2020. Mr. Huang received his bachelor's degree in journalism from the Renmin University of China in July 1986 and his PhD in communications from the University of Westminster in London, United Kingdom in June 1993.

Mr. Huang has served as a professor in Beijing Normal-Hong Kong Baptist University, Zhuhai, Guangdong, China since February 2024. Mr. Huang retired from Hong Kong Baptist University in September 2022, where he served for about 28 years and the last position he served was the dean of the School of Communication.

SENIOR MANAGEMENT

Mr. Pu Shulin, Ms. Jacqueline Luo, Mr. Wu Ye and Mr. Lau Chi Hung are executive Directors. See “Executive Directors” for their biographies.

Mr. Chen Simeng (陳思蒙), aged 45, is pro-vice-chancellor of CUCN. Mr Chen joined our Group in August 2005. Mr. Chen has served a number of other positions at CUCN, including as deputy-secretary of the party committee from January 2023 to October 2024, secretary of the party committee from May 2018 to December 2022, deputy-secretary of the party committee from October 2016 to April 2018, secretary of the party branch committee of the school of animation and digital art from September 2015 to October 2016, a director of the student recruitment office from October 2010 to September 2015, assistant to the director of the department of academic affairs and a director of the graduate employment and career counseling center from September 2008 to October 2010 and an officer of the department of academic affairs, responsible for student management from August 2005 to September 2008.

Mr. Chen received his bachelor’s degree in management in June 2005 and his master’s degree in radio and television arts in July 2010, both from CUC in Beijing, China. He was awarded his Teacher Qualification Certificate by the Department of Education of Jiangsu Province (江蘇省教育廳) in June 2006 and was recognized as a career counselor by the Human Resources and Social Security Department of Hubei Province (湖北省人力資源和社會保障廳) in September 2010. He obtained the title as assistant researcher, associate researcher and researcher in November 2010, in 2018 and 2023, respectively.

Mr. Guo Kun (郭堃), aged 43, is the Group’s co-chief financial officer based in Chinese Mainland. Mr. Guo joined the Group as the finance director in September 2020 and has been supervising the Group’s daily finance and accounting functions. Currently, Mr. Guo is primarily responsible for the daily management of the frontline operations of the Group’s finance and accounting functions and investor relations.

Mr. Guo has about 15 years of finance and auditing experience. Prior to joining the Group, Mr. Guo worked for two international accounting firms in Chinese Mainland for about 10 years. Mr. Guo holds a master’s degree in electrical engineering and a bachelor’s degree in electrical engineering and automation from Harbin Institute of Technology (哈爾濱工業大學).

COMPANY SECRETARY

Mr. Lau Chi Hung is our company secretary and an executive Director. See “Executive Directors” for his biography.

CHANGES TO DIRECTORS’ INFORMATION

Save as disclosed in this report, 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 interim report of the Company for the six months ended 30 June 2025.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Save and except for the interests of our Controlling Shareholders in our Company and its subsidiaries, during the year ended 31 December 2025, neither our Controlling Shareholders nor any of our Directors had any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report for the Company for the year ended 31 December 2025.

CORPORATE GOVERNANCE CULTURE AND PURPOSE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high standards of corporate governance which are crucial to the Company's development and safeguard the interests of Shareholders. Good corporate governance standards are essential in providing a framework for the Group to enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. In order to accomplish this, the Company has adopted the principles and code provisions of the Corporate Governance Code as the basis of the Company's corporate governance practices after the Listing.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the Corporate Governance Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

Moreover, in preparation for the new amendments to the Corporate Governance Code and related amendments to the Listing Rules which came into effect on 1 July 2025 and with the aim to (i) improve board effectiveness, (ii) strengthen board independence, (iii) further promote board and workforce diversity, (iv) enhance risk management and internal controls, and (v) promote better capital management, Mr. Lau Chi Hung has been designated by the Board to provide training, advice and action plan to the Board for continuously improving the corporate governance measures adopted by the Company. The Board believes that such arrangements can facilitate the enhancement of the Company's corporate governance and support the Group's future development.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that for the year ended 31 December 2025, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code, save for the following deviations set out below, which are explained and disclosed in this corporate governance report.

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 of the Board 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 of the Board 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 of the Board 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 “**Code**”), with terms no less exacting than the Model Code, 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 Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Code during the year ended 31 December 2025 and up to the date of this report.

There has been no non-compliance with the required standard set out in the Corporate Governance Code.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company’s success by directing and supervising the Company’s affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

BOARD COMPOSITION

The Board currently comprises seven members consisting of four executive Directors and three independent non-executive Directors.

During the year ended 31 December 2025 and up to the date of this report, the composition of the Board comprises the following Directors:

Executive Directors

Pu Shulin (*Chairperson of the Board, chief executive officer of the Company, chairperson of nomination committee and member of remuneration committee*)

Jacqueline Luo (*Member of nomination committee*)

Wu Ye

Lau Chi Hung

Independent non-executive Directors

Zhang Jizhong (*Member of audit committee and nomination committee*)

Lee Cheuk Yin Dannis (*Chairperson of audit committee, and member of nomination committee and remuneration committee*)

Huang Yu (*Chairperson of remuneration committee, and member of audit committee and nomination committee*)

The biographical information of the Directors is disclosed under “Directors and Senior Management” on pages 30 to 33 of this annual report.

Ms. Jacqueline Luo, our executive Director, is the spouse of Mr. Pu, our executive Director, chairperson of the Board and chief executive officer of the Company. Save as disclosed above, there are no material/relevant relationships (including financial, business, family) between members of the Board.

BOARD MEETING AND COMMITTEE MEETINGS

Code provision C.5.1 of the Corporate Governance Code stipulates that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals, involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Notice of regular Board meetings is given to all Directors at least 14 days in advance, and reasonable notice is generally given for other Board meetings.

If a Director or any of his associates has a material interest in a transaction, that Director is required to abstain from voting and not to be counted in the quorum at the meeting for approving the transaction.

During the year ended 31 December 2025, the Board held 6 Board meetings, of which 4 were regular Board meetings.

A summary of the attendance record of the Directors at Board meetings and committee meetings is set out in the following table below:

Director	Number of meeting(s) attended/Number of meeting(s) held				
	Annual general meeting	Board meeting	Audit committee	Remuneration committee	Nomination committee
Pu Shulin	1/1	6/6	N/A	1/1	2/2
Jacqueline Luo	1/1	6/6	N/A	N/A	0/2 (Note)
Wu Ye	1/1	6/6	N/A	N/A	N/A
Lau Chi Hung	1/1	6/6	N/A	N/A	N/A
Zhang Jizhong	1/1	6/6	2/3	N/A	2/2
Lee Cheuk Yin Dannis	1/1	6/6	3/3	1/1	2/2
Huang Yu	1/1	5/6	3/3	1/1	0/2 (Note)

Note: Ms. Jacqueline Luo and Mr. Huang Yu were appointed as members of the nomination committee on 27 June 2025, whereas the two nomination committee meetings were held before 27 June 2025.

Apart from regular Board meetings, the chairperson of the Board also held meetings with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2025.

The independent non-executive Directors have attended general meeting of the Company to gain and develop a balanced understanding of the view of the Shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers each of the independent non-executive Directors to be independent.

During the year ended 31 December 2025, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Code provision B.2.2 of the Corporate Governance Code stipulates that every Director, including those appointed for a specific term, should be subject to re-election and that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Article 118(a) of the Articles of Association stipulates that at each annual general meeting, one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. However, if the number of Directors is not three or a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. Article 118(b) of the Articles of Association also stipulates that any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors to retire in each year shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Article 122 of the Articles of Association stipulates that any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after their appointment and be subject to re-election at such meeting. Article 122 also stipulates that any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed under Article 122 shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

Each of our independent non-executive Directors has entered into an appointment letter with our Company. The term of office of our independent non-executive Directors is three years or until the third annual general meeting of our Company since the Listing Date (whichever is sooner).

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is the primary decision-making body of the Company and is responsible for overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations. All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company. The Group's senior management is responsible for the day-to-day management of the Group's business and is responsible for overseeing the general operation, business development, finance, marketing, and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management, under the supervision of Mr. Pu for the Group's business development and strategic planning, with the advisory roles taken by Ms. Luo, Mr. Wu and Mr. Lau on strategic development and financial planning of the Group respectively.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

BOARD COMMITTEES

The Board has established three committees, namely, the audit committee, the remuneration committee and the nomination committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange.

Audit committee

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code.

The main duties of the audit committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company, including but not limited to reviewing and approving connected transactions and providing advice and comments to the Board.

The audit committee comprises of three independent non-executive Directors, being Mr. Lee Cheuk Yin Dannis, Mr. Zhang Jizhong and Mr. Huang Yu, with Mr. Lee Cheuk Yin Dannis (the independent non-executive Director with the appropriate professional qualifications) as chairperson of the audit committee.

During the year ended 31 December 2025, three audit committee meetings were held to discuss the audit plan with auditors, review the annual results for the year ended 31 December 2024 and interim results of the Group for the six months ended 30 June 2025, recommend the financial results and reports of the Company for the Board's approval. During these meetings, the audit committee also reviewed continuing connected transactions, financial reporting system, policies and practice, internal controls, risk management, anti-corruption and whistleblowing policy of the Group.

Remuneration committee

The Company established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code.

The primary duties of the remuneration committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The remuneration committee is also responsible for (i) establishing transparent procedures for developing remuneration policy and structure to ensure that no Director or any of their associates will participate in deciding their own remuneration, and (ii) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules, including any grants of options or awards to Directors or senior management, and to make disclosure and give explanation on the appropriateness to such material matters (if any) being approved in the corporate governance report.

The remuneration committee comprises of one executive Director and two independent non-executive Directors, being Mr. Huang Yu, Mr. Pu Shulin and Mr. Lee Cheuk Yin Dannis, with Mr. Huang Yu as chairperson of the remuneration committee.

The remuneration committee has adopted the second model described in code provision E.1.2(c) of the Corporate Governance Code (i.e. make recommendation to the Board on the remuneration packages of individual executive Directors and senior management members of the Company).

During the year ended 31 December 2025, one remuneration committee meeting was held to review the remuneration of directors and senior management of comparable companies, and make recommendation to the Board on remuneration policy and the remuneration packages of all Directors and senior management members of the Company.

Details of the remuneration paid or payable to each Director for the year ended 31 December 2025 are set out in note 12 to the consolidated financial statements.

The remuneration of the members of senior management of the Company who are neither a Director nor chief executive of the Company by band for the year ended 31 December 2025 is set out below:

	Number of members of senior management
RMB0 to RMB1,000,000	2

Remuneration policy

The Company’s remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company’s affairs. The remuneration packages of executive Directors and senior management are also determined with reference to the Company’s performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors and senior management comprises basic salary, pensions and discretionary bonus. Directors and senior management are entitled to receive share options and share awards to be granted under the Company’s share option scheme and share award scheme. The remuneration policy for independent non-executive Directors is to ensure that independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company’s affairs, including their participation in Board committees. The remuneration for the independent non-executive Directors mainly comprises Director’s fee which is determined with reference to their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

Nomination committee

The Company has established a nomination committee with written terms of reference in compliance with the Corporate Governance Code.

The primary duties of the nomination committee are to review the structure, size and composition of the Board, to develop and formulate relevant procedures for the nomination and appointment of Directors, to assess independence of independent non-executive Directors, to make recommendations to our Board on the appointment of Directors and management of Board succession, to assess the independence of independent non-executive Directors, and to support the Company’s regular evaluation of the Board’s performance.

The nomination committee comprises two executive Directors and three independent non-executive Directors, being Mr. Pu Shulin, Ms. Jacqueline Luo (appointed with effect on 27 June 2025), Mr. Zhang Jizhong, Mr. Lee Cheuk Yin Dannis and Mr. Huang Yu (appointed with effect on 27 June 2025), with Mr. Pu Shulin as chairperson of the nomination committee.

During the year ended 31 December 2025, the nomination committee held two meetings to (i) review the structure, size and composition of the Board, (ii) assess the independence of the independent non-executive Directors, (iii) consider the qualifications of the retiring Directors standing for re-election at the Annual General Meeting, (iv) review the Board Diversity Policy and Director Nomination Policy, and (v) review the composition of the nomination committee and recommend the Board to appoint new members of the Nomination Committee. The nomination committee considered an appropriate balance of diversity perspectives of the Board is maintained.

BOARD DIVERSITY POLICY

The Company adopted a board diversity policy on 22 June 2020 which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent.

Pursuant to the board diversity policy, the nomination committee reviews regularly the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the nomination committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

For the purpose of implementation of the board diversity policy, the following measurable objectives were adopted:

- (A) at least one member of the Board shall be female;
- (B) at least one-third of the members of the Board shall be independent non-executive Directors;
- (C) at least one member of the Board shall have obtained accounting or other professional qualifications;
and
- (D) at least three members of the Board shall have more than 10 years of experience in the industry he/she is specialised in education and television and film production and investment.

As at 31 December 2025, the Board comprises seven Directors, one of which is female. The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender diversity. The Company will continue to take steps to further promote gender diversity at all levels of the Group, including but not limited to the Board and management level. The Company also seeks to ensure that there is gender diversity when recruiting staff at mid to senior level so that it will have a pipeline of female senior management and potential successors to the Board in due time to ensure gender diversity of the Board.

The nomination committee will review the diversity policy periodically to ensure its effectiveness and will recommend revisions to the Board for consideration and approval as appropriate.

CORPORATE GOVERNANCE REPORT

The nomination committee will report annually a summary of this policy and, where applicable, measurable objectives that the Board has adopted for implementation of this policy and the progress made towards achieving these objectives in the Company's corporate governance report.

As of the date of this report, the Company had a total of seven Directors. There is a diverse mix of educational background and professional experience. The nomination committee has reviewed the diversity policy and considers that, appropriate balance has been stricken among the Board members in terms of skills, experience and perspectives.

WORKFORCE DIVERSITY

The Company values gender diversity across all levels of the Group. The Board is committed to improving greater gender diversity in the Board, senior management and other employees of the Group. The Board had targeted to achieve at least one female Director, one female senior management and 50% of female employees of the Group and considers that the above gender diversity is satisfactory.

Details on the gender information of the Group together with relevant data can be found in the section headed "Employee Profile" of and employee data under Appendix 1 to the 2025 Environmental, Social and Governance Report.

As at 31 December 2025, 1,399 of the total 2,536 employees of the Group, representing approximately 55%, were female employees (including management staff), with a higher female employee base driven by our higher education (media and arts), vocational education and international education segment. The Group has a strong focus on promoting gender diversity in the workforce, having set an overall gender diversity target of at least 50% female representation across the organization. To support the achievement of these targets, specific initiatives have included a review of the recruitment process, with job descriptions and postings amended to motivate a broader applicant pool, as well as changes to applicant screening and interviews. In addition, to support diversity across all facets, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programs, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours.

DIVIDEND POLICY

In accordance with code provision F.1.1 of the Corporate Governance Code, the Company adopted a dividend policy (the "**Dividend Policy**") on 22 June 2020, which outlines the principles and guidelines that the Company intends to apply in relation to the declaration, payment and distribution of dividends to the Shareholders.

According to the Dividend Policy, subject to the Cayman Islands company law and the Articles of Association, the Board has absolute discretion on whether to declare and distribute dividends. Shareholders in general meeting may declare dividend but no dividend may be declared in excess of the amount recommended by the Board.

The Board will take into consideration, if it decides to pay dividends, the Company's future operations and earnings, capital requirements and surplus, cash flows, general financial condition, contractual restrictions and any other factors that the Board may consider relevant.

The Company does not have a fixed dividend payout ratio. The Company currently intends to recommend dividends commensurate with the industry average level, while maintaining adequate reserves for its operations, expansion and future growth.

NOMINATION POLICY

In accordance with code provision E(d)(iii) of the Corporate Governance Code, the Company adopted a nomination policy for nomination of directors (the “**Director Nomination Policy**”) on 22 June 2020. Such policy ensures that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business.

According to the Director Nomination Policy:

- (i) the ultimate responsibility for selection and appointment of Directors rests with the entire Board;
- (ii) the nomination committee shall identify, consider and recommend suitable individuals to the Board to consider and to make recommendations to the Shareholders of the Company for election of Directors at a general meeting either to fill a casual vacancy or as an addition to the Board;
- (iii) in assessing the suitability and the potential contribution to the Board of a proposed candidate, the nomination committee would reference, among others, the candidates’ reputation for integrity, professional qualifications and skills, accomplishment and experience in the private education sector, commitment in respect of available time and relevant interest, independence of proposed independent non-executive Directors; and diversity in all aspects; and
- (iv) the nomination committee shall make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new directors and re-election of Directors at general meetings.

In general, the nomination process of Director is as follows:

Appointment of New Director

- (i) The nomination committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.
- (ii) The nomination committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- (iii) If the process yields one or more desirable candidates, the nomination committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- (iv) The nomination committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- (v) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the nomination committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the nomination committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

Re-election of Director at General Meeting

- (i) The nomination committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.
- (ii) The nomination committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.
- (iii) The nomination committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

The nomination committee will report annually a summary of this policy including the nomination procedures, criteria for selection, the diversity policy and, where applicable, the measurable objectives adopted and the progress made towards achieving these objectives, in the Company's corporate governance report.

The nomination committee will review the Director Nomination Policy from time to time, as appropriate, to ensure its effectiveness.

BOARD INDEPENDENCE EVALUATION

The Company has established a board independence evaluation mechanism (the “**Board Independence Evaluation Mechanism**”) which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

Under the Board Independence Evaluation Mechanism, independent views and input are available to the Board. The Board has a balanced composition of executive and independent non-executive Directors, in which approximately half of the Board are independent non-executive Directors. Besides, the Directors are encouraged to seek independent professional advice in performing their duties at the Company's expense; and to access and consult with the Company's senior management independently, if necessary. The independent non-executive Directors are also encouraged to voice their views by individual communication with the chairperson of the Board.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 31 December 2025, all Directors has completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

WHISTLEBLOWING PROCEDURES AND ANTI-CORRUPTION POLICIES SYSTEM

The Company has in place the whistleblowing policy and system for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the audit committee about possible improprieties in any matters related to the Company.

The Company has also in place the anti-corruption policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the audit committee, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate.

During the year ended 31 December 2025, the key methods of attaining continuous professional development by each of the Directors are recognised as follows:

Director	Attended training session	Reading materials
Pu Shulin	✓	✓
Jacqueline Luo	✓	✓
Wu Ye	✓	✓
Lau Chi Hung	✓	✓
Zhang Jizhong	✓	✓
Lee Cheuk Yin Dannis	✓	✓
Huang Yu	✓	✓

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2025.

The Directors have prepared the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements of the Company are prepared on a going concern basis, the Directors are of the view that they give a true and fair view of the financial position, performance and cash flow of the Group for the year ended 31 December 2025, and the disclosure of other financial information and report therein complies with relevant legal requirements.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in the code provision A.2.1 of the Corporate Governance Code.

During the year ended 31 December 2025, the Board reviewed and monitored the Company's policies and practices on corporate governance, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROL

The risk management and internal control systems and accounting system of the Group are aimed at identifying and evaluating the Group's risk, formulate risk mitigation strategies, providing reasonable assurance that assets are safeguarded against unauthorised use or disposition, transactions are executed in accordance with management's authorisation, and the accounting records are reliable for preparing financial information used within the business for publication, maintaining accountability for assets and liabilities and ensuring the business operations are in accordance with relevant legislation, regulations and internal guidelines.

The Group's risk management and internal control system is embedded within our business processes so that it functions as an integral part of the overall operation of the Group. The system comprises a comprehensive organisation structure with assignment of definite accountabilities and delegation of corresponding authorities to each post. Based on our organization structure, a reporting system has been developed including reporting channels from division heads of business units to the Board.

The Group has a defined organisational structure with clear defined lines of responsibility and authority. Each department is accountable for its daily operations and is required to report to executive Directors on a regular basis. Policies and procedures are set for each department, which includes establishing and maintaining effective policies to enhance risks identification to which the Group are exposed and taking appropriate action to manage such risks, establishing a structure with defined authorities and proper segregation of duties; monitoring the strategic plan and performance; designing an effective accounting and information system; controlling price sensitive information; and ensuring swift actions and timely communication with our stakeholders.

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate internal control system to safeguard shareholders investments and the Group's assets and reviewing the effectiveness of such system on an annual basis. The Board also clarifies that the system is purported to manage, but not eliminate, the risk of failure to fulfil business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees risk management functions directly and also through the audit committee and the senior management. The senior management is responsible for the overall implementation of risk management and internal control plans and policies determined by the Board and managing the risks in connection with all of the Group's business operations.

The Group has designated staff to carry out internal audit function on the Group's operational and financial matters under the supervision of senior management. In addition, the Group has also engaged an independent internal control and risk management consultancy firm to review the effectiveness of its internal control and risk management of the Group annually and the internal control review report will be presented to the audit committee and the Board. The Board, with the assistance of the audit committee and the independent internal control and risk management consultancy firm, will review the effectiveness of the risk management and the internal control systems of the Group, and review, among others, the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function.

For the year ended 31 December 2025, the Board, with the assistance of the audit committee and the independent internal control and risk management consultancy firm, conducted a review of the effectiveness of the risk management and internal control systems on certain operations of the Group and no significant internal control weakness was identified. The Board considered the risk management and the internal control systems are effective and adequate for the year ended 31 December 2025, and the resources, qualifications and experience of staff of the Group's accounting and financial reporting function are sufficient.

INSIDE INFORMATION DISCLOSURE AND CONTROL MEASURES

The Board is responsible for the handling and dissemination of inside information. In order to ensure the market and stakeholders are timely and fully informed about the material developments in the Company's business, the Board has adopted the inside information disclosure policy on 22 June 2020 regarding the procedures of proper information disclosure.

From time to time, the Group has adopted certain regulatory measures as appropriate to prevent violation of the disclosure requirements of the Group, including:

- Only a limited number of personnel (mainly the senior management and Directors) have access to inside information upon request. Employees having access to the inside information are fully aware of their confidentiality responsibilities.
- All employees (including the Directors of the Group) must strictly comply with the employment provisions regarding the administration of confidential information.

The Group complies with the requirements of the SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable unless the information falls within the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensuring that information contained in announcements or circulars is not false or misleading as to material facts, or false or misleading through the omission of material facts, and presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

COMPANY SECRETARY

Mr. Lau Chi Hung is the company secretary of the Company and is responsible for advising the Board on corporate governance and board practices and matters, and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

For the year ended 31 December 2025, Mr. Lau had undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

AUDITORS RESPONSIBILITY

The Company appointed Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong as the external auditor for the year ended 31 December 2025. A statement by the auditors about their reporting responsibilities for the consolidated financial statements is included in the Independent Auditor's Report on pages 58 to 62.

AUDITOR'S REMUNERATION

A breakdown of the remuneration in respect of audit and non-audit services provided by the auditor to the Company for the year ended 31 December 2025 is set out below:

Service category	Fees paid/payable (RMB'000)
Annual audit	3,135
Interim review	760
Taxation services	220

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

Shareholders may propose a person for election as Director, the procedures for which are available on the Company's website under "Investor relations – Corporate Governance".

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to Article 71 of the Articles of Association, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the voting rights, on a one vote per Share basis in the share capital of the Company. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

The Board is not aware of any provisions allowing the Shareholders to put forward proposals at general meetings of the Company under the Articles of Association and the Companies Law of the Cayman Islands. Shareholders who wish to put forward proposals at general meetings may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

CONTACT DETAILS

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 22/F, Tower 12, Wanda Plaza, No. 93 Jianguo Road, Chaoyang District, Beijing, China (For the attention of the Board of Directors)
Telephone: +86-10-58205558
Fax: +86-10-58205777
Email: ir@cathaymedia.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. The information of the Shareholder(s) may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At annual general meetings, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The Board adopted a shareholders' communication policy on 22 June 2020 with reference to code provision L(b) of the Corporate Governance Code. This is to ensure that Shareholders' views and concerns are appropriately addressed. The Board reviewed the implementation and effectiveness of the Shareholders' communication policy and the results were satisfactory.

CORPORATE GOVERNANCE REPORT

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

“Corporate Communication” as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to the following documents of the Company: (a) the Directors’ report, annual accounts together with a copy of the auditor’s report; (b) the interim report and; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form. The Corporate Communication of the Company will be published on the Stock Exchange’s website (<http://www.hkex.com.hk>) in a timely manner as required by the Listing Rules.

(b) Announcements and Other Documents pursuant to the Listing Rules

The Company shall publish announcements (on inside information, corporate actions and transactions etc.) and other documents (e.g. Memorandum and Articles of Association) on the Stock Exchange’s website in a timely manner in accordance with the Listing Rules.

(c) Corporate Website

Any information or documents of the Company posted on the Stock Exchange’s website will also be published on the Company’s website (<http://www.cathaymedia.com>).

(d) Shareholders’ Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. The Company shall provide Shareholders with relevant information on the resolutions(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable Shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend the meetings. Where appropriate or required, the Chairman of the Board and other Board members, the chairmen of board committees or their delegates, and the external auditors should attend general meetings of the Company to answer Shareholders’ questions (if any). The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent Shareholders’ approval.

(e) Other Investor Relations Communication Platforms

Investor/analysts briefings, roadshows (both domestic and international), media interviews, marketing activities for investors and specialist industry forums etc. will be held on a required basis.

SIGNIFICANT CHANGES TO CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, there was no change in the memorandum and articles of association of the Company.

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

As of 31 December 2025, the interests or short positions of the Directors and chief executives 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 to be notified to our 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 which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to our Company and the Stock Exchange are set out below:

Interest in our Company

Name	Nature of interest	Number of ordinary shares (Long position)	Approximate % of interest ⁽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 31 December 2025.
- (2) Ms. Jacqueline Luo is the spouse of Mr. Pu, and she is deemed to be interested in the Shares in which Mr. Pu is interested under the SFO.

Interest in associated corporations

Associated corporation	Name	Nature of interest	Number of shares/amount of contribution to registered capital	Interest in associated corporation
Cathay Media Holding Inc.	Mr. Pu ⁽¹⁾	Interest in a 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 31 December 2025, so far as is known to any Director or the chief executives of the Company, none of the Directors nor the chief executives of the Company or their respective associate had 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.

OTHER INFORMATION

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

As of 31 December 2025, the following persons (other than the Directors and chief executives whose interests have been disclosed in this annual report) had an interest or short position in the Shares or 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 % 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 in a 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 31 December 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 above, as of 31 December 2025, no other person (other than the Directors and the chief executives of the Company) had any interest or short position 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, or as otherwise notified to the Company and the Stock Exchange.

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 has complied and will continue to comply with the new 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 breakdown of each of the share schemes of the Company are set out below:

(i) **Post-IPO Share Award Scheme**

The Post-IPO Share Award Scheme was conditionally adopted pursuant to the resolutions of the Shareholders on 22 June 2020.

Purpose

The purpose of the Post-IPO Share Award Scheme is to align the interests of eligible persons with those of our Group 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 our Group.

Eligible persons

Any individual, being an employee, director, officer, consultant, adviser, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of our Group or any affiliate (including nominees and/or trustees of any employee benefit trust established for them) who the Board or its delegate(s) considers, in its sole discretion, to have contributed or will contribute to our Group is eligible to receive an award.

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.

No Shares had been granted or agreed to be granted under the Post-IPO Share Award Scheme and therefore, (i) as at 1 January 2025 and 31 December 2025, the total number of Award Shares available for grant under the Post-IPO Share Award Scheme was 32,000,000 Shares and 32,000,000 Shares, respectively and (ii) as at the date of this report, the total number of Shares available for issue was 32,000,000 new Shares, representing 1.93% of the issued Shares (excluding treasury shares (as defined under the Listing Rules)) as at the date of this report.

Maximum entitlement of a grantee

There is no specific limit on the maximum number of shares which may be granted to a single eligible participant under the Post-IPO Share Award Scheme.

Vesting period

The Board or its delegate(s) may from time to time while the Post-IPO Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested.

Consideration

No consideration is required to be paid by the grantees for the grant of awards under the Post-IPO Share Award Scheme.

Remaining life of the Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme shall be valid and effective for ten years from the Listing Date (after which no awards will be granted), and thereafter for so long as there are any non-vested Shares granted prior to the expiration of the Post-IPO Share Award Scheme, in order to give effect to the vesting of such Shares or otherwise as may be required in accordance with the rules of the Post-IPO Share Award Scheme. The remaining life of the Post-IPO Share Award Scheme is approximately 5 years.

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

(ii) 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.

Purpose

The purpose of the Post-IPO Share Option Scheme is to provide eligible persons to the Post-IPO Share Option Scheme with the opportunity to acquire proprietary interests in our Company and to encourage the eligible person to work towards enhancing the value of our Company and our Shares for the benefit of our Company and Shareholders as a whole. The Post-IPO Share Option Scheme will provide our Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to eligible persons.

Eligible persons

Any individual, being an employee, director, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of our Group or any of our Group's affiliates who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group is entitled to be offered and granted options.

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 31 December 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. As of the date of this report, the total number of new Shares available for issue was 160,000,000 Shares, representing 9.67% of the issued Shares (excluding treasury shares (as defined under the Listing Rules)) as of the date of this report.

Maximum entitlement of a grantee

Unless approved by our Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Post-IPO Share Option Scheme and any other share option scheme(s) of our Company to each eligible person (including both exercised and outstanding options) in any 12 month period shall not exceed 1% of the total number of Shares in issue.

Time of exercise of an option

An option may, subject to the rules of the Post-IPO Share Option Scheme and the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as our Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

Vesting period

The Board or its delegate(s) may from time to time while the Post-IPO Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the award to be vested.

Consideration

A consideration of HK\$1.00 is payable within 20 business days from the date of grant of an option.

Exercise price

Pursuant to the Post-IPO Share Option Scheme, the participants may subscribe for the Shares on the exercise of an option at the price determined by the Board provided that it shall be at least the highest of (a) the closing price of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant; (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share on the date of grant.

OTHER INFORMATION

Remaining Life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which, no further options shall be offered or granted). The remaining life of the Post-IPO Share Option Scheme is approximately 5 years.

Details of the movements of the options granted under the Post-IPO Share Option Scheme during the Reporting Period:

Name or category of grantee	Date of grant	Exercise period	Vesting period	Exercise price (HK\$/Share)	Number of options					Outstanding as at 31 December 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 immediately before the exercise date during the Reporting Period (HK\$/Share)	Performance targets
					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					
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 2024, the period from 1 May 2023 to 31 December 2023, 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.

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

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 sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period. As of 31 December 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

MATERIAL LITIGATION

Save as disclosed in this report, the Company was not involved in other material litigation or arbitration proceedings during the year ended 31 December 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.

DIVIDENDS

There is no arrangement under which a Shareholder has waived or agreed to waive any dividends.

The Board recommended a final dividend of HK\$0.068 (for the year ended 31 December 2024: HK\$0.03) per Share for the year ended 31 December 2025. The final dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on 29 May 2026 and the final dividend is expected to be payable on or about 26 June 2026 to the Shareholders whose names appear on the register of members of the Company on 12 June 2026.

CLOSURE OF REGISTER MEMBERS

The register of members of the Company will be closed for the purpose of determining the identity of Shareholders who are entitled to attend and vote at the forthcoming annual general meeting from 26 May 2026 to 29 May 2026, both days inclusive, during which period no transfer of Shares will be registered. The record date for determining the entitlement of the Shareholders to attend and vote at the forthcoming annual general meeting will be 29 May 2026. In order to be eligible to attend the forthcoming annual general meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration, no later than 4:30 p.m. on 22 May 2026.

The register of members of the Company will be closed for the purpose of determining the identity of Shareholders who are entitled to receive the final dividend from 10 June 2026 to 12 June 2026, both days inclusive, during which period no transfer of Shares will be registered. The record date for determining the entitlements of the Shareholders to receive the final dividend and special dividend will be 12 June 2026. In order to be qualified for the special dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration, no later than 4:30 p.m. on 9 June 2026.

DISCLOSURE PURSUANT TO RULES 13.13 AND 13.20 OF THE LISTING RULES

In order to facilitate the restructuring in connection with the acquisition of the 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 31 December 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.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

To the Shareholders of Cathay Group Holdings Inc.

華夏集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Cathay Group Holdings Inc. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 63 to 124, which comprise the consolidated statement of financial position as at 31 December 2025 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter

How our audit addressed the key audit matter

Occurrence of revenue recognition in relation to tuition and boarding fees of vocational education programs and international education programs (the “Programs”)

The Group operates the higher education (media and arts) programs (the “**Higher education**”) and the Programs. Students from Higher education are required to follow the national and local admission standards and procedures operated by the relevant education authorities. The recruitment of students under the Programs are under the direction of the Group.

Tuition and boarding fees of the Programs (the “**Fees**”) are generally collected at the enrollment or at the beginning of each school year for courses with duration over one year. The Fees received from students but not earned are initially recorded in contract liabilities, and then recognised as revenue over the relevant period. The Group recognised an amount of RMB136,021,000 revenue in relation to Fees of the Programs. Given the significant transaction amount and no supervision from relevant education authorities in relation to the recruitment of student, we therefore consider the occurrence of revenue recognition in relation to Fees of the Programs as a key audit matter.

Our procedures performed on the occurrence of revenue recognition in relation to Fees of the Programs included:

- Obtaining an understanding of Group’s key internal controls relating to the occurrence of revenue recognition of Fees and evaluating the design, implementation and operating effectiveness of these controls;
- On a sample basis, verifying the existence of the students in the financial year by interviewing respective students or checking the academic certificate issued by authorities and agreeing information in the student register system;
- On a sample basis, checking the supporting documents of tuition fees received from students;
- On a sample basis, performing recalculation of the amount of contract liabilities and revenue recognised during the year; and
- Performing analytical procedures to assess the reasonableness of revenue recognised during the year.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matter communicated with those charged with governance, we determine this matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong Shun Yu (practising certificate number: P06543).

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
30 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	NOTES	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	5	787,734	782,359
Cost of revenue		(330,827)	(401,205)
Gross profit		456,907	381,154
Other income	6	34,818	39,847
Net impairment reversals (losses) on financial assets	7	5,061	(159,571)
Other gains and losses	8	(26,482)	414
Selling expenses		(18,454)	(21,307)
Administrative expenses		(114,476)	(122,297)
Finance costs	9	(71)	(965)
Profit before tax		337,303	117,275
Income tax expense	10	(5,725)	(364)
Profit for the year	11	331,578	116,911
Other comprehensive (expense) income: <i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation from functional currency to presentation currency		(6,101)	1,537
Other comprehensive (expense) income for the year		(6,101)	1,537
Total comprehensive income for the year		325,477	118,448
Profit for the year attributable to:			
Owners of the Company		301,002	92,064
Non-controlling interests		30,576	24,847
		331,578	116,911
Total comprehensive income for the year attributable to:			
Owners of the Company		294,901	93,601
Non-controlling interests		30,576	24,847
		325,477	118,448
Earnings per share	14		
– Basic (RMB cents)		18.55	5.67
– Diluted (RMB cents)		18.54	5.67

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	NOTES	As at 31 December	
		2025 RMB'000	2024 RMB'000
Non-current Assets			
Property and equipment	15	1,259,980	1,216,174
Right-of-use assets	16	110,721	124,359
Intangible assets	17	13,941	23,873
Deferred tax assets	18	–	379
Time deposits	22	170,000	230,000
Other receivables	20	72,452	7,487
		1,627,094	1,602,272
Current Assets			
Inventories	19	11,221	14,291
Trade and other receivables	20	256,660	333,486
Financial assets at fair value through profit or loss (“FVTPL”)	21	387,042	386,795
Restricted bank deposits	22	411	–
Time deposits	22	230,000	30,000
Cash and cash equivalents	22	865,305	690,770
		1,750,639	1,455,342
Current Liabilities			
Trade and other payables	23	213,940	191,069
Contract liabilities	24	455,926	384,842
Tax liabilities		5,626	494
Dividend payable		20,950	20,950
Lease liabilities	25	–	5,447
		696,442	602,802
Net Current Assets		1,054,197	852,540
Total Assets less Current Liabilities		2,681,291	2,454,812

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	NOTES	As at 31 December	
		2025	2024
		RMB'000	RMB'000
Non-current Liabilities			
Lease liabilities	25	–	9,129
Deferred income		–	75
		–	9,204
Net Assets		2,681,291	2,445,608
Capital and Reserves			
Share capital	26	117	117
Reserves		2,425,529	2,220,422
Equity attributable to owners of the Company		2,425,646	2,220,539
Non-controlling interests	34	255,645	225,069
Total Equity		2,681,291	2,445,608

The consolidated financial statements on pages 63 to 124 were approved and authorised for issue by the board of directors on 30 March 2026 and signed on its behalf of:

Pu Shulin

DIRECTOR

Lau Chi Hung

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company										
	Share capital RMB'000	Shares held for share award RMB'000	Share premium RMB'000	Capital reserve RMB'000	Translation reserve RMB'000	Share-based payments reserve RMB'000	Statutory surplus reserve RMB'000 (Note)	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024	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 year	-	-	-	-	-	-	-	92,064	92,064	24,847	116,911
Other comprehensive income for the year	-	-	-	-	1,537	-	-	-	1,537	-	1,537
Total comprehensive income for the year	-	-	-	-	1,537	-	-	92,064	93,601	24,847	118,448
Recognition of equity-settled share-based payments (Note 27)	-	-	-	-	-	1,534	-	-	1,534	-	1,534
Appropriation	-	-	-	-	-	-	26,213	(26,213)	-	-	-
Dividend recognised as distribution (Note 13)	-	-	(90,338)	-	-	-	-	-	(90,338)	-	(90,338)
At 31 December 2024	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 year	-	-	-	-	-	-	-	301,002	301,002	30,576	331,578
Other comprehensive expense for the year	-	-	-	-	(6,101)	-	-	-	(6,101)	-	(6,101)
Total comprehensive (expense) income for the year	-	-	-	-	(6,101)	-	-	301,002	294,901	30,576	325,477
Recognition of equity-settled share-based payments (Note 27)	-	-	-	-	-	813	-	-	813	-	813
Appropriation	-	-	-	-	-	-	35,506	(35,506)	-	-	-
Dividend recognised as distribution (Note 13)	-	-	(90,607)	-	-	-	-	-	(90,607)	-	(90,607)
At 31 December 2025	117	(52,411)	643,479	247,627	(87,866)	3,551	488,848	1,182,301	2,425,646	255,645	2,681,291

Notes:

Pursuant to the relevant laws in the People's Republic of China (the "PRC"), the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the management of the relevant PRC subsidiaries. These reserves include: (i) general reserve of the limited liabilities companies and (ii) the development fund of schools.

- i. For PRC subsidiaries with limited liability, they are required to make annual appropriations to general reserve of 10% of after-tax profits as determined under the PRC laws and regulations at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital.
- ii. According to the Implementation Rules of the Law for Promoting Private Education of the PRC (《中華人民共和國國民辦教育促進法實施條例》), it is required for not-for-profit private school to appropriate to development fund of not less than 10% of the annual increase in net asset of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund shall be used for construction or maintenance of the school or procurement or upgrading of educational equipment.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Profit before tax	337,303	117,275
Adjustments for:		
Finance costs	71	965
Interest income from banks	(18,207)	(16,813)
Interest income from Consideration Receivables	–	(1,531)
Depreciation of property and equipment	64,104	65,790
Depreciation of right-of-use assets	8,097	12,280
Amortisation of intangible assets	10,168	10,643
Release of asset-related government grants	(75)	(297)
Net impairment (reversals) losses on financial assets	(5,061)	159,571
Share-based payments	813	1,534
Write-down of inventories	2,992	20,378
Gains on termination of a lease agreement	(944)	–
Losses on write-off of property and equipment	1,796	24
Losses (gains) from changes in fair value of financial assets measured at FVTPL	26,025	(657)
Foreign exchange (gains) losses	–	1,537
Operating cash flow before movements in working capital	427,082	370,699
Decrease (increase) in inventories	78	(694)
Decrease (increase) in trade and other receivables	94,330	(24,579)
(Decrease) increase in trade and other payables	(10,831)	14,032
Increase in contract liabilities	71,084	8,533
Cash generated from operations	581,743	367,991
Income taxes paid	(214)	(564)
Net cash from operating activities	581,529	367,427
INVESTING ACTIVITIES		
Interest received	9,738	8,612
Purchases of property and equipment	(119,827)	(107,367)
Prepayment for acquisition of leasehold land	(70,000)	–
Leasehold land deposits refund from the government authority	43,087	–
Proceeds on disposal of property and equipment	–	41
Payments for right-of-use assets	(7,101)	–
Purchases of intangible assets	(236)	(236)
Purchases of financial assets at FVTPL	(1,492,679)	(1,617,728)
Redemptions of financial assets at FVTPL	1,466,407	1,653,161
Settlement of Consideration Receivables	–	25,000
Placement of time deposits	(170,000)	(285,742)
Withdrawal of time deposits	30,000	401,053
Placement of restricted bank deposits (Note 22)	(411)	–
Net cash (used in) from investing activities	(311,022)	76,794

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
FINANCING ACTIVITIES		
Dividend paid	(90,607)	(90,338)
Repayments of lease liabilities	–	(5,157)
Net cash used in financing activities	(90,607)	(95,495)
Net increase in cash and cash equivalents	179,900	348,726
Cash and cash equivalents at the beginning of the year, represented by bank balances and cash	690,770	342,044
Effect of foreign exchange rate changes	(5,365)	–
Cash and cash equivalents at the end of the year, represented by bank balances and cash	865,305	690,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 January 2017 as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares have been listed on the Main Board of the Stock Exchange since 15 July 2020. Its immediate holding company is Cathay Media Holdings Inc, a company incorporated in the British Virgin Islands (the “BVI”) and its ultimate holding company is Media One International (PTC) Limited, a company incorporated in the BVI, which is the trustee of a trust established in January 2021 of which the settlor is Mr. Pu Shulin, who is also an executive director and 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 the Group is principally engaged in the provision of higher education (media and arts), vocational education and international education services and entertainment and livestreaming e-commerce in the PRC.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to a HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“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 consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to a HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual improvements to HKFRS Accounting Standards - Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Companies Ordinance.

The Group's higher education (media and arts), vocational education and international education business was carried out by Nanjing Lanchou, Nanjing Meiya, CUCN, while the entertainment and livestreaming e-commerce business was carried out by Dongyang Huaxia, Huaxia Audio-Visual, Huaxia Zhenxuan and Beijing Huaxia Huyu Culture Media Co., Ltd. (北京華夏互娛文化傳媒有限公司) ("**Huaxia Huyu**") (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).

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) ("**Nanjing Bicheng**"), a wholly owned subsidiary of the Group, with the Consolidated Affiliated Entities operating higher and vocational 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) ("**Dongyang Consulting**"), a wholly owned subsidiary of the Group, with the Consolidated Affiliated Entities operating entertainment and livestreaming e-commerce business, Mr. Pu Shulin and Mr. Liu Chang, respectively, 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;

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.1 Basis of preparation of consolidated financial statements (continued)

- 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.

Accordingly, the Group has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is therefore considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect held subsidiaries and their financial positions and results are included in the consolidated financial statements for the years ended 31 December 2025 and 2024.

The following balances and amounts of the Consolidated Affiliated Entities were included in the consolidated financial statements:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Revenue	773,658	771,378
Profit before tax	336,570	117,667

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Non-current assets	1,619,718	1,370,101
Current assets	1,493,742	1,437,019
Current liabilities	675,387	595,660
Non-current liabilities	–	9,204

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 5.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of staff apartments that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use assets include the amounts of the initial measurement of the lease liabilities and any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group.

The lease payments are fixed payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Exchange differences relating to the retranslation of the Group's net assets in United States dollars ("US\$") and HK\$ to the Group's presentation currency (i.e. RMB) are recognised directly in other comprehensive income and accumulated in translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

Share-based payments

Equity-settled share-based payments transactions

Share awards/Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Share-based payments (continued)

Equity-settled share-based payments transactions (continued)

Share awards/Share options granted to employees (continued)

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to retained profits.

When share awards granted are vested, the amount previously recognised in share-based payments reserve will be transferred to other reserve.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and declined to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property and equipment

Property and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings and facilities in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Property and equipment (continued)

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property and equipment.

Depreciation is recognised so as to write off the cost of items of property and equipment other than properties under construction less their residual values over their estimated useful lives, using the straightline method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses, being their fair value at the date of the revaluation less subsequent accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Impairment on property and equipment, right-of-use assets and intangible assets other than goodwill (continued)

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Inventories

Inventories mainly include scripts, television series and films in progress and completed, which are produced for sale and are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are (other than financial assets at FVTPL) added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend earned on the financial asset and is included in the "other gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit losses (“**ECL**”) model on financial assets (including trade and other receivables, restricted bank deposits, time deposits and cash and cash equivalents) which are subject to impairment assessment under HKFRS 9 Financial Instruments. The amount of ECL is updated at each reporting dates to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after each reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these credit-impaired trade receivables are assessed individually and the remaining is collectively assessed using provision matrix, estimated based on internal credit rating of trade debtors, taking into consideration of repayment history, customer-specific conditions and past-due status.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. Except for credit-impaired trade receivables are assessed for ECL individually, the Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix based on internal credit rating, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at FVTPL, exchange differences are recognised in profit or loss in the "Other gains and losses" line item as part of the (losses) gains from changes in fair value of financial assets measured at FVTPL (Note 8).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments

Financial liabilities

All financial liabilities the Group holds are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and dividend payable are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other gains and losses" line item in profit or loss (Note 8) as part of net foreign exchange gains (losses) for financial liabilities.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the management of the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

The Group conducts a substantial portion of the business through the Consolidated Affiliated Entities in the PRC due to regulatory restrictions on foreign ownership in the higher and vocational education business and television series and film production business in the PRC. The Group does not have any equity interest in the Consolidated Affiliated Entities. The management of the Group assessed whether or not the Group has control over the Consolidated Affiliated Entities based on whether the Group has the power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities, and has the ability to affect those returns through its power over the Consolidated Affiliated Entities. After assessment, the management of the Group concluded that the Group has control over the Consolidated Affiliated Entities as a result of the Contractual Arrangements and other measures and accordingly, the assets, liabilities and their operating results of the Consolidated Affiliated Entities are included in the consolidated financial statements throughout the year or since the respective dates of establishment, whichever is the shorter period.

Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over the Consolidated Affiliated Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the assets, liabilities and operating results of the Consolidated Affiliated Entities. The management of the Group, based on the advice of its legal counsel, considers that the Contractual Arrangements are in compliance with the relevant PRC laws and regulations and are legally enforceable.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables

Trade receivables credit-impaired are assessed for ECL individually, and the remaining is estimated collectively by using a provision matrix. The provision rates are based on internal credit rating as grouping of various debtors taking into consideration repayment history, customer-specific conditions and past-due status. At every reporting date, the default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 20 and 29.

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Types of goods or services		
<i>Recognised over time</i>		
Education service income		
– Higher education (media and arts) programs	577,130	494,629
– Vocational education programs	81,052	105,689
– International education programs	54,969	54,136
Promotion income from livestreaming e-commerce	2,044	15,237
Other income from education business	7,876	8,980
	723,071	678,671
<i>Recognised at a point in time</i>		
Artist management service income	53,685	74,135
Sales of groceries	7,065	7,912
Commission income from livestreaming e-commerce and others	3,913	21,641
	64,663	103,688
	787,734	782,359
Geographical markets (Note)		
Chinese Mainland	787,734	782,359

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Performance obligations for contracts with customers

Revenue from the provision of education services

Revenue from the provision of education services includes tuition fees and boarding fees from higher education (media and arts) programs, vocational education programs and international education programs.

Revenue from tuition and boarding fees is recognised over time. Tuition and boarding fees are generally received in advance prior to the commencement of each school year and are initially recorded as contract liabilities. Tuition and boarding fees are recognised as revenue proportionately over the relevant period of the applicable program or the beneficial period for the students. The Group's contracts with students for higher education (media and arts) and vocational education services are normally with duration of one year and renewed up to total duration of two to four years depending on the education programs.

Revenue from the provision of artist management services

The Group concluded that the Group acts as the principal for artist management services considering the following:

- (i) the Group is primarily responsible for fulfilling its promise to its customers with the artist management services as it negotiates the service scope, has discretion to determine which business activities to undertake, which artists will be assigned and how the artists will fulfill the demand of customers for these activities;
- (ii) the Group bears certain inventory risk as it needs to pay for the costs of styling and photography services provided by third-party vendors and the staff costs (including those staff who work together with the artist on these business activities) and does not have an unconditional right to all the revenue until it has provided the services to the customers; and
- (iii) the Group has discretion in establishing the contract price for these business activities with the customers. The Group can negotiate the service terms and pricing separately with the artists and third-party vendors who provide styling and photography services.

The Group recognises revenue from artist management services at a point in time, on a gross basis and recognises fulfillment costs in the cost of revenue, such as the revenue-sharing with the artists, the costs of styling and photography services and the staff costs.

5. REVENUE AND SEGMENT INFORMATION (continued)

Performance obligations for contracts with customers (continued)

Revenue from the provision of livestreaming e-commerce services

The Group conducts live broadcasts on the e-commerce platform, where the hosts of the live broadcasts introduce and recommend products to viewers who can order products during the live broadcasts. The Group provides promotion services for the merchants on the e-commerce platform. The Group is considered as an agent for its contracts with customers relating to the livestreaming e-commerce services as the Group did not obtain the control over the products sold through the e-commerce platform. Revenue from the provision of livestreaming e-commerce services includes commission income and fixed promotion fees.

Revenue from commission income is recognised at a point in time upon the control of the products are transferred to the customer. The Group charges commissions on the sales of the specified goods completed through the e-commerce platform based on agreed commission rates.

Revenue from fixed promotion fees is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of a performance obligation is measured based on output method. The fixed promotion fee contracts are for periods of one year or less.

Revenue from sale of groceries

Revenue from sale of groceries, representing sales income of the supermarkets in the campus, which is recognised at a point in time upon goods are delivered to the customers.

Revenue from other income of education business

Revenue from the other income of education business mainly includes canteen and grocery management service income and education management service income, which is recognised over time by reference to the service provided.

Transaction price allocated to the remaining performance obligation for contracts with customers

The contracts for education service, promotion service of livestreaming e-commerce and other services of education business are for period of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

Segment revenues and results

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

For the year ended 31 December 2025

	Higher education (media and arts), vocational education and international education RMB'000	Entertainment and livestreaming e-commerce RMB'000	Total RMB'000
Segment revenue			
External sales	728,092	59,642	787,734
Segment profit (loss)	372,811	(41,769)	331,042
Unallocated other income			18,207
Unallocated other gains and losses			395
Unallocated corporate expenses			(12,341)
Profit before tax			337,303

For the year ended 31 December 2024

	Higher education (media and arts), vocational education and international education RMB'000	Entertainment and livestreaming e-commerce RMB'000	Total RMB'000
Segment revenue			
External sales	671,346	111,013	782,359
Segment profit (loss)	246,272	(129,910)	116,362
Unallocated other income			18,344
Unallocated other gains and losses			(219)
Unallocated corporate expenses			(17,212)
Profit before tax			117,275

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit/loss represents the profit earned by/loss from each segment and excludes certain other income, certain other gains and losses and corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. 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.

Other information

For the year ended 31 December 2025

	Higher education (media and arts), vocational education and international education RMB'000	Entertainment and livestreaming e-commerce RMB'000	Total RMB'000
<i>Amounts included in the measure of segment profit:</i>			
Depreciation of property and equipment	62,288	1,816	64,104
Depreciation of right-of-use assets	2,901	5,196	8,097
Amortisation of intangible assets	234	9,934	10,168
Write-down of inventories	–	2,992	2,992
Net impairment reversals on financial assets	(299)	(4,762)	(5,061)

For the year ended 31 December 2024

	Higher education (media and arts), vocational education and international education RMB'000	Entertainment and livestreaming e-commerce RMB'000	Total RMB'000
<i>Amounts included in the measure of segment profit:</i>			
Depreciation of property and equipment	64,016	1,774	65,790
Depreciation of right-of-use assets	2,901	9,379	12,280
Amortisation of intangible assets	259	10,384	10,643
Write-down of inventories	–	20,378	20,378
Net impairment losses on financial assets	79,830	79,741	159,571

Information about major customers

No single customer contributed over 10% or more of total revenue of the Group during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

6. OTHER INCOME

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interest income from banks	18,207	16,813
Miscellaneous service income	9,525	8,912
Donation income	3,355	6,138
Government grants (<i>Note</i>)	2,524	3,491
Interest income from Consideration Receivables (<i>Note 20</i>)	–	1,531
Others	1,207	2,962
	34,818	39,847

Note: Government grants mainly represented subsidies granted by local governments for encouraging domestic business development are recognised upon receipt. There were no unfulfilled conditions or contingencies relating to these subsidies.

7. NET IMPAIRMENT (REVERSALS) LOSSES ON FINANCIAL ASSETS

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Impairment (reversed) losses recognised:		
– trade receivables	(5,061)	80,128
– other receivables	–	79,443
	(5,061)	159,571

Details of impairment assessment are set out in Note 29.

8. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
(Losses) gains from changes in fair value of financial assets measured at FVTPL	(26,025)	657
Losses on write-off of property and equipment	(1,796)	(24)
Gains on termination of a lease agreement	944	–
Net foreign exchange gains (losses)	395	(219)
	(26,482)	414

9. FINANCE COSTS

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Interest expenses on lease liabilities	71	965

10. INCOME TAX EXPENSE

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
PRC Enterprise Income Tax (“EIT”)		
– current tax	5,346	580
– deferred tax (<i>Note 18</i>)	379	(216)
	5,725	364

The Company was incorporated in the Cayman Islands and its directly owned subsidiary, Cathay Media Group (BVI) Inc. was incorporated in the BVI, and are tax exempted as they involve 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 of Hong Kong Profits Tax was made in these consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax during both years.

Pursuant to the EIT 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 years.

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 years.

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 conversion of CUCN into for-profit private school (the “**Conversion**”) in accordance with these laws and regulations. As at 31 December 2025 and 2024, the Conversion was still in process and the tax positions of CUCN has not been changed for both years. CUCN followed previous EIT preferential treatments according to the current tax practice. During the year ended 31 December 2025, the non-taxable income amounted to RMB714,527,000 (2024: RMB660,364,000), and the related non-deductible expenses amounted to RMB360,944,000 (2024: RMB413,373,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

10. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Profit before tax	337,303	117,275
Tax at PRC EIT rate of 25%	84,326	29,319
Tax effect on expenses not deductible for tax purposes	90,470	104,812
Tax effect of income not taxable for tax purpose	(178,632)	(165,091)
Tax effect of deductible temporary differences not recognised	7,959	26,183
Tax effect of tax losses not recognised	2,195	5,598
Income tax at concessionary rate	(593)	(457)
Income tax expense for the year	5,725	364

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Directors' remuneration	5,702	5,715
Other staff costs		
– salaries and other allowances	159,728	166,186
– retirement benefit scheme contributions	29,976	30,579
– share-based payments	813	1,534
Total staff costs	196,219	204,014
Depreciation of property and equipment	64,104	65,790
Depreciation of right-of-use assets	8,097	12,280
Amortisation of intangible assets	10,168	10,643
Total depreciation and amortisation	82,369	88,713
Write-down of inventories (included in cost of revenue)	2,992	20,378
Auditor's remuneration	3,895	3,834

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive's emoluments

Details of the emoluments paid or payable by the Group to directors and chief executive of the Company for both years are as follows:

	Fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonues RMB'000	Retirement benefi scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2025					
Executive directors:					
Mr. Pu Shulin (chief executive)	200	1,200	-	-	1,400
Ms. Jacqueline Luo	200	960	-	-	1,160
Mr. Wu Ye	200	218	-	85	503
Mr. Lau Chi Hung	200	1,823	-	16	2,039
Sub-total	800	4,201	-	101	5,102
Independent non-executive directors:					
Mr. Zhang Jizhong	200	-	-	-	200
Mr. Lee Cheuk Yin Dannis	200	-	-	-	200
Mr. Huang Yu	200	-	-	-	200
Sub-total	600	-	-	-	600
Total	1,400	4,201	-	101	5,702
For the year ended 31 December 2024					
Executive directors:					
Mr. Pu Shulin (chief executive)	200	1,200	-	-	1,400
Ms. Jacqueline Luo	200	960	-	-	1,160
Mr. Wu Ye	200	218	-	85	503
Mr. Lau Chi Hung	200	1,836	-	16	2,052
Sub-total	800	4,214	-	101	5,115
Independent non-executive directors:					
Mr. Zhang Jizhong	200	-	-	-	200
Mr. Lee Cheuk Yin Dannis	200	-	-	-	200
Mr. Huang Yu	200	-	-	-	200
Sub-total	600	-	-	-	600
Total	1,400	4,214	-	101	5,715

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. Mr. Pu Shulin is also the chief executive officer of the Company and his emoluments disclosed above also include those for services rendered by him as the chief executive officer.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

Employees' emoluments

The five highest paid employees of the Group during the year included three (2024: three) directors, details of whose emoluments are included in the disclosures above. Details of the emoluments for the year of the remaining two (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Salaries and other benefits	1,815	1,774
Retirement benefit scheme contributions	330	321
Share-based payments	813	1,534
	2,958	3,629

The number of the five highest paid individuals (including directors of the Company) whose emoluments fell within the following bands is as follows:

	Year ended 31 December	
	2025	2024
	No. of employees	No. of employees
HK\$1,000,001 to HK\$1,500,000	2	2
HK\$1,500,001 to HK\$2,000,000	1	1
HK\$2,000,001 to HK\$2,500,000	2	1
HK\$2,500,001 to HK\$3,000,000	–	1

During both years, no emoluments were paid by the Group to any of the executive directors, independent non-executive directors, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

During the year, one non-director and non-chief executive highest paid employee was granted share options, in respect of her services to the Group under the share option scheme of the Company. Details of the share option scheme are set out in Note 27 to the consolidated financial statements.

13. DIVIDENDS

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2024 dividend of HK\$0.06		
(2024: 2023 dividend of HK\$0.06) per share	90,607	90,338

On 30 May 2025, a final dividend of HK\$0.03 per ordinary share (2024: Nil) and a special dividend of HK\$0.03 per ordinary share (2024: HK\$0.06 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 year amounted to approximately HK\$99,296,000 (equivalent to RMB90,607,000) (2024: HK\$99,296,000, equivalent to RMB90,338,000).

Subsequent to the end of the reporting period, a final dividend of HK\$0.068 per ordinary share in respect of the year ended 31 December 2025, in an aggregate amount of approximately HK\$112,536,000 (2024: total final dividend and special dividend of HK\$99,296,000), has been proposed by the directors of the Company and are subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

14. EARNINGS PER SHARE

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

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	301,002	92,064

	Year ended 31 December	
	2025	2024
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>Note i</i>)	1,622,937	1,622,937
Effect of dilutive potential ordinary shares – share options (<i>Note ii</i>)	173	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,623,110	1,622,937

Notes:

- The computation of weighted average number of ordinary shares for the years ended 31 for December 2025 and 2024 did not include shares held by the trustee of the Company's Post-IPO Share Award Scheme as disclosed in Note 27.
- The computation of diluted earnings per share for the year ended 31 December 2024 did not assume the exercise of the Company's share options granted under the Post-IPO Share Option Scheme as defined in Note 27 as the exercise price of the share options was higher than the average market price for shares for the year.

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15. PROPERTY AND EQUIPMENT

	Buildings and facilities	Furniture and fixtures	Motor vehicles	Electronic equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2024	1,454,884	120,852	18,994	180,178	5,034	-	1,779,942
Additions	-	8,216	-	5,266	-	26,290	39,772
Disposals/write-off	-	-	(1,305)	-	-	-	(1,305)
Transfer	25,938	-	-	-	-	(25,938)	-
At 31 December 2024	1,480,822	129,068	17,689	185,444	5,034	352	1,818,409
Additions	-	22,783	-	5,614	-	81,309	109,706
Disposals/write-off	-	-	-	-	(5,034)	-	(5,034)
Transfer	80,528	-	-	-	-	(80,528)	-
At 31 December 2025	1,561,350	151,851	17,689	191,058	-	1,133	1,923,081
DEPRECIATION							
At 1 January 2024	295,704	95,611	7,676	136,554	2,140	-	537,685
Provided for the year	40,552	10,631	1,846	11,748	1,013	-	65,790
Disposals/write-off	-	-	(1,240)	-	-	-	(1,240)
At 31 December 2024	336,256	106,242	8,282	148,302	3,153	-	602,235
Provided for the year	40,884	11,052	1,891	10,192	85	-	64,104
Disposals/write-off	-	-	-	-	(3,238)	-	(3,238)
At 31 December 2025	377,140	117,294	10,173	158,494	-	-	663,101
CARRYING VALUES							
At 31 December 2025	1,184,210	34,557	7,516	32,564	-	1,133	1,259,980
At 31 December 2024	1,144,566	22,826	9,407	37,142	1,881	352	1,216,174

The above items of property and equipment other than construction in progress are depreciated on a straight-line basis, after taking into account their estimated residual value, at the following useful life:

Buildings and facilities	20-50 years
Furniture and fixtures	3-5 years
Motor vehicles	4-8 years
Electronic equipment	3-5 years
Leasehold improvements	Shorter of lease term or 5 years

As of 31 December 2025, the Group is in the process of obtaining title deeds of buildings with carrying value of RMB741,102,000 (2024: RMB666,054,000).

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
As at 31 December 2025			
Carrying amounts	103,620	7,101	110,721
As at 31 December 2024			
Carrying amounts	106,521	17,838	124,359
For the year ended 31 December 2025			
Depreciation charge	2,901	5,196	8,097
For the year ended 31 December 2024			
Depreciation charge	2,901	9,379	12,280
		Year ended 31 December	
		2025	2024
		RMB'000	RMB'000
Expense relating to short-term leases		266	2,004
Total cash outflow for leases		7,367	7,161
Additions to right-of-use assets from – new leases of properties in the PRC		7,101	–

The above items of right-of-use assets are depreciated on a straight-line basis over the terms of the leases.

As at 31 December 2025, the carrying values of the leasehold lands of RMB103,620,000 (2024: RMB106,521,000) are allocated by the government, which have no definite lease term stated in the relevant land use rights certificates. However, without the relevant administrative authorities' permission, the Group cannot transfer, lease or pledge as security such land use rights allocated by the government. The leasehold lands are amortised on a straight-line basis over a period of 50 years, which is based on the lease terms or estimated by the management with reference to the normal terms in the PRC.

For both years, the Group leases various properties, including the teaching buildings, dormitory buildings and offices for its operations. Lease contracts are entered into for fixed terms of 1 to 3 years (2024: 1 to 3 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. In December 2025, the Group entered into six lease agreements with Mr. Pu Shulin for its headquarters with a fixed term of three years and made lump sum upfront payments to Mr. Pushulin. on the lease commencement, the Group recognised RMB7,101,000 of right-of-use assets. There are no enforceable extension and termination options in lease contracts.

The Group regularly entered into short-term leases for staff apartments and offices. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed above.

Details of the lease maturity analysis of lease liabilities are set out in Notes 25 and 29.

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16. RIGHT-OF-USE ASSETS (continued)

Restrictions or covenants on leases

In addition, the Group's leased properties are recognised as right of use assets of RMB7,101,000 as at 31 December 2025 (2024: lease liabilities of RMB14,576,000 and related right-of-use assets of RMB17,838,000). The lease agreements of the Group do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

17. INTANGIBLE ASSETS

	Exclusive cooperation agreement RMB'000	Software RMB'000	Total RMB'000
COST			
At 1 January 2024	41,321	4,426	45,747
Additions	–	236	236
At 31 December 2024	41,321	4,662	45,983
Additions	–	236	236
At 31 December 2025	41,321	4,898	46,219
AMORTISATION			
At 1 January 2024	8,775	2,692	11,467
Additions	10,142	501	10,643
At 31 December 2024	18,917	3,193	22,110
Additions	9,682	486	10,168
At 31 December 2025	28,599	3,679	32,278
CARRYING VALUES			
At 31 December 2025	12,722	1,219	13,941
At 31 December 2024	22,404	1,469	23,873

On 12 May 2023, the Group entered into an exclusive cooperation agreement (the “**Exclusive Cooperation Agreement**”) with an independent third-party entity and three individuals (the “**cooperation party**”), pursuant to which the parties agreed to exclusive cooperation in the livestreaming e-commerce and entertainment management for three-years period and made the upfront payments of RMB43,800,000. On the commencement date, the Group recognised RMB41,321,000 (excluding value added tax) of the Exclusive Cooperation Agreement, which will be amortised on a straight-line basis over three years. Details of the Exclusive Cooperation Agreement were set out in the announcement of the Company dated on 31 May 2023. In July 2025, the Group and the cooperation party have signed a supplemental agreement of the Cooperation Agreement to extend the term of cooperation to May 2029 without additional payment.

The above intangible assets have finite useful lives and are amortised on a straight-line basis over the following periods:

Exclusive cooperation agreement	6 years
Software	3 years

18. DEFERRED TAX ASSETS

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Deferred tax assets	–	3,644
Deferred tax liabilities	–	(3,265)
	–	379

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

	Lease liabilities	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2024	4,692	(4,529)	163
(Charge) credit to profit or loss	(1,048)	1,264	216
At 31 December 2024	3,644	(3,265)	379
(Charge) credit to profit or loss	(3,644)	3,265	(379)
At 31 December 2025	–	–	–

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. As at 31 December 2025 and 2024, no deferred tax liabilities regarding the withholding tax has been provided as the PRC subsidiaries will not declare any dividend to holding companies outside Chinese Mainland in the foreseeable future.

As at 31 December 2025, the Group has unrecognised deductible temporary differences of RMB647,483,000 (2024: RMB615,647,000). In the opinion of the directors of the Company, no deferred tax asset is recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

As at 31 December 2025, the Group has unrecognised tax losses of RMB273,417,000 (2024: RMB288,174,000), among which tax losses amounted to RMB266,846,000 (2024: RMB287,849,000) will expire at various dates up to and including 2030 and tax losses amounted to RMB6,571,000 (2024: RMB325,000) has no expiry date. In the opinion of the directors of the Company, no deferred tax assets in respect of tax losses are recognised due to the unpredictability of future profit streams.

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19. INVENTORIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Scripts	5,910	8,902
Television series and films completed	4,528	4,528
Other products	783	861
	11,221	14,291

20. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade receivables		
– from entertainment and livestreaming e-commerce	490,261	576,259
– from higher education (media and arts), vocational education and international education	6,726	15,908
	496,987	592,167
Less: Allowance for credit losses (<i>Note ii</i>)	(487,354)	(492,415)
	9,633	99,752
Other receivables and prepayments		
Loan Receivables (defined below) (<i>Note i</i>)	420,000	420,000
Less: Allowance for credit losses (<i>Notes i and ii</i>)	(240,749)	(240,749)
	179,251	179,251
Prepayment for acquisition of leasehold land (<i>Note iii</i>)	70,000	–
Consideration Receivables (<i>Note iv</i>)	10,000	10,000
Prepayment for services	13,105	12,773
Interest receivables from banks	16,670	8,201
Miscellaneous deposits	5,302	6,261
Value added tax recoverable	4,996	5,554
Receivables from service providers	5,231	5,541
Others	14,924	13,640
	319,479	241,221
	329,112	340,973
Analysed as:		
– Current	256,660	333,486
– Non-current	72,452	7,487
	329,112	340,973

20. TRADE AND OTHER RECEIVABLES (continued)

Notes:

- i. On 21 June 2021, Nanjing Lanchou entered into the sale and purchase agreement with the Transferor (Jiangsu China Red Science and Education Investment Group Nanjing Energy and Technology Co. Ltd. (江蘇華紅科教投資集團南京能源科技有限公司)), pursuant to which Nanjing Lanchou agreed to acquire the entire equity interests of Jiangsu China Red Science and Education and Investment Group Co., Ltd. (江蘇華紅科教投資集團有限公司) for an aggregate cash consideration of RMB450,000,000 which may be adjusted to RMB250,000,000 if certain conditions precedent (including completion of transfer of an additional land lot for the operation of the Olympic College) 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, have provided personal guarantees and pledged their equity interests in the Transferor as well as their 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 collateral for the Loan Receivables.

As at 31 December 2025 and 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 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 equity interests of the Transferor and equity interests of Jiangsu Zijin, was approximately RMB179,251,000 (2024: RMB179,251,000) as at the end of the reporting period, and the Group has recognised an allowance for credit losses amounting to RMB240,749,000 (2024: RMB240,749,000) as at the end of the reporting period.

- ii. Details of impairment assessment of trade and other receivables are set out in Note 29.
- iii. Based on the sales and purchase agreement entered into between the Group and the Transferor, CUCN agreed with the local government authority certain arrangements in September 2025, including:
- The Group shall apply to the local government authority to refund the deposits paid by the Transferor in relation to the leasehold land occupied by the Olympic College;
 - After receiving the deposits refunded by the local government authority, CUCN shall pay RMB70,000,000 (which is subject to the final adjustment) to the local government authority for the acquisition of the land use right for the Olympic College; and
 - The local government authority shall assist the Group in obtaining the land use right and the relevant licenses for the Olympic College, including any changes of entity from the Transferor to the Group for any approval documents or processes.

During the reporting period, the local government authority refunded to the Group the deposits of RMB43,087,000 paid by the Transferor and the Group paid RMB70,000,000 to the local government authority, which were recorded in other payables and other receivables, respectively. Up to the date of this report, the application of the land use right and the relevant licenses for the Olympic College are still in progress.

- iv. 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 credit loss allowance for Consideration Receivables as a result of these collaterals.

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FOR THE YEAR ENDED 31 DECEMBER 2025

20. TRADE AND OTHER RECEIVABLES (continued)

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB168,287,000.

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Less than 1 year	8,910	24,807
1 to 2 years	–	74,945
Over 2 years	723	–
	9,633	99,752

The Group allows a credit period ranging from three months to one year to its customers. As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB723,000 (2024: RMB74,945,000) which are past due but not impaired as at the reporting date.

21. FINANCIAL ASSETS AT FVTPL

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Financial assets measured at FVTPL (<i>Note i</i>):		
– Financial investment on films (<i>Note ii</i>)	–	31,375
– Structured deposits (<i>Note iii</i>)	383,273	355,420
– Listed equity investments in the PRC	3,769	–
	387,042	386,795
Analysed as:		
– Current	387,042	386,795

Notes:

- i. Details of the fair value measurement for financial assets at FVTPL are set out in Note 29.
- ii. The financial investment on films was an investment that the Group solely provided funding, and was not entitled to the film copyrights. In assessing the fair value of the investment, the estimated future cash flows which based on the contractual terms was discounted with using discount rate that reflects the credit risk of the counterparty.
- iii. The structured deposits were short-term investments issued by banks and financial institutions with no predetermined or guaranteed return and were not principal protected. These financial assets were with expected rates of return (not guaranteed), depending on the market price of underlying financial instruments, including listed shares, bonds, debentures and other financial assets.

22. CASH AND CASH EQUIVALENTS/TIME DEPOSITS/RESTRICTED BANK DEPOSITS

As at 31 December 2025, cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.01% to 2.75% (2024: 0.01% to 4.25%).

As at 31 December 2025, time deposits of RMB230 million carried fixed interest rates ranging from 2.70% to 3.10% (2024: 2.70% to 3.10%) per annum and will be matured over three months but within one year. Time deposits of RMB170 million carried fixed interest rates ranging from 1.90% to 2.15% per annum and will be matured over one year.

As at 31 December 2025, the restricted bank deposit was in relation to a litigation claiming for labour dispute. Bank balance amounting to RMB411,000 were frozen by the court.

23. TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade payables	59,809	67,085
Payables for property and equipment	44,105	54,226
Leasehold land deposits refund from the local government authority (<i>Note 20</i>)	43,087	–
Payroll payables	21,726	25,702
Miscellaneous deposits received from students	21,826	21,014
Deposits from construction suppliers	8,046	9,513
Discretionary subsidies received on behalf of students	1,812	2,079
Value added tax and other taxes payable	5,913	4,850
Other payables	7,616	6,600
	213,940	191,069

The following is an ageing analysis of trade payables presented based on the transaction dates.

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 1 year	14,026	17,789
1 to 2 years	–	3,568
Over 2 years	45,783	45,728
	59,809	67,085

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24. CONTRACT LIABILITIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Contract liabilities		
– from entertainment and livestreaming e-commerce	24,332	26,695
– from higher education (media and arts), vocational education and international education	431,594	358,147
	455,926	384,842
Analysed as:		
– Current	455,926	384,842

As at 1 January 2024, contract liabilities amounted to RMB376,309,000.

Contract liabilities as at 1 January 2024 and 31 December 2024, amounted to RMB376,309,000 and RMB384,842,000 respectively, were recognised as revenue during the years ended 31 December 2024 and 2025 respectively.

25. LEASE LIABILITIES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	–	5,447
Within a period of more than one year but not more than two years	–	5,965
Within a period of more than two years but not more than five years	–	3,164
	–	14,576
Less: Amount due for settlement with 12 months shown under current liabilities	–	(5,447)
Amount due for settlement after 12 months shown under non-current liabilities	–	9,129

The weighted average incremental borrowing rates applied to lease liabilities was 6.00% in 2024.

26. SHARE CAPITAL

	Number of shares	Share Capital US\$	Shown in the consolidated financial statements RMB'000
<i>Ordinary shares of US\$0.00001 each</i>			
Authorised:			
At 1 January 2024, 31 December 2024 and 31 December 2025	5,000,000,000	50,000	
Issued and fully paid:			
At 1 January 2024, 31 December 2024 and 31 December 2025	1,654,937,000	16,549	117

During the years ended 31 December 2025 and 2024, there were no shares issued, repurchased and cancelled by the Company.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

27. SHARE-BASED PAYMENT TRANSACTIONS

The Company has adopted two share schemes, namely the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme.

Post-IPO Share Award Scheme

On 24 September 2021, the Company adopted the 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 established 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.

As at 31 December 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 consolidated statement of changes in equity.

No shares were granted under the share award scheme by the Company for both years.

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27. SHARE-BASED PAYMENT TRANSACTIONS (continued)

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

As at 31 December 2025, 5,000,000 options granted were exercisable (2024: 2,000,000). The weighted average remaining contractual lives of the share options as at 31 December 2025 is 2.42 years (2024: 3.42 years).

No option was exercised during both years. The Group recognised the total expense of RMB813,000 during the year ended 31 December 2025 in relation to Post-IPO Share Option granted by the Company (2024: RMB1,534,000).

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.

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%

27. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Post-IPO Share Option Scheme (continued)

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 31 December 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 (2024: 10,000,000).

28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes lease liabilities disclosed in Note 25, net of cash and cash equivalents and equity attributable to owners of the Group, comprising issued share capital, retained profits, other reserves and non-controlling interest.

The management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

29. FINANCIAL INSTRUMENTS

A. Categories of financial instruments

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Financial assets		
Financial assets at FVTPL	387,042	386,795
Financial assets at amortised cost	1,506,727	1,273,416
Financial liabilities		
Financial liabilities at amortised cost	207,251	181,467

29. FINANCIAL INSTRUMENTS (continued)

B. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, financial assets at FVTPL, restricted bank deposits, time deposits, cash and cash equivalents, trade and other payables and dividend payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain of the Group's bank balances and trade and other receivables are denominated in HK\$, US\$ and Great Britain Pound ("GBP"), which expose the Group to foreign currency risk attributable to the fluctuations in the exchange rates of the relevant foreign currencies against the functional currency of the respective group entities.

The carrying amounts of the Group's monetary assets and monetary liabilities at the reporting date that are denominated in foreign currencies are as follows:

	Assets		Liabilities	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
HK\$	4	4	–	–
US\$	107	96	–	–
GBP	4,253	1,987	–	–

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Sensitivity analysis

The Group is mainly exposed to the fluctuation of relevant foreign currencies against RMB.

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in RMB against GBP. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting date for a 5% (2024: 5%) change in foreign currency rates. A negative number below indicates a decrease in post-tax profit and other equity where RMB strengthen 5% (2024: 5%) against GBP. For a 5% (2024: 5%) weakening of RMB against GBP, there would be an equal and opposite impact on the profit and other comprehensive income and the amounts below would be positive.

29. FINANCIAL INSTRUMENTS (continued)

B. Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
GBP impact	(159)	(75)

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate deposits and lease liabilities. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances.

The Group will continue to monitor the exposure on cash flow interest rate risk and will consider hedging the interest rate should the need arise. In the management's opinion, the Group does not have material interest rate risk exposure and hence no sensitivity analysis is presented.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, Loan Receivables, Consideration Receivables, other receivables, restricted bank deposit, time deposits and cash and cash equivalents. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets, except for the credit risks associated with Loan Receivables and Consideration Receivables.

Trade receivables

Trade receivables from entertainment and livestreaming e-commerce are mainly due from television series stations, online platforms and other third-party distributors. Payment terms are negotiated on an individual contract basis and varies for each customer. The Group has concentration of credit risk as 62.73% (2024: 52.64%) and 98.17% (2024: 95.81%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the entertainment and livestreaming e-commerce segment.

Trade receivables from higher education (media and arts), vocational education and international education are mainly due from students and canteen operators, which contributed 1.35% (2024: 2.69%) of the total trade receivables of the Group.

29. FINANCIAL INSTRUMENTS (continued)

B. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables (continued)

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits and credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group performs individual impairment assessment under ECL model on these credit-impaired trade receivables. Except for items that are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics by reference to the Group's internal credit rating, taking into account repayment history, customer-specific conditions and past-due status.

Loan Receivables and Consideration Receivables

The management estimates the estimated loss rates of Loan Receivables and Consideration Receivables based on the payment history of the debtors as well as the fair value of the collateral pledged to the Loan Receivables and Consideration Receivables, respectively. Based on assessment by the management, the allowances are recognised based on the estimated realised amount of ultimate disposal of the collaterals.

Other receivables

For other receivable (other than Loan Receivables and Consideration Receivables), the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2025 and 2024, the Group assessed the ECL for other receivables is insignificant and thus no loss allowance is recognised.

29. FINANCIAL INSTRUMENTS (continued)

B. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Restricted bank deposits, time deposits and cash and cash equivalents

Credit risk on restricted bank deposits, time deposits and cash and cash equivalents is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The 12m ECL on restricted bank deposits, time deposits and cash and cash equivalents is considered to be insignificant and therefore no loss allowance was recognised.

The following table shows the Group's credit risk grading framework in respect of financial assets:

Internal credit rating	Description	Trade receivables	Other financial assets
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit-impaired	Lifetime ECL - not credit-impaired	12m ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired	Lifetime ECL - not credit-impaired	12m ECL
Default	Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired

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29. FINANCIAL INSTRUMENTS (continued)

B. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	Internal credit rating	12m or lifetime ECL	2025		2024	
				Gross carrying amount		Gross carrying amount	
				RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables (<i>Note</i>)	20	Performing	Lifetime ECL (provision matrix)	9,185		25,465	
		Doubtful	Lifetime ECL (provision matrix)	802		79,702	
		Default	Lifetime ECL - credit impaired (individual assessed)	487,000	496,987	487,000	592,167
Loan Receivables	20	Default	Lifetime ECL - credit impaired	420,000	420,000	420,000	420,000
Consideration Receivables	20	Performing	12m ECL	10,000	10,000	10,000	10,000
Other receivables (excluding Loan Receivables and Consideration Receivables)	20	Performing	12m ECL	42,127	42,127	33,643	33,643
Restricted bank deposits	22	Performing	12m ECL	411	411	-	-
Time deposits	22	Performing	12m ECL	400,000	400,000	260,000	260,000
Cash and cash equivalents	22	Performing	12m ECL	865,305	865,305	690,770	690,770

Note: For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for credit-impaired debtors, the Group determines the ECL on these items on a collective basis, grouped by the Group's internal credit rating.

The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). Credit-impaired debtors, with gross carrying amounts of RMB487,000,000 as at 31 December 2025 (2024: RMB487,000,000) were assessed individually and the loss allowance was measured as the difference between the asset's gross amount and the present value of estimated future cash flows.

Internal credit rating	2025		2024	
	Average loss rate	Trade receivables	Average loss rate	Trade receivables
Performing	2.99%	9,185	2.60%	25,465
Doubtful	9.85%	802	5.97%	79,702
		9,987		105,167

During the current year, based on the provision matrix, net impairment loss allowance for trade receivables reversed amounted to RMB5,061,000 (2024: recognised RMB2,875,000). No provision of net impairment loss allowance were made based on individually assess of credit-impaired trade receivables from debtors during the current year (2024: RMB77,253,000).

29. FINANCIAL INSTRUMENTS (continued)

B. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach:

	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit- impaired) RMB'000	Total RMB'000
As at 1 January 2024	2,540	409,747	412,287
– Impairment losses, net of reversal	2,875	77,253	80,128
As at 31 December 2024	5,415	487,000	492,415
– Impairment losses, net of reversal	(5,061)	–	(5,061)
As at 31 December 2025	354	487,000	487,354

The following tables show reconciliation of loss allowances that has been recognised for other receivables:

	Lifetime ECL (credit-impaired) RMB'000
As at 1 January 2024	161,306
– Impairment losses recognised	79,443
As at 31 December 2024	240,749
– Impairment losses recognised	–
As at 31 December 2025	240,749

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

	Weighted average interest rate %	On demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	over 5 years RMB'000	Total undiscounted balances RMB'000	Carrying amounts RMB'000
At 31 December 2025							
Non-derivative financial liabilities							
Trade and other payables	–	186,301	–	–	–	186,301	186,301
Dividend payable	–	20,950	–	–	–	20,950	20,950
		207,251	–	–	–	207,251	207,251
At 31 December 2024							
Non-derivative financial liabilities							
Trade and other payables	–	160,517	–	–	–	160,517	160,517
Dividend payable	–	20,950	–	–	–	20,950	20,950
Lease liabilities	6.00	6,126	6,311	3,202	–	15,639	14,576
		187,593	6,311	3,202	–	197,106	196,043

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

29. FINANCIAL INSTRUMENTS (continued)

C. Fair value measurements of financial instruments

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

Financial assets	Fair value at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
	31 December 2025	2024				
	RMB'000	RMB'000				
Financial assets at FVTPL:						
– Listed equity investments	3,769	–	Level 1	Quoted prices in active markets	N/A	N/A
– Structured deposits (Note i)	383,273	355,420	Level 3	Discounted cash flow method was used/ expected return rate	Expected return rates from 0.86% to 3.40% (2024: 1.57% to 3.65%)	The higher the expected return, the higher the fair value, vice versa
– Financial investment on films (Note ii)	–	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

Notes:

- i. The structured deposits are not traded in an active market and do not have observable market data. The structured deposits of approximately RMB383,273,000 (2024: RMB355,420,000) have been estimated using discounted cash flow method based on the expected rate of return. As at 31 December 2025, if the estimated rate of return had been 10% (2024: 10%) higher/lower and the other variables were held constant, the total carrying amounts of structured deposits would increase/decrease by RMB466,000/RMB466,000 (2024: RMB105,000/RMB105,000), respectively.
- ii. The financial investment on films measured at fair value do not meet solely payments of principal and interest condition. The film production investments of approximately nil (2024: RMB31,375,000) has been determined using discounted cash flow method based the estimated future cash flows which based on the contractual terms and discounted with using discount rate that reflects the credit risk of the counterparty. As at 31 December 2024, if the discount rate had been 10% higher/lower, the total carrying amount of film production investments would decrease/increase by RMB680,000/RMB680,000, respectively.

There were no transfers between Level 1 and 2 during the year.

29. FINANCIAL INSTRUMENTS (continued)**C. Fair value measurements of financial instruments (continued)*****Reconciliation of Level 3 fair value measurements of financial assets***

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

	Financial assets at FVTPL RMB'000
At 1 January 2024	381,515
Purchases	1,468,269
Redemptions	(1,463,087)
Gains in profit or loss	98
At 31 December 2024	386,795
Purchases	1,478,000
Redemptions	(1,458,057)
Losses in profit or loss	(23,465)
At 31 December 2025	383,273

30. CAPITAL COMMITMENTS

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Capital expenditures contracted for but not provided in the consolidated financial statements in respect of acquisition of property and equipment	218	1,478

31. RETIREMENT BENEFITS SCHEMES

The employees of the PRC subsidiaries are members of the state-management retirement benefits scheme operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by respective local government authority to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contribution under the scheme.

The Group also operates a Mandatory Provident Fund Scheme for all employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes a certain percentage of the relevant payroll costs to the scheme, which contribution is matched by the employees.

The amounts of contributions made by the Group in respect of the retirement benefit schemes during both years are disclosed in Notes 11 and 12.

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32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities RMB'000	Dividend payables RMB'000	Total RMB'000
At 1 January 2024	18,768	20,950	39,718
Financing cash flows	(5,157)	(90,338)	(95,495)
Dividend declared	–	90,338	90,338
Interest expenses	965	–	965
At 31 December 2024	14,576	20,950	35,526
Financing cash flows	–	(90,607)	(90,607)
Dividend declared	–	90,607	90,607
Termination of leases	(14,647)	–	(14,647)
Interest expenses	71	–	71
At 31 December 2025	–	20,950	20,950

33. RELATED PARTY TRANSACTIONS

- (i) Save for those disclosed in other notes to the consolidated financial statements, the Group had the following non-trade balance with a related party:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
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 other members of key management of the Group is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries and other benefits	5,601	5,614
Retirement benefit scheme contributions	101	101
	5,702	5,715

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiaries	Place/country and date of establishment/incorporation/operation kind of legal entity	Issued and fully paid share/registered capital	Equity interest attributable to the Group as at 31 December		Principal activities
			2025 %	2024 %	
Directly owned					
Cathay Media Group (BVI) Inc.	12 January 2017 BVI Limited liability company	USD50,000	100	100	Investment holding
Indirectly owned					
Cathay Media Group (Hong Kong) Limited (華夏視聽傳媒集團(香港)有限公司)	27 January 2017 Hong Kong Limited liability company	HK\$1	100	100	Investment holding
Nanjing Bicheng	29 July 2019 PRC Limited liability company	RMB50,000,000	100	100	Investment holding and consulting
Dongyang Consulting	15 August 2019 PRC Limited liability company	RMB10,000,000	100	100	Investment holding and consulting
Indirectly owned and controlled through contractual arrangement					
Nanjing Lanchou	26 October 2017 PRC Limited liability company	RMB10,000,000	100	100	Investment holding
Nanjing Meiya	30 January 2003 PRC Limited liability company	RMB150,000,000	91	91	Investment holding
CUCN	16 June 2014 PRC Limited liability company	RMB150,000,000	91	91	Higher and vocational education
Dongyang Huaxia	18 June 2019 PRC Limited liability company	RMB10,000,000	100	100	Investment holding and television series and film production
Huaxia Audio-Visual	27 December 2005 PRC Limited liability company	RMB61,302,678	91	91	Television series and film production
Huaxia Zhenxuan	11 December 2001 PRC Limited liability company	RMB3,000,000	100	100	Livestreaming e-commerce
Huaxia Huyu	4 August 2022 PRC Limited liability company	RMB1,500,000	70	70	Livestreaming e-commerce and artist management

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
Nanjing Meiya and its subsidiaries	PRC	9%	9%	31,816	23,819	257,342	225,526

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Nanjing Meiya and its subsidiaries

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Current assets	2,081,794	1,677,923
Non-current assets	1,507,311	1,483,205
Current liabilities	(600,267)	(516,577)
Non-current liabilities	–	(9,204)
Equity attributable to owners of the Company	2,731,496	2,409,821
Non-controlling interests of Nanjing Meiya and its subsidiaries	257,342	225,526

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Revenue	714,527	660,364
Expenses	(361,036)	(395,683)
Profit and total comprehensive income attributable to owners of the Company	321,675	240,864
Profit and total comprehensive income attributable to the non-controlling interests of Nanjing Meiya and its subsidiaries	31,816	23,819
Profit and total comprehensive income for the year	353,491	264,683
Net cash flows from operating activities	569,005	395,767
Net cash flows used in investing activities	(355,276)	(273,655)
Net cash flows used in financing activities	–	(5,157)
Net cash flows	213,729	116,955

35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Non-current Assets		
Investment in subsidiaries	1,523,884	1,659,937
	1,523,884	1,659,937
Current Assets		
Prepayments and other receivables	17	17
Amounts due from subsidiaries	235,970	226,596
Cash and cash equivalents	10,382	8,903
	246,369	235,516
Current Liability		
Other payables	22	23
Net current assets	246,347	235,493
Net Assets	1,770,231	1,895,430
Capital and Reserves		
Share capital	117	117
Reserves	1,770,114	1,895,313
Total Equity	1,770,231	1,895,430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves

	Shares held for share award scheme RMB'000	Share premium RMB'000	Capital reserve RMB'000	Translation reserve RMB'000	Share-based payments reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	(52,411)	824,424	1,208,202	7,502	1,204	(27,263)	1,961,658
Loss for the year	-	-	-	-	-	(5,842)	(5,842)
Other comprehensive income for the year	-	-	-	28,301	-	-	28,301
Total comprehensive income (expenses) for the year	-	-	-	28,301	-	(5,842)	22,459
Recognition of equity-settled share-based payments	-	-	-	-	1,534	-	1,534
Dividend recognised as distribution	-	(90,338)	-	-	-	-	(90,338)
At 31 December 2024	(52,411)	734,086	1,208,202	35,803	2,738	(33,105)	1,895,313
Loss for the year	-	-	-	-	-	(908)	(908)
Other comprehensive expense for the year	-	-	-	(34,497)	-	-	(34,497)
Total comprehensive expense for the year	-	-	-	(34,497)	-	(908)	(35,405)
Recognition of equity-settled share-based payments	-	-	-	-	813	-	813
Dividend recognised as distribution	-	(90,607)	-	-	-	-	(90,607)
At 31 December 2025	(52,411)	643,479	1,208,202	1,306	3,551	(34,013)	1,770,114

A summary of the audit results and of the assets and liabilities of the Group for the last five financial years is set out below:

	Year ended 31 December				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Revenue	578,051	656,815	759,040	782,359	787,734
Cost of revenue	(301,879)	(339,614)	(481,242)	(401,205)	(330,827)
Gross profit	276,172	317,201	277,798	381,154	456,907
Profit (loss) before tax	140,258	96,047	(181,229)	117,275	337,303
Profit (loss) from continuing operations	125,496	78,213	(181,067)	117,275	337,303
(Loss) profit from discontinued operations	(53,674)	43,710	–	–	–
Profit (loss) for the year	71,822	121,923	(181,067)	116,911	331,578

	As at 31 December				
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Non-current assets	1,121,473	1,219,638	1,414,400	1,602,272	1,627,094
Current assets	2,582,029	2,005,334	1,663,797	1,455,342	1,750,639
Current liabilities	964,326	562,699	647,285	602,802	696,442
Net current assets	1,617,703	1,442,635	1,016,512	852,540	1,054,197
Total assets less current liabilities	2,739,176	2,662,273	2,430,912	2,454,812	2,681,291
Non-current liabilities	24,103	19,853	14,948	9,204	–
Net assets	2,715,073	2,642,420	2,415,964	2,445,608	2,681,291
Total equity	2,715,073	2,642,420	2,415,964	2,445,608	2,681,291

DEFINITIONS

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“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. (華夏集團控股有限公司), 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 the Contractual Arrangements
“Contractual Arrangement(s)”	the series of contractual arrangements entered into between, among others, the WFOEs, the Onshore Holdcos and the Registered Shareholders, as detailed in the section headed “Contractual arrangements”
“Controlling Shareholder(s)”	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 of our Company
“Group”, “we” or “us”	the Company, its subsidiaries, and the Consolidated Affiliated Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) 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

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKFRS”	Hong Kong Financial Reporting Standards
“Huaxia Audio-Visual”	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), a company established in the PRC on 27 December 2005 and a Consolidated Affiliated Entity of our Company
“Huaxia Zhenxuan”	Beijing Huaxia Zhenxuan Cultural Communication Co., Ltd. (北京華夏珍選文化傳播有限公司) (formerly 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)), a company established in the PRC on 11 December 2001 and a Consolidated Affiliated Entity of our Company
“Listing”	the listing of the Shares on the Main Board
“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 of the Board 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
“Nanjing Meiya”	Nanjing Meiya Education Investment Co., Ltd. (南京美亞教育投資有限公司), a company established in the PRC on 30 January 2003 and a Consolidated Affiliated Entity
“Onshore Holdcos”	Dongyang Huaxia and Nanjing Lanchou
“Olympic College”	the Olympic College of Nanjing Sport Institute

DEFINITIONS

“Post-IPO Share Award Scheme”	the post-IPO share award scheme approved and adopted by our Company on 22 June 2020 with effect from Listing
“Post-IPO Share Option Scheme”	the post-IPO share option scheme approved and adopted by our Company on 22 June 2020 with effect from Listing
“PRC Legal Advisor”	Commerce & Finance Law Offices
“Prospectus”	the prospectus of the Company dated 30 June 2020
“RMB”	Renminbi yuan, the lawful currency of China
“Registered Shareholders”	the registered shareholders of the Onshore Holdcos, namely Mr. Pu and Mr. Liu Chang (劉暢)
“Reporting Period”	the year ended 31 December 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
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.00001 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“WFOEs”	WFOE-Education and WFOE-Production collectively
“WFOE-Education”	Bicheng Art Consulting (Nanjing) Co., Ltd (碧城藝術諮詢(南京)有限公司), a company established in the PRC on 29 July 2019 and a wholly-owned subsidiary of our Company
“WFOE-Production”	Dongyang Huaxia Audio-Visual Culture Consulting Co., Ltd. (東陽華夏視聽文化諮詢有限公司), a company established in the PRC on 15 August 2019 and a wholly-owned subsidiary of our Company
“%”	per cent