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Minsheng Education Group Company Limited
民生教育集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1569)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2024:

- The total revenue of the Group was approximately RMB1,947.2 million, representing a decrease of approximately 17.2% as compared to 2023.
- The adjusted EBITDA of the Group was approximately RMB581.5 million, representing a decrease of approximately 41.2% as compared to 2023.
- The adjusted net profit of the Group was approximately RMB180.1 million, representing a decrease of approximately 34.3% as compared to 2023.

As at 31 December 2024:

- The total assets of the Group were approximately RMB11,255.4 million; and the net assets of the Group were approximately RMB5,938.0 million.
- The Group's gearing ratio which is calculated by dividing total interest bearing bank and other borrowings by total equity, was approximately 37.0%. The Group's gearing ratio is on a healthy level.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Minsheng Education Group Company Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively referred to as the “**Group**” or “**we**”) for the year ended 31 December 2024 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
REVENUE	4	1,947,208	2,352,395
Cost of sales		<u>(1,076,963)</u>	<u>(1,092,050)</u>
Gross profit		870,245	1,260,345
Other income and gains	4	149,536	181,249
Selling expenses		(180,299)	(229,842)
Administrative expenses		(482,985)	(504,441)
Impairment losses on financial assets, net		(22,826)	(55,454)
Other expenses, net		(185,894)	(153,154)
Finance costs		(136,366)	(174,894)
Share of loss of an associate		<u>–</u>	<u>(2,087)</u>
PROFIT BEFORE TAX	5	11,411	321,722
Income tax expense	6	<u>36,307</u>	<u>(200,546)</u>
PROFIT FOR THE YEAR		<u>47,718</u>	<u>121,176</u>

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements		<u>(26,892)</u>	<u>(29,125)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		<u>(26,892)</u>	<u>(29,125)</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements of the Company		<u>5,845</u>	<u>7,803</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		<u>5,845</u>	<u>7,803</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR		<u>(21,047)</u>	<u>(21,322)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>26,671</u></u>	<u><u>99,854</u></u>
Profit attributable to:			
Owners of the parent		<u>1,190</u>	138,869
Non-controlling interests		<u>46,528</u>	<u>(17,693)</u>
		<u><u>47,718</u></u>	<u><u>121,176</u></u>
Total comprehensive income attributable to:			
Owners of the parent		<u>(18,232)</u>	117,547
Non-controlling interests		<u>44,903</u>	<u>(17,693)</u>
		<u><u>26,671</u></u>	<u><u>99,854</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted	7	<u><u>RMB0.0003</u></u>	<u><u>RMB0.0329</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		3,470,600	3,277,081
Right-of-use assets		853,148	881,798
Goodwill		2,229,574	2,271,699
Other intangible assets		163,352	329,915
Investment in an associate		–	–
Financial assets at fair value through profit or loss		13,729	7,941
Deferred tax assets		38,999	24,018
Other non-current assets		263,687	261,451
		<u>7,033,089</u>	<u>7,053,903</u>
Total non-current assets			
CURRENT ASSETS			
Inventories		9,374	8,958
Trade receivables	8	383,851	457,549
Prepayments, other receivables and other assets		643,632	544,088
Financial assets at fair value through profit or loss		107,301	108,553
Restricted bank deposits		557,868	3,671
Cash and cash equivalents		2,520,311	3,189,846
		<u>4,222,337</u>	<u>4,312,665</u>
Total current assets			
CURRENT LIABILITIES			
Trade payables	9	500,533	652,213
Contract liabilities	10	835,155	832,959
Other payables and accruals	11	776,711	782,172
Dividend payables		210,798	188,411
Deferred income		19,139	19,660
Interest-bearing bank and other borrowings		910,937	1,148,613
Loans from the ultimate holding company		163,437	–
Tax payable		47,078	151,214
		<u>3,463,788</u>	<u>3,775,242</u>
Total current liabilities			
NET CURRENT ASSETS			
		<u>758,549</u>	<u>537,423</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>7,791,638</u>	<u>7,591,326</u>

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Deferred income	227,922	234,193
Interest-bearing bank and other borrowings	1,287,387	989,457
Other long term liability	243,359	254,172
Deferred tax liabilities	<u>94,978</u>	<u>162,365</u>
 Total non-current liabilities	 <u>1,853,646</u>	 <u>1,640,187</u>
 Net assets	 <u>5,937,992</u>	 <u>5,951,139</u>
EQUITY		
Equity attributable to owners of the parent		
Share capital	322	322
Reserves	<u>5,035,913</u>	<u>5,090,360</u>
 Non-controlling interests	 <u>5,036,235</u> <u>901,757</u>	 5,090,682 <u>860,457</u>
 Total equity	 <u>5,937,992</u>	 <u>5,951,139</u>

1. CORPORATE AND GROUP INFORMATION

Minsheng Education Group Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 13 December 2005 as an exempted company with limited liability under the laws of the Cayman Islands. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in providing on-campus and online educational services in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Minsheng Group Company Limited, which was incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and interpretations) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an equity investment at fair value through profit or loss and contingent consideration for business combination, which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”), and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year’s consolidated financial statements.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- (a) on-campus education
- (b) online education

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, non-lease-related finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2024

	On-campus education RMB'000	Online education RMB'000	Total RMB'000
Segment revenue (note 4)			
Sales to external customers	1,394,292	552,916	1,947,208
Intersegment sales	–	1,537	1,537
			<hr/>
Total segment revenue	1,394,292	554,453	1,948,745
<i>Reconciliation:</i>			
Elimination of intersegment sales			<hr/> (1,537)
			<hr/>
Revenue			<u>1,947,208</u>
Segment results	442,019	(224,825)	217,194
Interest income			14,454
Corporate and other unallocated expenses			(85,418)
Finance costs (other than interest on lease liabilities)			<hr/> (134,819)
			<hr/>
Profit before tax			<u>11,411</u>

	On-campus education RMB'000	Online education RMB'000	Total RMB'000
Segment assets	10,463,743	2,516,331	12,980,074
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(1,729,057)
Corporate and other unallocated assets			<u>4,409</u>
Total assets			<u><u>11,255,426</u></u>
Segment liabilities	3,515,987	2,426,207	5,942,194
<i>Reconciliation:</i>			
Elimination of intersegment payables			(1,729,057)
Corporate and other unallocated liabilities			<u>1,104,297</u>
Total liabilities			<u><u>5,317,434</u></u>
Other segment information			
Impairment losses recognised in profit or loss	1,431	161,515	162,946
Depreciation and amortisation	181,433	105,456	286,889
Capital expenditure	<u>360,630</u>	<u>23,755</u>	<u>384,385</u>
Year ended 31 December 2023			
	On-campus education RMB'000	Online education RMB'000	Total RMB'000
Segment revenue (note 4)			
Sales to external customers	1,379,852	972,543	2,352,395
Intersegment sales	<u>–</u>	<u>10,813</u>	<u>10,813</u>
Total segment revenue	1,379,852	983,356	2,363,208
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(10,813)</u>
Revenue			<u><u>2,352,395</u></u>
Segment results	577,066	(26,685)	550,381
Interest income			35,187
Corporate and other unallocated expenses			(91,158)
Finance costs (other than interest on lease liabilities)			<u>(172,688)</u>
Profit before tax			<u><u>321,722</u></u>

	On-campus education <i>RMB'000</i>	Online education <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	10,201,179	2,441,370	12,642,549
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(1,303,178)
Corporate and other unallocated assets			<u>27,197</u>
Total assets			<u><u>11,366,568</u></u>
Segment liabilities	3,537,717	2,180,502	5,718,219
<i>Reconciliation:</i>			
Elimination of intersegment payables			(1,303,178)
Corporate and other unallocated liabilities			<u>1,000,388</u>
Total liabilities			<u><u>5,415,429</u></u>
Other segment information			
Share of loss of an associate	2,087	–	2,087
Impairment losses recognised in profit or loss	(11,146)	154,725	143,579
Depreciation and amortisation	178,740	124,831	303,571
Capital expenditure	<u>312,137</u>	<u>24,402</u>	<u>336,539</u>

Geographical information

During the year, all of the Group's revenue was generated in the PRC and over 90% of its long-term assets/capital expenditure were located/incurred in the PRC. Accordingly, no geographical information is presented.

Information about major customers

No revenue derived from services provided to a single customer accounted for 10% or more of the total revenue of the Group during the year.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
Tuition fees	1,274,884	1,265,979
Boarding fees	119,408	113,873
Distance education services – platform services	93,875	212,775
Distance education services – educational support services	217,245	451,002
Teacher training services	40,412	87,172
Online courses services	18,308	27,491
Commission income	23,043	32,144
Sales of books	31,642	34,716
Examinations and assessments	4,350	2,802
Other education business	124,041	124,441
	<u>1,947,208</u>	<u>2,352,395</u>
<i>Other income and gains</i>		
Investment income from short-term investments measured at fair value through profit or loss	29,181	47,292
Fair value gain on financial assets at fair value through profit or loss, net	4,851	–
Rental income:		
Fixed lease payments	8,303	13,273
Variable lease payments	2,122	3,522
	<u>10,425</u>	<u>16,795</u>
Bank interest income	14,454	23,363
Interest income from a company controlled by the former shareholders of a subsidiary	–	11,824
Government grants		
– Related to assets	19,233	21,721
– Related to income	43,690	39,787
Others	27,702	20,467
	<u>149,536</u>	<u>181,249</u>
Total other income and gains	<u>149,536</u>	<u>181,249</u>

Disaggregated revenue information for revenue from contracts with customers

Year ended 31 December 2024

Segments	On-campus education RMB'000	Online education RMB'000	Total RMB'000
Timing of revenue recognition			
<i>Revenue recognised over time:</i>			
Tuition fees	1,274,884	–	1,274,884
Boarding fees	119,408	–	119,408
Distance education services – platform services	–	93,875	93,875
Distance education services – educational support services	–	217,245	217,245
Teacher training services	–	40,412	40,412
Online courses services	–	18,308	18,308
Examinations and assessments	–	4,350	4,350
Other education business	–	124,041	124,041
<i>Revenue recognised at a point in time:</i>			
Commission income	–	23,043	23,043
Sales of books	–	31,642	31,642
Total	<u>1,394,292</u>	<u>552,916</u>	<u>1,947,208</u>

Year ended 31 December 2023

Segments	On-campus education RMB'000	Online education RMB'000	Total RMB'000
Timing of revenue recognition			
<i>Revenue recognised over time:</i>			
Tuition fees	1,265,979	–	1,265,979
Boarding fees	113,873	–	113,873
Distance education services – platform services	–	212,775	212,775
Distance education services – educational support services	–	451,002	451,002
Teacher training services	–	87,172	87,172
Online courses services	–	27,491	27,491
Examinations and assessments	–	2,802	2,802
Other education business	–	124,441	124,441
<i>Revenue recognised at a point in time:</i>			
Commission income	–	32,144	32,144
Sales of books	–	34,716	34,716
Total	<u>1,379,852</u>	<u>972,543</u>	<u>2,352,395</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Depreciation of property, plant and equipment	175,035	173,141
Less: amount matched with other long term liability	<u>8,010</u>	<u>7,660</u>
	<u>167,025</u>	<u>165,481</u>
Amortisation of other intangible assets	72,549	85,943
Lease payments not included in the measurement of lease liabilities	13,789	15,194
Depreciation of right-of-use assets	39,305	44,487
Less: amount matched with other long term liability	<u>2,748</u>	<u>2,287</u>
	<u>36,557</u>	<u>42,200</u>
Research and development costs	84,682	110,876
Impairment of goodwill	42,125	66,725
Auditor's remuneration	5,800	5,200
Employee benefit expense (including directors' remuneration):		
Wages and salaries	626,606	656,613
Equity-settled share option expense	63	787
Pension scheme contributions (defined contribution schemes)	<u>124,489</u>	<u>137,948</u>
	<u>751,158</u>	<u>795,348</u>
Foreign exchange differences, net	3,511	1,952
Impairment of other intangible assets	97,995	21,400
Impairment of financial assets:		
Impairment of trade receivables	11,711	20,562
Impairment of financial assets included in prepayments, other receivables and other assets	<u>11,115</u>	<u>34,892</u>
	<u>22,826</u>	<u>55,454</u>
Investment income from short-term investments measured at fair value through profit or loss	(29,181)	(47,292)
Bank interest income	(14,454)	(23,363)
Interest income from a company controlled by the former shareholders of a subsidiary	-	(11,824)
Fair value (gain)/loss from an equity investment at fair value through profit or loss	(6,103)	6,209
Fair value loss from contingent consideration at fair value through profit or loss	1,252	39,747
(Gain)/loss on disposal of items of property, plant and equipment and right-of use assets, net	(382)	2,960
Donation expenses	<u>8,799</u>	<u>11,433</u>

6. INCOME TAX

The major components of the income tax expense for the Group are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current – Chinese Mainland		
Charge for the year	45,485	191,438
Underprovision in prior years	576	1,471
Deferred	<u>(82,368)</u>	<u>7,637</u>
Total	<u><u>(36,307)</u></u>	<u><u>200,546</u></u>

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,217,720,000 (2023: 4,217,720,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the share option had an anti-dilutive effect on the basic earnings per share amounts presented.

The calculations of basic and diluted earnings per share are based on:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Earning		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u><u>1,190</u></u>	<u><u>138,869</u></u>
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	<u><u>4,217,720,000</u></u>	<u><u>4,217,720,000</u></u>

8. TRADE RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	438,988	500,975
Impairment	(55,137)	(43,426)
Net carrying amount	<u>383,851</u>	<u>457,549</u>

An ageing analysis of the trade receivables as at the end of the reporting year, based on the transaction date and net of loss allowance, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	295,130	380,468
1 to 2 years	78,513	70,604
2 to 3 years	9,360	6,162
Over 3 years	848	315
Total	<u>383,851</u>	<u>457,549</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At beginning of year	43,426	23,454
Impairment losses (<i>note 5</i>)	11,711	20,562
Write-off	-	(590)
At end of year	<u>55,137</u>	<u>43,426</u>

9. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	407,255	606,335
1 to 2 years	86,539	21,834
2 to 3 years	6,714	13,269
Over 3 years	25	10,775
	<hr/>	<hr/>
Total	500,533	652,213
	<hr/> <hr/>	<hr/> <hr/>

10. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	31 December 2024 <i>RMB'000</i>	31 December 2023 <i>RMB'000</i>	1 January 2023 <i>RMB'000</i>
<i>Short-term advances received from customers</i>			
Tuition fees	685,090	661,854	631,833
Boarding fees	77,899	70,491	70,185
Distance education service fees	8,888	49,020	151,825
Teacher training services	107	10,694	37,117
Other education business	63,171	40,900	18,647
	<hr/>	<hr/>	<hr/>
Total	835,155	832,959	909,607
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

11. OTHER PAYABLES AND ACCRUALS

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Accrued bonuses and other employee benefits	87,901	103,534
Payables for catering services	20,368	10,666
Payables for purchase of property, plant and equipment	281,677	241,821
Payables for management fees	48,727	46,274
Miscellaneous expenses received from students	138,234	114,630
Tuition fees received from students	62,043	111,590
Other tax payable	34	10,507
Payables for audit fee	4,133	1,304
Payables for interest	2,429	1,148
Refund liabilities	568	313
Consideration payable for business combination	42,225	49,725
Payables to the non-controlling shareholder of subsidiaries	20,000	20,000
Other payables	68,372	70,660
	<u>776,711</u>	<u>782,172</u>

12. DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2023: HKD0.98 cents).

13. EVENTS AFTER THE REPORTING PERIOD

There were no significant events taken place subsequent to 31 December 2024 and up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review of the Reporting Period

The Group is a leading “Internet +” vocational education group in China. In addition to its integrated vocational education service capabilities of “Enrollment – Assessment – Teaching – Practical Training – Examination – Employment”, the Group continued to gather resources of learning services and resources of employment services, and continuously improved the comprehensive ability of employment services for talents, connecting colleges, students and enterprises to realize data interoperability and precise matching employment services for talents.

At present, the Group has perfected the layout of eight business sectors: (i) on-campus education, (ii) online education services, (iii) vocational ability improvement and training, (iv) human resources services, (v) integration of digital intelligence, industry and education services, (vi) education informatization services, (vii) examination and evaluation services, and (viii) international education services. As of 31 December 2024, the Group had over 1,900 learning centres in all 31 provinces, autonomous regions and municipalities throughout the nation and cooperated with more than 1,500 colleges and universities, bringing together approximately 930 human resources companies and approximately 42,000 employers, linking approximately 3.1 million C-end users and approximately 4 million jobs, serving students and users at the total scale of more than 50 million, and forming an online + offline vocational education network and talent employment service system covering the whole nation.

The business operations of the Group’s main business sectors during the Reporting Period are as follows:

1. *On-campus Education*

The on-campus education business of the Group covers high schools, secondary vocational schools, junior colleges and applied undergraduate universities, focusing on cultivating high-quality application-oriented talents for the society. During the Reporting Period, the Group operated or managed a total of 10 schools (including 7 higher education institutions, 2 secondary vocational schools and 1 high school) in Chongqing, Shandong, Yunnan and Inner Mongolia. As of 31 December 2024, the total number of students was approximately 100,000, of which full-time undergraduate students amounted to approximately 61,000. The Group’s schools offer a total of 119 undergraduate majors, 138 junior college majors, 35 secondary vocational majors. The Group’s undergraduate colleges now offer 1 key subject at provincial and above level, 2 key disciplines, 2 key cultivation disciplines, 15 first-class majors and 75 first-class programmes. The Group has established the only provincial level key discipline among private universities in Yunnan Province.

The Group's schools actively implemented the national policy of promoting the integration of industry and education, closely followed the development strategy of national key industries, promoted school-enterprise cooperation, and comprehensively improved the training quality of applied talents. As of 31 December 2024, the Group's schools had more than 1,000 off-campus practical training bases in total and have cooperated with other enterprises to build industrial colleges, and have achieved good results. The industry-education integration project of Dianchi College has been selected as one of the first and second batch of "New Engineering" (新工科) projects of the Ministry of Education, and one of the first batch of "New Liberal Arts" (新文科) projects of the Ministry of Education. Dianchi College was the only private university in the nation being selected into two consecutive batches of "New Engineering" projects and "New Liberal Arts" projects of the Ministry of Education.

In 2024, Chongqing College of Humanities, Sciences and Technology successfully passed the undergraduate teaching qualification assessment by the Ministry of Education, and its majors of preschool education and musicology also received the Grade II accreditation of normal majors from the Ministry of Education. In the 2024 Best Chinese Universities Ranking of Shanghai Ranking (overall ranking), Chongqing College of Humanities, Sciences and Technology rose to 18th place among the private universities in the nation from 33rd place in 2021.

2. *Online Education Services*

The Group's online education services mainly cover higher academic continuing education and postgraduate (master's/doctoral) education. Facing towards those who need to improve their academic qualifications, and through cooperation with domestic colleges of higher education, domestic and foreign business schools, provincial open universities and junior colleges as well as through the learning centers across the country, the Group provides online learning services for students and users.

Higher academic continuing education online services

The Group's higher academic continuing education online services are provided by a wholly-owned subsidiary of the Company, namely Beijing Open Distance Education Center Company Limited* (北京奧鵬遠程教育中心有限公司) ("**Open Distance Education**"), and a consolidated affiliated entity of the Company, namely Guangdong Minsheng Online Education Technology Company Limited* (廣東民生在線教育科技有限公司) ("**Minsheng Online**"). As of 31 December 2024, Open Distance Education and Minsheng Online cooperated with approximately 350 domestic key universities, provincial open universities, junior colleges and secondary vocational schools to provide support services of open education, online education, adult higher education and self study examination qualification education to their students throughout over 1,900 learning centres across the nation.

The Group's postgraduate management education services are provided by Doxue Network Technology (Beijing) Company Limited* (都學網絡科技(北京)有限公司) (“**Doxue Network**”), a consolidated affiliated entity of the Company. Doxue Network is a national leading enterprise in postgraduate management education services. Its MBACHina platform is an active, intelligent and diversified learning information online platform in the industry, which gathers professional and famous teachers in the industry for those who want to improve their academic qualifications, and provides information channels for real-time consultation and learning courses that suit their needs. The business school rankings released by the MBACHina platform are widely recognized by the industry, universities and learners, and have extensive influence in the industry. As of 31 December 2024, Doxue Network cooperated with more than 210 domestic and foreign business schools; and the platform had newly added approximately 37,000 registered users and the cumulative number of registered users reached approximately 3.45 million.

3. Vocational Ability Improvement and Training

The Group's vocational ability improvement and training business mainly covers (i) teacher continuing education training; (ii) information technology (“**IT**”) vocational training; and (iii) cloud training.

(i) Teacher continuing education and training

The Group's teacher continuing education and training is provided by Open Distance Education. As the pioneer of mobile learning for teachers, Open Distance Education has launched platforms such as “Open Distance Education's Teachers Network” (奧鵬教師教育網), “Teacher Training Bao” (師訓寶) and “I-Classmate” (i同學) and other mobile learning application tools, and built a “school-based” (校本) training platform, providing all-round, full-process online training, hybrid training, offline training and other support services for educational administrative departments, teacher development centers, primary and secondary schools, colleges and universities and other educational institutions in various places. As of 31 December 2024, Open Distance Education had more than 500 partnered schools, and has trained more than 9 million teacher counts.

(ii) IT vocational training

The Group's IT vocational training is provided by IMOOC, a subsidiary of Open Distance Education. IMOOC focuses on IT online education, creates cutting-edge IT technology quality courses, and cultivates practical technical talents for enterprises. It has established more than 3,000 high quality training courses, and the platform has gathered nearly 1,000 high-level industry lecturers and accumulated more than 25 million users as of 31 December 2024. IMOOC has been selected into the top 10 of the “Vocational Education APP Ranking List” (職業教育APP排行榜) released by the Chinese Academy of Sciences for consecutive years. It has also been selected into the Apple application store as one of regularly recommended applications on various topics such as “Helping the Workplace” (助力職場), “Everyone Can Program” (人人能編程) and “Easy Learning to Program” (輕鬆學編程).

(iii) Cloud training

The Group's cloud training is based on the education cloud platform, which focuses on industry applications, integrates resources and services of cloud training providers for co-provision of online training solutions to colleges and universities, provides all-rounded trainings for cultivation of application-oriented talents, and facilitates the cultivation of talents and enhancement of comprehensive vocational skills. Currently, the platform has incorporated over 60 training projects, covering 11 categories including computer, big data, architecture, machinery, pharmaceuticals, finance and trade, radio, film and television, tourism, agriculture, logistics and general education. In particular, general education-oriented trainings apply to most majors, while other specialized trainings cover over 20 undergraduate majors and over 40 junior college majors.

4. Human Resources Services

The Group actively deploys human resources services to create a talent training closed loop that integrates “Enrollment-Training-Employment”. A consolidated affiliated entity of the Company, Beijing Xiaoai Intelligent Technology Company Limited*(北京小愛智能科技有限公司) (“**Xiaoai Technology**”), created a skilled talent service platform of “Excellent Learning and Happy Work” (優學樂業), which is dedicated to providing Chinese skilled talents with high-quality internship training, employment, job selection and professional ability improvement services. Relying on its rich digital experience and matured implementation service capabilities, Xiaoai Technology provides different digital products and solutions as well as a stable one-stop person-time service and technology supply chain for enterprises, human resources organizations, colleges and universities and governments. The platform consists of (i) “zhiyonggong” (智用工) – providing digital and diversified employment software SaaS for employment enterprises; (ii) “Yunzhiai” (雲智愛) and “Ailingong” (愛靈工) – providing HROSaaS for third-party human resource service agencies; (iii) “School-Enterprise Express” (校企職通車) – providing colleges and universities with an internship employment digital management system that connects schools, students and enterprises, with first of all, data exchange and display on the same platform. The School-Enterprise Express is one of the first batch of platforms that comply with the Ministry of Education's new “Regulations on the Management of Vocational School Student Internships” (《職業學校學生實習管理規定》); and also provides regional governments with a comprehensive solution for the digital gig job market that has SaaS + skills training and capability improvement + talent training base + industry-education integration. The platform aims to solve the employment problem, increase the employment income, meet the employment needs of enterprises, promote the development of enterprises, and provide needed high quality talents for key regional industries.

As of 31 December 2024, the business of Xiaoai Technology covered more than 20 provinces, autonomous regions and municipalities throughout the nation, and the platform had approximately 930 partnered human resources companies and approximately 42,000 employers, approximately 3.1 million C-end users and approximately 4 million jobs.

5. *Integration of Digital Intelligence, Industry and Education Services*

Revolving around the integration of industry and education, the Group integrates the resources of leading enterprises in various fields, combines the Group's strong teaching and research strength and product research and development investment, and builds an integrated platform for integration and cooperation which supports for secondary vocational schools, junior colleges and undergraduate colleges and universities. The Group's integration of industry and education covers various professional groups related to strategic emerging industries such as artificial intelligence, big data, blockchain, information security, intelligent manufacturing, industrial internet, new energy vehicles, intelligent networked vehicles, digital economy, and new media. The Group, the Education and Examination Center of the Ministry of Industry and Information Technology and Baidu jointly issued the Generative AI Training Standards and Certifications.

As of 31 December 2024, it has served 12 colleges, providing them with products and services including enrollment services, teaching services, course establishment services, experimental training room construction, teaching software platform construction, teacher training, student internship, employment and etc.

6. *Education Informatization Services*

The Group attaches great importance to the construction of new education infrastructure. Guided by new development concepts and information technology and oriented to the needs of high quality education development, and by focusing on information networks, platform systems, digital resources, innovative applications, credible security, etc., it constructed a new infrastructure system, created core productivity, and established a user-centric, end-to-end, fully closed-loop education service cloud platform (including IaaS infrastructure, developer platform, multi-cloud resource management platform, middle-level services, technical products, OPEN application center, terminal services, etc.).

The Group's education informatization services are provided by a consolidated affiliated entity of the Company, namely UMOOC Online Education Technology (Beijing) Company Limited* (優慕課在線教育科技(北京)有限責任公司) (“**UMOOC**”), Open Distance Education and Doxue Network. UMOOC provides education and teaching informatization construction, online teaching support, mixed teaching applications and other services for undergraduate colleges and vocational colleges.

As of 31 December 2024, UMOOC has partnered with a total of more than 400 undergraduate colleges and vocational colleges, and the services provided by UMOOC covered more than 13 million students. The “Campuswit” platform released by Doxue Network is committed to providing business education in major colleges and universities, and providing students with a full life cycle and all round one-stop solution, with products covering business education enrollment, online teaching, academic affairs, career development, alumni management and other different stages of process.

7. *Examination and Evaluation Services*

During the Reporting Period, examination and evaluation services are mainly provided by Silk Road (Beijing) International Education Technology Center Company Limited* (絲綢之路(北京)國際教育科技中心有限公司) (“**Silk Road**”), a subsidiary of the Group. Silk Road is the world’s first HSK online test center and is an industry-leading professional service organization for the HSK online test. As of 31 December 2024, it has built more than 60 test centers/exams at home and abroad and has accumulated more than 210,000 internet-based examination users counts.

8. *International Education Services*

The Group’s international education services is provided by Open Distance Education, Doxue Network, and other two Group’s subsidiaries, namely Beijing Zhongmin Guohe Education Technology Co., Ltd.* (北京中民國合教育科技有限公司) and Shanghai Zhiaosheng International Business Development Co., Ltd.* (上海智奧勝國際商務發展有限公司). The international education services including undergraduate, master’s and doctoral study abroad programme, operations of Chinese and foreign academic exchange projects, intermediary services for studying abroad, long-term and stable cooperative relations with colleges and educational institutions in the United States, United Kingdom and other countries, and integrating language training, application for studying abroad, overseas study tours, internship employment, overseas services, international schools, etc. are integrated in order to create a fully closed loop of all-round study abroad services.

As of 31 December 2024, the international education business of the Group has served a cumulative total of more than 4,000 students.

FUTURE OUTLOOK

Looking back on 2024, the government has introduced a series of policy documents and allocated RMB31.257 billion from the central budget to the Funds for the Quality Improvement Plan of Modern Vocational Education, aiming to support the modernization and high-quality development of vocational education, and to systematically promote the reform and development of the vocational education:

- In January 2024, the National Education Work Conference deployed “enhancing the adaptability and attractiveness of vocational education” as one of the key tasks.
- In March 2024, the Government Work Report of the National Two Sessions proposed to “vigorously improve the quality of vocational education”.
- In April 2024, the 9th Session of the 14th Standing Committee of the National People’s Congress passed the Regulations of the People’s Republic of China on Academic Degrees (effective from 1 January 2025). Stating “The law sets a legal basis for awarding vocational education degrees and further standardizes the vocational education degree system.”

- In April 2024, the Ministry of Human Resources and Social Security and other departments jointly issued the “Action Plan for Accelerating the Cultivation of Digital Talents to Support the Development of the Digital Economy (2024-2026)” (《加快數字人才培育支撐數字經濟發展行動方案(2024-2026年)》), proposing to “advance the Digital Skills Enhancement Initiative, vigorously cultivate digital-skilled professionals to meet the demands of digital industry development and transformation and upgrading of enterprises.”
- In May 2024, the Ministry of Finance and the Ministry of Education issued the “Notice on Issuing the Budget for Funding the Quality Improvement Plan of Modern Vocational Education in 2024 (《關於下達2024年現代職業教育質量提升計劃資金預算的通知》)”, emphasizing “prioritizing support for improving vocational school infrastructure nationwide, advancing industry-education integration and school-enterprise collaboration, and strengthening the training of double-qualified full-time teachers.”
- In July 2024, the Third Plenary Session of the 20th Central Committee of the Communist Party of China proposed to “accelerate the construction of a vocational education system that integrates vocational education with general education and industry and education.”
- In September 2024, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Implementing the Employment Priority Strategy to Promote High-quality and Full Employment (《關於實施就業優先戰略促進高質量充分就業的意見》), emphasizing that “efforts will be made to accelerate the development of modern vocational education, promote the integration of vocational and general education, industry and education as well as science and education, with an aim to cultivate more high-caliber technicians and skilled talents. Meanwhile, we will promote the incorporation of career education into the whole-chain of university talent cultivation, and provide career enlightenment, career awareness and career experience during the general high school education”.
- In October 2024, the Central Committee of the Communist Party of China and the State Council issued the Opinions on Deepening the Reform of the Construction of Industrial Workforce, proposing to accelerate the construction of a vocational education system that integrates vocational and general education, industry and education, and insist on promoting industry with education, assisting education with industry, integrating industry and education, and deepening the cooperation between industry and academia, with an aim to cultivate a number of leading industry-education integrated enterprises, and develop a number of core courses, high-quality teaching materials, teacher workforce, and practical projects. The Opinions also plan to implement the modern vocational education quality improvement program and the vocational school teacher quality improvement program, and support great artisans and highly skilled talents to serve as internship and training teachers in vocational schools.

- In October 2024, the General Office of the Ministry of Education issued the Circular on Enhancing the Construction of Municipal Industry-Education Consortiums (《關於加強市域產教聯合體建設的通知》), stating that “efforts will be made to push forward reform on the five key elements of vocational schools, i.e. majors, curriculum, teaching materials, teacher workforce as well as practical training, and facilitate multi-agency cooperation in operating educational institutions, providing educational programs, offering employment opportunities and promoting mutual development”.

With the support of the national policies, the Group will continue to adopt the following development strategies in the future:

(1) Continue to advance high-quality development of higher education

The schools of Group will continue to put in resources, firmly follow the path of high-quality development of higher education, continue to optimize its teaching environment and equipments, strengthen the professional teaching teams, provide students with high-quality teaching services, assist students in obtaining high-quality employment, and cultivate high-quality applied vocational talents for the nation.

(2) Continue to build a digital and intelligent service platform ecosystem of “learning, employment, and entrepreneurship”

The Group will continue to comprehensively promote the digitalization and intelligentization of learning, employment, and entrepreneurship services, provide full-chain of academic education, including enrollment, assessment, teaching, examinations, practical training, employment, and entrepreneurship, and provide digital services for all types of schools and education training institutions.

(3) Continue to promote the integration of education and high technology to empower talent cultivation

Education is essential to future development, technology dominates national strength, and talents drive progress. In February 2024, when presiding over the 2nd group study session of the Political Bureau of the Communist Party of China (CPC) Central Committee, Xi Jinping, general secretary of the CPC Central Committee and also Chinese president, stressed that “we must ensure an effective coordination of the strategy for invigorating China through science and education with the workforce development strategy and the innovation-driven development strategy, and promote the integration of the development of education, sci-tech innovation and personnel training to form a virtuous cycle.” The Group’s online education entities have been exploring and developing the application of cutting-edge technologies such as big data, cloud computing and artificial intelligence to empower education and improve the digitalisation of education practice. The digital education technologies and products will provide more accurate learning solutions and support services for students and users, and enable teachers to teach and manage in a more efficient manner. In the future, the Group will accelerate the extensive application of big data and artificial intelligence across its businesses to empower talent cultivation.

Financial Review of the Reporting Period

Revenue

Revenue represents the value of services rendered during the Reporting Period. The Group derives revenue primarily from providing on-campus education and online education services to students and users.

The total revenue decreased by approximately 17.2% to approximately RMB1,947.2 million for the year ended 31 December 2024 from that of approximately RMB2,352.4 million for the year ended 31 December 2023, which was mainly due to the decrease in the revenue of online education resulted from the Suspension (as defined below) of online formal education during the Reporting Period.

Suspension of new student enrollment of online formal education

In 2022, Open Distance Education was notified by the education institutions that Open Distance Education has cooperation relationship that the General Office of the Ministry of Education had requested the relevant schools which participated in the pilot work of modern distance education to cease student enrolment of online formal education. Open Distance Education's cooperative programs with such education institutions therefore ceased new student enrolment of online formal education (the "**Suspension**") in 2022 autumn.

The Board is of the view that despite of the temporary impact of the Suspension on the Group's online education segment for the Reporting Period, the Group's online education segment is still promising in the long run due to reasons below:

- (i) online education is one of the several forms of continuing education in the PRC and the overall national policy of the PRC for the continuing education industry as a whole conducive to the continued development of the industry. For instance, the Opinions of the Ministry of Education on Promoting the Reform of Academic Continuing Education in Colleges and Universities in the New Era (Jiao Zhi Cheng [2022] No. 2) (《教育部關於推進新時代普通高等學校學歷繼續教育改革的實施意見》教職成[2022]2號) was issued to promote higher education schools to step up to a new stage of higher formal continuing education, and to integrate correspondence education, amateur education and online education. The State supports universities affiliated to the central ministries and commissions, local universities and higher vocational schools to promote the classified development of continuing education for academic qualifications according to their own school orientation and distinctive advantages and encourages schools to develop high-quality online courses independently or jointly with relevant institutions. In September 2022, the executive meeting of the State Council announced supporting policies for special re-financing for equipment renovation and financial support, with education informatization as a key support area;

- (ii) the Group's online education segment encompasses a broad range of products and services for a variety of students and education institutions. While its online formal education had suspended new student enrollment in 2022 Autumn, as of 31 December 2024, the types of products and services offered by the Group's online education business has been diversified, including but not limited to open education, adult higher education, self-study examination qualification education, international education, vocational education, teacher continuing training, course resources, human resources services, industry and education integration and SaaS platform, all of which have been launched with most of them have achieved extensive cooperation with relevant business partners; and
- (iii) the Group will continue to give full play of its network, technology platform, effective experience accumulated in distance education services, resource platform and talent team to provide various formal continuing education services and non-formal education services to more colleges and universities across the country. The Company is of the view that the business of the Group under "internet +" vocational education will be promising in the long term.

Cost of sales

Cost of sales consists primarily of teaching staff costs, depreciation and amortization, cost of cooperative education, utilities and other costs.

The cost of sales slightly decreased by approximately 1.4% from approximately RMB1,092.1 million for the year ended 31 December 2023 to approximately RMB1,077.0 million for the year ended 31 December 2024. This decrease was primarily due to the enhancement of the cost efficiency measures of the online education entities of the Group during the Reporting Period.

Gross profit

The gross profit decreased by approximately 31.0% from approximately RMB1,260.3 million for the year ended 31 December 2023 to approximately RMB870.2 million for the year ended 31 December 2024, and gross profit margin decreased from approximately 53.6% to approximately 44.7%, which was mainly due to the decrease in the revenue of online education as stated above.

Other income and gains

Other income and gains consist primarily of government grants, interest income, rental income, etc.

Other income and gains decreased by approximately 17.5% from approximately RMB181.2 million for the year ended 31 December 2023 to approximately RMB149.5 million for the year ended 31 December 2024. This decrease was primarily due to the decrease in the interest income and investment income received by the Group during the Reporting Period.

Selling expenses

Selling expenses consist primarily of salaries and other benefits for our staff who are in charge of student recruitment and promoting, promoting expenses and student recruitment expenses and marketing cost of the online education entities.

Selling expenses decreased by approximately 21.5% from approximately RMB229.8 million for year ended 31 December 2023 to approximately RMB180.3 million for the year ended 31 December 2024, which was mainly due to (i) decrease and optimised the structure of sales and marketing staff; and (ii) decrease in promoting and marketing cost of the online education entities during the Reporting Period.

Administrative expenses

Administrative expenses primarily consist of the salaries and other benefits for general and administrative staff, office-related expenses, depreciation and amortization of office buildings and equipment, environment and health expenses and travel and transportation expenses.

Administrative expenses decreased by approximately 4.2% from approximately RMB504.4 million for the year ended 31 December 2023 to approximately RMB483.0 million for the year ended 31 December 2024 due to the cost effective control of the administrative expenses enforced by the Group during the Reporting Period.

Other expenses, net

Other expenses consist primarily of expenses relating to goodwill and intangible assets impairment.

Other expenses increased by approximately 21.3% from approximately RMB153.2 million for the year ended 31 December 2023 to approximately RMB185.9 million for the year ended 31 December 2024. This increase was mainly due to the goodwill and intangible assets impairment of the Group's online education entities during the Reporting Period.

Finance costs

Finance costs mainly include interests on interest bearing bank and other borrowings.

Finance costs has decreased by approximately 22.0% from approximately RMB174.9 million for the year ended 31 December 2023 to approximately RMB136.4 million for the year ended 31 December 2024, which was mainly due to further optimised the structure of interest bearing bank and other borrowings by the Group during the Reporting Period.

Income tax expense

Income tax expense was approximately RMB200.5 million for the year ended 31 December 2023 and there was an income tax credit of approximately RMB36.3 million for the year ended 31 December 2024, which was mainly due to the reverse of deferred tax liabilities regarding fair value adjustments arising from acquisition of subsidiaries along with the impairment of intangible assets during the Reporting Period.

Profit for the year

As a result of the above factors, the Group recorded a net profit of RMB47.7 million for the year ended 31 December 2024, while the Group recorded a net profit of approximately RMB121.2 million for the year ended 31 December 2023.

Adjusted net profit

The Group defines its adjusted net profit as its profit for the year after adjusting for those items which are not indicative of the Group's operating performances (as presented in the table below). This is not a IFRSs measure. The Group has presented this item because the Group considers it an important supplemental measure of the Group's operational performance used by the Group's management as well as analysts or investors. The following table shows profit and adjusted net profit of the Group for the periods presented below:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit for the year	47,718	121,176
Add:		
Unrealised exchange loss/(gain)	4,948	(5,653)
Share option expenses	63	787
Interest of the Put Option liability arose from the acquisition of Leed International	–	37,028
Amortisation of intangible assets due to consolidation	50,645	55,348
Change in fair value (gain)/loss	(6,103)	6,209
Deferred income tax accrued on dividends	–	3,746
Impairment of intangible assets due to consolidation	81,601	16,050
Adjustment in relation to fair value change on contingent consideration	1,252	39,374
Adjusted net profit	<u>180,124</u>	<u>274,065</u>

Adjusted net profit for the Reporting Period decreased by approximately RMB93.9 million or approximately 34.3% as compared with that of 2023. Adjusted net profit margin decreased from approximately 11.7% for the year ended 31 December 2023 to approximately 9.3% for the Reporting Period.

FINANCIAL AND LIQUIDITY POSITION

Net current assets

As at 31 December 2024, the Group had net current assets of approximately RMB758.5 million, which primarily consisted of cash and bank balances. The current assets as at 31 December 2024 decreased to approximately RMB4,222.3 million from approximately RMB4,312.7 million as at 31 December 2023. The decrease in current assets was primarily attributable to a decrease of cash and cash equivalents during the Reporting Period.

The current liabilities decreased from approximately RMB3,775.2 million as at 31 December 2023 to approximately RMB3,463.8 million as at 31 December 2024. The decrease in current liabilities was primarily attributable to the repayment of partial of interest-bearing bank and other borrowings during the Reporting Period.

Capital commitment

The Group has the following capital commitments at the end of the Reporting Period:

	2024 <i>RMB'000</i>	2023 RMB'000
Contracted, but not provided for:		
Equipment	86,627	54,472
Buildings	164,569	324,138
Acquisition of a private school and companies	91,800	91,800
	<u>342,996</u>	<u>470,410</u>

At the end of the Reporting Period, the Group did not have significant capital commitments that are authorized but not contracted for (2023: Nil).

Capital expenditure

Capital expenditure for the year ended 31 December 2024 were approximately RMB384.4 million, which was primarily used for (i) the construction of the Group's school buildings, facilities, land acquisition; and (ii) upgrade of software, hardware and facilities of the Group's online education entities.

Interesting-bearing bank and other borrowings

The Group's interest-bearing bank and other borrowings primarily consisted of short-term working capital loans to supplement our working capital and finance our expenditure and long-term project loans for the continuous development of our school buildings and facilities.

The bank loans and other borrowings amounted to approximately RMB2,198.3 million as at 31 December 2024, denominated in Renminbi, United States dollar ("US\$") and Hong Kong dollar ("HK\$"). As at 31 December 2024, our bank loans and other borrowings bore effective interest rates ranging from 2.2% to 10.0% per annum. The loan of Chongqing Zhenzhi Zhiye Co., Ltd.* (重慶臻智置業有限責任公司) (a wholly-owned subsidiary of Chongqing Electronic Information College) amounted to RMB6.1 million, with interest rates ranging from 15%-24% per annum.

The Group maintains a balance between continuity of funding and flexibility through generated cash flows from operating activities and other borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

Contingent liabilities

Grant of option in relation to the acquisition of 49% of issued share capital of Leed International

Minsheng Vocational Education Company Limited (“**Minsheng Vocational**”) and Leed Education Holding Limited, National Education Holding Limited and Hyde Education Holding Limited (collectively, the “**Vendors**”) are in dispute over a put option for the sale of 49% shares in Leed International Education Group Inc. (“**Leed International**”) under the Share Purchase Agreement (the “**SPA**”) entered into between the parties in 2018, which is subject to resolution by arbitration administered by the Hong Kong International Arbitration Center (“**HKIAC Arbitration**”). The Vendors claimed for an inflated exit price of RMB2,180,735,560.50, alleging that they had effectively exercised the option under the SPA. Minsheng Vocational’s position is that the Vendors’ purported exercise of the option was ineffective because, inter alia, Minsheng Vocational had not granted any option as required under the SPA prior to the Vendors’ purported exercise of the option, the timing of which fell outside the put option period provided under the SPA, and the Vendors’ calculation for the inflated exit price of RMB2,180,735,560.50 was also flawed. On 3 August 2023, in fulfilment of its obligation under the SPA, Minsheng Vocational issued a Deed of Grant of Option (the “**Deed**”) granting the Vendors an option to sell the 49% shares in Leed International at an exit price calculated pursuant to the SPA equal to RMB981,500,000. As the Vendors failed to exercise the option granted under the Deed by the designated deadline of 17 August 2023, the Deed automatically lapsed. Subsequently, the Vendors alleged that the Deed was in breach of the SPA. Minsheng Vocational’s position is that the Deed was properly issued in compliance with the SPA, and Minsheng Vocational has fully fulfilled its obligation to grant the option under the SPA by way of the Deed which the Vendors consciously chose not to exercise, and subject to the decision of the Tribunal in the HKIAC Arbitration, Minsheng Vocational’s position is that it is not obliged to purchase the 49% interests in Leed International. The Directors are of the view that the Vendors would not be able to overcome all of Minsheng Vocational’s defences and succeed for the whole of their claim for the inflated exit price of RMB2,180,735,576.50. At the date of this announcement, the arbitration is still in process. Based on the above statement, the put option liability was derecognized and non-controlling interests in relation to 49% shares in Leed International was recognized on the expiry date of the put option for the purpose of financial reporting in accordance with IFRS. As at 31 December 2024, the Group made no provision related to the aforesaid arbitration.

For further details of the disputes and the grant of put option in relation to the acquisition of 49% of issued share capital of Leed International, please refer to the announcements of the Company dated 21 December 2021, 3 August 2023 and 18 August 2023. If there are any progress in related matters, the Company will issue further announcements in due course to inform shareholders of the Company the (the “**Shareholders**”) and potential investors of the Company of the latest situation.

Update on provision of loans to Leed National Education Technology (Beijing) Limited

In February 2019 and June 2019, Chongqing Yuecheng Zhiyuan Education Technology Company Limited (“**Chongqing Yuecheng**”) extended loans in an aggregate principal amount of RMB400,000,000 to Leed National Education Technology (Beijing) Limited (a company designated by the Vendors, “**Leed National**”) and 49% shares in Leed International held by Vendors has been charged as the guarantee under the loan agreements. In May 2023, the Vendors and Leed National filed a request for arbitration with China International Economic and Trade Arbitration Commission (“**CIETAC**”) claiming that the obligation to repay the principal of RMB400,000,000 and corresponding unpaid interest under the loan agreements has been extinguished and Chongqing Yuecheng and Minsheng Vocational were not entitled to enforce the charge following the effective exercise of the put option by the Vendors at an exercise price of RMB2,180,735,576.50 and the set-off clause under the loan agreements. In August 2023, Chongqing Yuecheng and Minsheng Vocational filed a counter-claim for arbitration, requesting for an award for the repayment by Leed National to Chongqing Yuecheng of the principal amount totaling RMB400,000,000 under the loan agreement, together with the corresponding unpaid interest and additional late payment fees. As at the date of this announcement, the arbitration with CIETAC is still in progress. In May 2023, the Vendors filed an originating summons with the Grand Court of the Cayman Islands to apply for an interim injunction to restrain Minsheng Vocational from taking any steps to enforce a series of share charges over 49% of the issued share capital of Leed International. In August 2023, a conditional and time-limited injunction order was issued by the Grand Court of the Cayman Islands (“**Injunction Order**”). With a detailed analysis of the HKIAC Arbitration, the Directors are of the view that the Vendors cannot succeed for the whole of their claim for the inflated exit price of RMB2,180,735,576.50 by overcoming all of Minsheng Vocational’s defences. Therefore, the outstanding principal and corresponding unpaid interest and the charge are still subsisted.

For further details of the provision of loans and the disputes, please refer to the announcements of the Company dated 26 December 2018, 4 January 2019, 27 June 2019, 28 July 2023 and 3 September 2023. If there are any progress in related matters, the Company will issue further announcements in due course to inform Shareholders and potential investors of the Company of the latest situation.

Pledge of assets

As at 31 December 2024, certain of the Group’s buildings with a net carrying amount of approximately RMB79.2 million (31 December 2023: RMB80.9 million) and time deposits amounted to RMB551.3 million (31 December 2023: Nil) were pledged to secure bank loans and other borrowings.

Foreign exchange exposure

The majority of the Group's revenue and expenditures are denominated in RMB. As at 31 December 2024, certain bank balances were denominated in US\$ and HK\$. The Group currently does not have any foreign currency hedging policies. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

Gearing ratio

The gearing ratio, which is calculated by dividing total interesting bearing bank and other borrowings by total equity, increased to approximately 37.0% as at 31 December 2024 from approximately 35.9% as at 31 December 2023, which was mainly due to slightly increase in the interest-bearing bank and other borrowings of the Group during the Reporting Period.

Significant Investments, Material Acquisitions and Disposals

During the year ended 31 December 2024, the Group did not have any significant investments, material acquisitions and/or disposals of subsidiaries, associates and joint ventures.

As of the date of this announcement, the Group did not have any future plans for material investments or capital assets.

Salary increment for employees, training and development

As at 31 December 2024, the Group has approximately 6,700 employees (2023: Approximately 6,900 employees).

In 2024, in order to motivate our faculty staff for better work performance, the Group has reviewed and increased the salaries of employees. The increment in salaries is based on their performance, experience and prevailing industry practices, with all compensation policies and packages reviewed on a regular basis. As required by the PRC laws and regulations, we participate in various employee social security plans for our employees that are administered by local governments, including pension, medical, maternity, work-related injury, unemployment insurance and housing provident fund.

In addition, the Group provides training programs to its existing and newly recruited employees and/or sponsors its employees to attend various job-related training courses.

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to be a transparent and responsible organization which is open and accountable to the Shareholders. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is the foundation to create more value for the Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for Shareholders.

Throughout the year ended 31 December 2024, the Company has complied with the code provisions set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has also adopted the model code for securities transactions by directors of listed issuers (the “**Model Code**”) set out in Appendix C3 of the Listing Rules as its code of conduct regarding securities transactions by the Directors for the year ended 31 December 2024.

Having made specific enquiry with all Directors, it is confirmed that all Directors have complied with the required standard set out in the Model Code regarding securities transactions by the Directors throughout the year ended 31 December 2024.

PAYMENT OF FINAL DIVIDEND

The Board does not declare any final dividend for the Reporting Period (for the year ended 31 December 2023: HK\$0.98 cents).

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period.

As at 31 December 2024, the number of treasury shares held by the Company is nil.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed and discussed with the management in relation to the accounting principles and practices adopted by the Company, the internal controls and financial report matters, and the Company's policies and practices on corporate governance. The annual results have been reviewed by the Audit Committee.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2024, consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024 and the related notes thereto as set out in the preliminary announcement have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor, Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards in Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.minshengedu.com>). The annual report for the reporting period containing all the information required by Appendix D2 to the Listing Rules will be dispatched to the Shareholders and available on the above websites in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to the Group's management and staff members for their dedication and hard work and our Shareholders for their trust and support.

By order of the Board
Minsheng Education Group Company Limited
Li Xuechun
Chairman

Hong Kong, 19 March 2025

In this announcement, the English translation of company or entity names in Chinese which are marked with "" is for identification purpose only.*

As at the date of this announcement, the executive Directors are Mr. Li Xuechun, Ms. Zhang Weiping, Mr. Zuo Yichen and Mr. Lam Ngai Lung, the non-executive Directors are Mr. Liang Xingchao and Ms. Li Yanping, and the independent non-executive Directors are Mr. Chan Ngai Sang, Kenny, Mr. Yu Huangcheng and Mr. Wang Wei Hung, Andrew.