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CHINA EAST EDUCATION HOLDINGS LIMITED

中國東方教育控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 667)

ANNOUNCEMENT OF 2024 ANNUAL RESULTS

HIGHLIGHTS			
	Year ended 31 December		Change
	2024	2023	Increase/ (Decrease)
Number of new students enrollments and new customers registered	143,441	152,881	(6.2%)
Average number of students enrolled and customers registered	146,294	146,839	(0.4%)
Revenue (RMB million)	4,116	3,979	3.5%
Gross profit (RMB million)	2,115	1,908	10.8%
Net profit (RMB million)	513	273	88.0%
Adjusted net profit (RMB million) ⁽¹⁾	525	281	86.6%
Adjusted EBITDA (RMB million) ⁽²⁾	1,376	1,136	21.1%
	As at	As at	Change
	31 December 2024	31 December 2023	Increase/ (Decrease)
Number of schools and centers	233	245	(12)
Net assets (RMB million)	5,749	5,608	2.5%
Total assets (RMB million)	9,484	9,291	2.1%

(1) Adjusted net profit was derived from the net profit for the year excluding the effect of (i) non-cash share-based payment expenses; and (ii) the net foreign exchange gains. This is not Hong Kong Financial Reporting Standards measure. For details, please refer to the section headed “Management Discussion and Analysis – Financial Review – Adjusted Net Profit and Adjusted EBITDA” in this announcement.

(2) Adjusted EBITDA was derived from the adjusted net profit for the year excluding finance costs, income tax expenses and depreciation expenses. This is not Hong Kong Financial Reporting Standards measure. For details, please refer to the section headed “Management Discussion and Analysis – Financial Review – Adjusted Net Profit and Adjusted EBITDA” in this announcement.

The board (the “**Board**”) of directors (the “**Director(s)**”) of China East Education Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	Notes	RMB'000	RMB'000
Revenue	4	4,116,185	3,978,654
Cost of revenue		(2,001,650)	(2,070,437)
Gross profit		2,114,535	1,908,217
Other income and expenses	5	119,753	139,257
Other gains and losses	6	32,431	43,355
Selling expenses		(973,974)	(1,036,973)
Administrative expenses		(507,937)	(529,180)
Research and development expenses		(12,350)	(17,366)
Finance costs	7	(118,041)	(139,301)
Profit before taxation		654,417	368,009
Income tax expense	8	(141,821)	(95,387)
Profit and total comprehensive income for the year	9	512,596	272,622
Earnings per share	11		
– Basic (RMB cents)		23.53	12.51
– Diluted (RMB cents)		23.46	12.37

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		As at 31 December	
		2024	2023
	Notes	RMB'000	RMB'000
Non-current Assets			
Property and equipment		3,308,721	3,080,278
Right-of-use assets		2,148,822	2,225,672
Deferred tax assets		19,821	20,246
Deposits paid for acquisition of leasehold lands		6,206	34,206
Deposits for rental		18,919	19,425
Deposits for utilities and others		2,866	3,392
Deposits for acquisition of a subsidiary		10,000	–
		<u>5,515,355</u>	<u>5,383,219</u>
Current Assets			
Inventories		64,349	67,893
Trade and other receivables	12	347,576	323,558
Other financial assets	13		
– measured at fair value through profit or loss (“FVTPL”)		499,769	364,196
– measured at amortised cost		50,000	80,000
Tax recoverable		3,404	5,513
Time deposits		1,536,862	1,551,441
Cash and cash equivalents		1,466,863	1,515,313
		<u>3,968,823</u>	<u>3,907,914</u>
Current Liabilities			
Trade and other payables	14	706,794	681,433
Tax liabilities		94,837	62,634
Lease liabilities		336,426	265,397
Contract liabilities		1,456,590	1,323,910
		<u>2,594,647</u>	<u>2,333,374</u>
Net Current Assets		<u>1,374,176</u>	<u>1,574,540</u>
Total Assets less Current Liabilities		<u>6,889,531</u>	<u>6,957,759</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		As at 31 December	
		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current Liabilities			
Lease liabilities		1,085,784	1,307,764
Contract liabilities		24,235	17,981
Deferred tax liabilities		27,733	20,527
Government grants		2,315	3,924
		<u>1,140,067</u>	<u>1,350,196</u>
Net Assets		<u>5,749,464</u>	<u>5,607,563</u>
Capital and Reserves			
Share capital	15	192	192
Reserves		<u>5,749,272</u>	<u>5,607,371</u>
Total Equity		<u>5,749,464</u>	<u>5,607,563</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands and registered as an exempted company with limited liability under the Companies Act (Chapter 22) of the Cayman Islands on 4 October 2018. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 12 June 2019. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business in the People’s Republic of China (the “**PRC**”) is No. 1009 Xuelin Road, Vocational Education Town, Yaohai District, Hefei City, Anhui Province, the PRC.

The Company is an investment holding company. The principal activities of its subsidiaries are mainly engaged in the operation of vocational education institutions. The Company and its subsidiaries are collectively referred as the “**Group**”.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the functional currency of the Company and its subsidiaries. These consolidated financial statements have been approved for issue by the Board on 27 March 2025.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs 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.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (CONTINUED)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs 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 ³
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 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

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 2025.

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

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

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all new and amendments to HKFRSs 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 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 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. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

The Group is mainly engaged in the provision of vocational education services in the PRC.

Revenue represents service income from tuition fees less sales related tax, and is recognised over time. The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs (mainly representing teaching staff costs, rental expenses and depreciation of school premises) to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Tuition fees are generally paid in advance at the beginning of each courses, and are initially recorded as contract liabilities. The portion of tuition payments received from students but not earned is recorded as contract liabilities. Amounts which will be earned within one year is reflected as a current liability and those which will be earned beyond one year is reflected as a non-current liability.

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

The majority of the contracts for provision of vocational education services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group's operating segments are based on information prepared and reported to the chief operating decision makers ("CODM"), i.e. the Board, for the purposes of resource allocation and performance assessment. In the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. Specifically, Cuisine Academy was integrated into the operations of New East Culinary Education to form the Culinary Arts segment, Omick Education of Western Cuisine and Pastry is reclassified as the Western Cuisine and Pastry, Wisezone Data Technology Education was integrated into the operations of Xinhua Internet Technology Education to form the Information Technology and Internet Technology segment, Wontone Automotive Education is reclassified as the Auto Services segment and Fashion and Beauty segment was separated from other miscellaneous businesses to report as an independent segment. Prior year segment disclosures have been represented to conform with the current year's presentation.

The Group's reportable and operating segments for financial reporting purposes have been reorganised as follows:

- (a) Culinary Arts (formerly included New East Culinary Education and Cuisine Academy): providing comprehensive culinary training programs to students who pursue a career in becoming professional chefs and also providing customized catering experience services to customers who are interested in cooking or who plan to establish their own businesses in the catering industry;
- (b) Western Cuisine and Pastry (formerly named as Omick Education of Western Cuisine and Pastry): offering a variety of courses, including baking, desserts, western cuisines, bartending and barista training;
- (c) Information Technology and Internet Technology (formerly included Xinhua Internet Technology Education and Wisezone Data Technology Education): providing a wide range of information technology-related training to students and also providing short-term information technology and internet technology programs to junior college and university students who have possessed the basic knowledge and seek to further develop relevant practical skills;
- (d) Auto Services (formerly named as Wontone Automotive Education): providing hands-on auto repair skill training as well as practical knowledge of automobile commerce;
- (e) Fashion and Beauty: mainly focusing on cultivating high skills fashion and beauty professionals; and
- (f) Other miscellaneous businesses.

These segments are the basis on which the Group reports its segment information.

The management of the Group assesses the performance of the operating and reportable segment based on the revenue and gross profit for the year of the Group as presented in the consolidated statement of profit or loss and other comprehensive income. Segment results represent the profits earned by each segment and excluding certain other income and expenses, other gains and losses, corporate administrative expenses and income tax expense. No analysis of the Group's assets and liabilities is regularly provided to the management of the Group for review. Inter-segment sales are charged at cost plus approach.

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue and results by operating and reportable segments for the years ended 31 December 2024 and 2023:

For the year ended 31 December 2024

	Culinary Arts RMB'000	Western Cuisine and Pastry RMB'000	Information Technology and Internet Technology RMB'000	Auto Service RMB'000	Fashion and Beauty RMB'000	Other miscellaneous businesses RMB'000	Elimination RMB'000	Total RMB'000
Revenue								
External sales	1,918,834	342,865	762,744	912,103	105,439	74,200	–	4,116,185
Inter-segment sales	8,264	–	–	1,916	–	149,598	(159,778)	–
Segment revenue	1,927,098	342,865	762,744	914,019	105,439	223,798	(159,778)	4,116,185
Results								
Segment results	440,185	26,402	105,211	137,046	1,712	(54,860)	–	655,696
Unallocated								
Other income and expenses								82,473
Other gains and losses								32,431
Corporate administrative expenses								(116,183)
Profit before tax								654,417
Income tax expense								(141,821)
Profit for the year								512,596
Other segment information								
Depreciation of property and equipment	129,412	17,113	65,136	76,525	7,613	17,764	–	313,563
Depreciation of right-of-use assets	115,453	25,885	50,261	74,207	6,783	4,693	–	277,282
Additions of property and equipment	129,516	1,634	63,815	41,100	21,341	330,661	–	588,067
Additions of right-of-use assets	179,865	5,194	26,927	3,347	668	106,285	–	322,286

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

For the year ended 31 December 2023

	Culinary Arts RMB'000	Western Cuisine and Pastry RMB'000	Information Technology and Internet Technology RMB'000	Auto Service RMB'000	Fashion and Beauty RMB'000	Other miscellaneous businesses RMB'000	Elimination RMB'000	Total RMB'000
Revenue								
External sales	1,914,319	330,809	777,070	846,530	46,881	63,045	–	3,978,654
Inter-segment sales	–	–	4,808	823	–	142,163	(147,794)	–
Segment revenue	<u>1,914,319</u>	<u>330,809</u>	<u>781,878</u>	<u>847,353</u>	<u>46,881</u>	<u>205,208</u>	<u>(147,794)</u>	<u>3,978,654</u>
Results								
Segment results	<u>300,505</u>	<u>(28,319)</u>	<u>52,448</u>	<u>72,087</u>	<u>(20,311)</u>	<u>(40,361)</u>	<u>–</u>	<u>336,049</u>
Unallocated								
Other income and expenses								104,994
Other gains and losses								43,355
Corporate administrative expenses								<u>(116,389)</u>
Profit before tax								368,009
Income tax expense								<u>(95,387)</u>
Profit for the year								<u><u>272,622</u></u>
Other segment information								
Depreciation of property and equipment	134,260	23,163	71,774	70,936	3,470	12,893	–	316,496
Depreciation of right-of-use assets	122,952	29,725	61,816	78,050	6,422	4,903	–	303,868
Additions of property and equipment	368,443	3,137	34,754	110,211	28,843	249,162	–	794,550
Additions of right-of-use assets	<u>94,517</u>	<u>2,242</u>	<u>6,085</u>	<u>105,878</u>	<u>13,932</u>	<u>67,948</u>	<u>–</u>	<u>290,602</u>

Geographical information

The Group primarily operates in the PRC. Substantially all of the non-current assets of the Group are located in the PRC.

Information about major customers

No single customer contributes over 10% or more of total revenue of the Group during the years ended 31 December 2024 and 2023.

5. OTHER INCOME AND EXPENSES

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Asset-related government grants	1,847	2,941
Unconditional government grants	35,433	31,322
Interest income from		
— time deposits and bank balances	78,128	95,725
— entrusted loans	2,854	5,342
Others	1,491	3,927
	<u>119,753</u>	<u>139,257</u>

6. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Gains from changes in fair value of other financial assets measured at FVTPL	50,723	20,412
Losses on disposals of property and equipment	(38,116)	(5,040)
Gains from termination of lease agreements	7,068	3,704
Net foreign exchange gains	12,756	24,279
	<u>32,431</u>	<u>43,355</u>

7. FINANCE COSTS

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses on lease liabilities	<u>118,041</u>	<u>139,301</u>

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
PRC Enterprise Income Tax		
– Current tax	135,719	97,816
– Over provisions in prior years	(1,529)	(1,186)
Deferred tax	7,631	(1,243)
	<u>141,821</u>	<u>95,387</u>

9. PROFIT FOR THE YEAR

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit for the year has been arrived at after charging:		
Directors' remuneration	3,360	3,317
Other staff costs		
– salaries and other allowances	1,269,794	1,308,716
– retirement benefit scheme contributions	97,721	99,061
– equity-settled share-based payments expense	24,898	32,727
Total staff costs	<u>1,395,773</u>	<u>1,443,821</u>
Depreciation of property and equipment	313,563	316,496
Depreciation of right-of-use assets	281,785	311,450
Total depreciation	595,348	627,946
Capitalised in construction in progress	(4,503)	(7,582)
	<u>590,845</u>	<u>620,364</u>
Auditor's remuneration	<u>4,240</u>	<u>4,190</u>

During the year ended 31 December 2024, equity-settled share-based payments expense of approximately RMB25,100,000 (2023: RMB32,993,000) was recognised in profit or loss in respect of share options of the Company.

10. DIVIDENDS

A final dividend of HK\$0.20 per ordinary share in respect of the year ended 31 December 2023, in an aggregate amount of approximately HK\$436 million, was approved by the shareholders of the Company (the “Shareholders”) at the annual general meeting held on 7 June 2024 and was paid during the year ended 31 December 2024.

Subsequent to the end of the reporting period, a final dividend of HK\$0.22 per ordinary share in respect of the year ended 31 December 2024, in an aggregate amount of approximately HK\$479 million, has been proposed by the Directors at the Board meeting held on 27 March 2025 and is subject to approval by the Shareholders in the forthcoming annual general meeting of the Company to be held on Tuesday, 27 May 2025 (the “Annual General Meeting”).

11. EARNINGS PER SHARE

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Earnings:		
Profit for the purposes of calculating basic and diluted earnings per share		
– attributable to owners of the Company	512,596	272,622
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	2,178,875,190	2,178,776,814
Effect of dilutive potential ordinary shares:		
– share options	5,774,384	25,460,179
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	2,184,649,574	2,204,236,993

12. TRADE AND OTHER RECEIVABLES

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Trade receivables		
– from government (<i>note i</i>)	19,328	18,759
– from others (<i>note ii</i>)	43,995	29,592
	63,323	48,351
Other receivables		
Prepayments for consumables	24,579	29,481
Prepayments for rental	8,753	5,596
Prepayments for services	32,147	22,961
Prepayments for advertisement	46,308	45,098
Value added tax recoverable	73,719	74,019
Advance to staff	5,038	5,944
Interest receivables from time deposits and bank balances	25,173	35,218
Deposits for development (<i>note iii</i>)	14,280	14,280
Refundable deposit	6,770	11,520
Other receivables	47,486	31,090
	284,253	275,207
	347,576	323,558

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

- i. The amounts represent receivables from the PRC local governments, which purchased vocational education services for students.
- ii. The amounts mainly represent receivables from customers, which purchased ancillary services other than vocational education services.
- iii. The amounts represent the deposits paid to the PRC local government authority for the development of Chengdu Xinhua Future Vocational Skills Training School Co., Ltd. (成都新華未來職業技能培訓學校有限公司). The deposits will be repaid based on the progress of the project development.

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB46,625,000.

The following is an aged analysis of trade receivables presented based on the invoice dates:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Within 3 months	28,723	31,428
Over 3 months but within 12 months	14,582	15,956
Over 1 year	20,018	967
	63,323	48,351

In the opinion of the management of the Group, all of the trade receivable balances at the end of each year which have been past due over 90 days are not considered as in default as these are contributed by counterparties with good reputation and credit records. The management of the Group considered that the impairment loss was insignificant as there has not been a significant change in credit quality and amounts are considered recoverable at the end of each year and no impairment loss on expected credit losses is recognised during both years.

13. OTHER FINANCIAL ASSETS

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Other financial assets measured at FVTPL		
— structured deposits (<i>note i</i>)	111,762	11,750
— unquoted fund investment	388,007	352,446
	<u>499,769</u>	<u>364,196</u>
Other financial assets measured at amortised cost		
— entrusted loans to related parties (<i>note ii</i>)	50,000	80,000
	<u>50,000</u>	<u>80,000</u>

Notes:

- i. The structured deposits are short-term investments issued by banks and financial institutions with no predetermined or guaranteed return and are not principal protected. These financial assets are 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.
- ii. The amounts as at 31 December 2024 represented an entrusted loan amounted to RMB50,000,000 provided to Anhui Xinhua Holdings Group Investment Co., Ltd. (安徽新華控股集團投資有限公司) (“**Xinhua Holdings Group**”), a company controlled by Mr. XIAO Guoqing at a fixed interest rate of 7% per annum and with maturity on 31 December 2025.

14. TRADE AND OTHER PAYABLES

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Trade payables	117,724	123,804
Payable for property and equipment	246,149	202,182
Value added tax and other taxes payable	6,708	6,810
Payroll payable	196,650	202,549
Discretionary subsidies received on behalf of students	22,891	33,047
Miscellaneous deposits received from students – within 12 months	62,716	62,753
Other payables	53,956	50,288
	<u>706,794</u>	<u>681,433</u>

The credit period of trade creditors is normally 90 days. The following is an aged analysis of trade payables presented based on the invoice dates:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Within 90 days	117,724	123,804

15. SHARE CAPITAL

		Number of shares	Share capital HK\$	Shown in the consolidated financial statements RMB'000
<i>Ordinary shares of HK\$0.0001 each</i>				
Authorised:				
At 1 January 2023, 31 December 2023 and 31 December 2024	<i>i</i>	3,800,000,000	380,000	
Issued:				
At 1 January 2023		2,176,465,802	217,646	192
Issue of new shares upon the exercise of share options	<i>ii</i>	2,385,500	239	–
At 31 December 2023		2,178,851,302	217,885	192
Issue of new shares upon the exercise of share options		138,500	14	–
At 31 December 2024		2,178,989,802	217,899	192

Notes:

- i. The Company was incorporated in the Cayman Islands on 4 October 2018 with an authorised share capital of HK\$380,000 divided into 3,800,000,000 shares with a par value of HK\$0.0001 each.
- ii. During the year ended 31 December 2023, 2,385,500 share options were exercised at a subscription price of HK\$2.25 per share (approximately equivalent to RMB2.00 per share), resulting in the issue of 2,385,500 ordinary shares of par value of HK\$0.0001 each in the Company. These shares rank *pari passu* with other shares in issue in all respect.
- iii. During the year ended 31 December 2024, 138,500 share options were exercised at a subscription price of HK\$2.25 per share (approximately equivalent to RMB2.00 per share), resulting in the issue of 138,500 ordinary shares of par value of HK\$0.0001 each in the Company. These shares rank *pari passu* with other shares in issue in all respect.

16. CAPITAL COMMITMENTS

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property and equipment	152,099	485,613

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 27 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We have a leading position in vocational training education segment in China. Moreover, we also have a leading position in China in providing vocational training education in three segments, namely, culinary arts, information technology and internet technology, as well as auto services. Headquartered in Hefei, Anhui province, we have established a nationwide school network consisting of 233 schools and centers in operation as of 31 December 2024, covering almost all of the provinces in mainland China and Hong Kong. We operate our business and establish our schools and centers under seven renowned school brands, namely, New East Culinary Education, Cuisine Academy, Omick Education of Western Cuisine and Pastry, Xinhua Internet Technology Education, Wisezone Data Technology Education, Wontone Automotive Education and On-mind Fashion and Beauty Education.

We are a pioneer in providing vocational training education in China in culinary arts, information technology and internet technology, as well as auto services. These industry sectors are areas in China where there is significant unmet demand for vocational training education to bridge the supply and demand gap between employers and students. Our primary goal is to provide students with solid knowledge and practical skills in their chosen profession that are tailored to the needs of employers with a view to increasing graduates' employability and their average compensation levels.

OUR BUSINESS SEGMENTS

For the year ended 31 December 2024, in order to streamline the operations of the Group, the Group reorganised its segments by integrating the business operations of Cuisine Academy into New East Culinary Education under the Culinary Arts segment, Omick Education of Western Cuisine and Pastry is reclassified as the Western Cuisine and Pastry segment and integrating the business operations of Wisezone Data Technology Education into Xinhua Internet Technology Education under the Information and Technology and Internet Technology segment. As a result, the segments and brands of the Group are reorganised as follows:

Segments and Brands	No. of schools/ centers	Description
CULINARY ARTS		
New East Culinary Education ("New East")	75	New East Culinary Education has been providing comprehensive culinary training programs to students who pursue a career in becoming professional chefs. We teach our students the cooking traditions and practices of diversified Chinese cuisines, including the well-known and widely recognized eight regional cuisines in China, supported by an integration of classic Chinese and Western culinary skills. Each of our schools under New East Culinary Education offers various culinary training programs with different program lengths to meet students' differentiated learning focuses and demands.
Cuisine Academy	17	Cuisine Academy has been providing customized catering experience services to customers who are interested in cooking or who plan to establish their own businesses in the catering industry. Cuisine Academy primarily providing customers with customized catering experience programs.
WESTERN CUISINE AND PASTRY		
Omick Education of Western Cuisine and Pastry ("Omick")	36	Omick Education of Western Cuisine and Pastry offers high-quality western style catering education, which is committed to providing specialized culinary training to students with a focus on western pastry and western cuisines. We offer a variety of courses, including baking, desserts, western cuisines, bartending, and barista training.

Segments and Brands	No. of schools/ centers	Description
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY		
Xinhua Internet Technology Education (“ Xinhua Internet ”)	38	Xinhua Internet Technology Education provides information technology and internet technology-related training programs. We provide a wide range of information technology and internet technology-related training to students with different course lengths.
Wisezone Data Technology Education (“ Wisezone ”)	18	Wisezone Data Technology Education primarily provides short-term programs to junior college and university students who have possessed the basic knowledge and seek to further develop relevant practical skills. By cooperating with a number of technology enterprises and higher education institutions, we train professional data technology engineers.
AUTO SERVICES		
Wontone Automotive Education (“ Wontone ”)	41	Wontone Automotive Education focuses on providing hands-on auto repair skill training as well as practical training of other auto services, such as automobile commerce.
FASHION AND BEAUTY		
On-mind Fashion and Beauty Education (“ On-mind ”)	8	On-mind Fashion and Beauty Education focuses on cultivating high skills fashion and beauty professionals.

SUMMARY OF OUR OPERATING DATA

The following table sets forth the number of new students enrollments/new customers registered under each segment/brand for the years ended 31 December 2024 and 2023:

Segments and Brands	New Students Enrollment ⁽¹⁾ / New Customers Registered ⁽²⁾	Year ended 31 December		Change Increase/ (Decrease)
		2024	2023	
CULINARY ARTS				
New East and Cuisine Academy	Long-term	26,686	28,600	(6.7%)
	– One to less than two years	5,015	2,234	124.5%
	– Two to less than three years	5,526	7,041	(21.5%)
	– Three years	16,145	19,325	(16.5%)
	Short-term	36,542	39,873	(8.4%)
CULINARY ARTS	Subtotal	63,228	68,473	(7.7%)
WESTERN CUISINE AND PASTRY				
Omick	Long-term			
	– One to less than two years	1,254	1,314	(4.6%)
	Short-term	12,198	13,127	(7.1%)
WESTERN CUISINE AND PASTRY	Subtotal	13,452	14,441	(6.8%)

Segments and Brands	New Students Enrollment ⁽¹⁾ / New Customers Registered ⁽²⁾	Year ended 31 December 2024	2023	Change Increase/ (Decrease)
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY				
Xinhua Internet and Wisezone	Long-term	18,755	22,060	(15.0%)
	– One to less than two years	2,812	1,949	44.3%
	– Two to less than three years	2,451	2,550	(3.9%)
	– Three years	13,492	17,561	(23.2%)
	Short-term	7,011	7,682	(8.7%)
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY				
	Subtotal	25,766	29,742	(13.4%)
AUTO SERVICES				
Wontone	Long-term	17,909	18,896	(5.2%)
	– One to less than two years	3,152	2,251	40.0%
	– Two to less than three years	1,226	1,399	(12.4%)
	– Three years	13,531	15,246	(11.2%)
	Short-term	16,968	17,923	(5.3%)
AUTO SERVICES	Subtotal	34,877	36,819	(5.3%)

Segments and Brands	New Students Enrollment ⁽¹⁾ / New Customers Registered ⁽²⁾	Year ended 31 December		Change
		2024	2023	Increase/ (Decrease)
FASHION AND BEAUTY				
On-mind	Long-term	3,759	1,728	117.5%
	– One to less than two years	2,022	630	221.0%
	– Two to less than three years	50	33	51.5%
	– Three years	1,687	1,065	58.4%
	Short-term	2,359	1,678	40.6%
FASHION AND BEAUTY	Subtotal	6,118	3,406	79.6%
THE GROUP	Long-term	68,363	72,598	(5.8%)
	– One to less than two years	14,255	8,378	70.1%
	– Two to less than three years	9,253	11,023	(16.1%)
	– Three years	44,855	53,197	(15.7%)
	Short-term	75,078	80,283	(6.5%)
THE GROUP	Total	143,441	152,881	(6.2%)

Notes:

- (1) New students enrollment represents the total number of students newly enrolled at our operating schools in a certain period. We use new students enrollment to reflect our ability of student recruitment and the popularity of our programs.
- (2) Number of new customers registered represents the total number of new customers attending our customized catering experience programs of Cuisine Academy.

The following table sets forth the average number of students enrolled and customers registered under each segment and brand for the years ended 31 December 2024 and 2023:

Segments and Brands	Average Number of Students Enrolled ⁽¹⁾ / Customers Registered ⁽²⁾	Year ended 31 December		Change Increase/ (Decrease)
		2024	2023	
CULINARY ARTS				
New East and Cuisine Academy	Long-term	50,605	52,031	(2.7%)
	– One to less than two years	3,597	2,098	71.4%
	– Two to less than three years	11,492	16,212	(29.1%)
	– Three years	35,516	33,721	5.3%
	Short-term	7,528	7,357	2.3%
CULINARY ARTS	Subtotal	58,133	59,388	(2.1%)
WESTERN CUISINE AND PASTRY				
Omick	Long-term			
	– One to less than two years	1,496	1,443	3.7%
	Short-term	3,540	3,321	6.6%
WESTERN CUISINE AND PASTRY	Subtotal	5,036	4,764	5.7%
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY				
Xinhua Internet and Wisezone	Long-term	36,843	39,540	(6.8%)
	– One to less than two years	2,205	1,511	45.9%
	– Two to less than three years	3,383	4,600	(26.5%)
	– Three years	31,255	33,429	(6.5%)
	Short-term	1,984	2,017	(1.6%)
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY	Subtotal	38,827	41,557	(6.6%)

Segments and Brands	Average Number of Students Enrolled ⁽¹⁾ / Customers Registered ⁽²⁾	Year ended 31 December		Change Increase/ (Decrease)
		2024	2023	
AUTO SERVICES				
Wontone	Long-term	37,200	36,559	1.8%
	– One to less than two years	3,194	2,197	45.4%
	– Two to less than three years	2,358	2,727	(13.5%)
	– Three years	31,648	31,635	0.0%
	Short-term	2,765	2,616	5.7%
AUTO SERVICES	Subtotal	39,965	39,175	2.0%
FASHION AND BEAUTY				
On-mind	Long-term	3,401	1,380	146.4%
	– One to less than two years	1,327	347	282.4%
	– Two to less than three years	61	33	84.8%
	– Three years	2,013	1,000	101.3%
	Short-term	932	575	62.1%
FASHION AND BEAUTY	Subtotal	4,333	1,955	121.6%
THE GROUP	Long-term	129,545	130,953	(1.1%)
	– One to less than two years	11,819	7,596	55.6%
	– Two to less than three years	17,294	23,572	(26.6%)
	– Three years	100,432	99,785	0.6%
	Short-term	16,749	15,886	5.4%
THE GROUP	TOTAL	146,294	146,839	(0.4%)

Notes:

- (1) As our schools provide various vocational training education programs during a year and the course length and the program commencement date varies for our different long-term and short-term programs, we believe that the average number of students enrolled is a measure that is comparable to that of our competitors and therefore can fairly present our ranking and market position in the industry. Our average number of students enrolled for a year is only an approximation of the average number of students enrolled during a certain year, representing the sum of the number of students enrolled at our operating schools at the end of each month divided by the number of months during such year, without taking into account any transfer or withdrawal.
- (2) Our average number of customers registered for a year represents the sum of the number of customers registered at Cuisine Academy at the end of each month divided by the number of months during such year, without taking into account any withdrawal. The courses for one month or shorter are regarded as one-month programs for the purpose of calculation.

Tuition Fees/Service Fees

The following table sets forth ranges of our tuition fee and service fee rate under each segment and brand for the years ended 31 December 2024 and 2023:

Segments and Brands	Program ⁽¹⁾	Tuition/Service fee	
		Year ended 31 December	
		2024	2023
<i>(RMB/per year for long-term programs, RMB/per program for short-term programs)</i>			
CULINARY ARTS			
New East and Cuisine Academy ⁽³⁾	Long-term	29,400-180,000	8,800-116,000
	Short-term ⁽²⁾	500-78,800	400-86,000
WESTERN CUISINE AND PASTRY			
Omick	Long-term	42,000-72,000	46,000-72,000
	Short-term ⁽²⁾	800-39,000	800-39,000
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY			
Xinhua Internet and Wisezone	Long-term	11,800-58,000	7,000-68,000
	Short-term ⁽²⁾	960-39,800	600-53,800
AUTO SERVICES			
Wontone	Long-term	18,600-76,000	6,800-63,400
	Short-term ⁽²⁾	980-23,600	800-37,400
FASHION AND BEAUTY			
On-mind	Long-term	13,900-44,600	13,900-27,800
	Short-term ⁽²⁾	3,980-20,800	5,800-29,800

Notes:

- (1) We charge tuition fee to students enrolled at our schools. Tuition fees of our long-term programs are typically charged based on the yearly tuition standards of different programs that students enrolled in such period.
- (2) Tuition fees of our short-term programs are typically charged by each program that students enrolled in.
- (3) We typically charge customers service fees by each program that customers registered in Cuisine Academy.

Recommended Employment and Entrepreneurship Rate

We are committed to assisting our students in developing their careers. Our average recommended employment and entrepreneurship rate of our long-term program graduates from Wontone and On-mind reached over 95%, while New East, Omick and Xinhua Internet reached over 90% for the year ended 31 December 2024. The following table sets forth the recommended employment and entrepreneurship rate of our long-term program graduates by brands for the year ended 31 December 2024:

Brands⁽¹⁾	Recommended employment and entrepreneurship rate⁽²⁾
New East	94.6%
Omick	94.0%
Xinhua Internet	93.7%
Wontone	96.2%
On-mind	95.9%

Notes:

- (1) As the schools of other brands had not provided long-term programs of one year or more, the recommended employment and entrepreneurship rate of these brands were not included. We also provide graduate placement service or entrepreneurial service to students of our short-term programs. However, students enrolled in our short-term programs generally have different study goals and expectations, such as to enhance a specific skill or to study for interests, as compared to students of our long-term programs who are generally more focused on seeking long-term employment or to setting up their own businesses.
- (2) We provide graduate placement service and entrepreneurial service to all students of our long-term programs. The recommended employment and entrepreneurship rate represents the total number of students of long-term programs who are hired through our graduate placement service program or who set up their own business through our entrepreneurial service in a certain period, excluding students who are employed through other channels, divided by the total number of graduates of long-term programs during such year.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2024, there was a decrease in the number of new students enrollments and new customers registration of approximately 6.2% as compared with that for the year ended 31 December 2023. On the other hand, the Group has changed its strategy in new students enrollment by optimising its course structure and attracting more high-value new students enrollment during the year. As a result, the Group recorded an increase in revenue from approximately RMB3,979 million for the year ended 31 December 2023, to approximately RMB4,116 million for the year ended 31 December 2024, representing an increase of approximately 3.5%.

The following table sets forth a breakdown of our revenue and annualised average tuition/service fee per student/customer by segments/brands for the periods indicated:

	Year ended 31 December				Change	
	2024		2023			
	Annualised Average Tuition/ Service Fee per Student/ Customer ⁽¹⁾ Revenue RMB'000		Annualised Average Tuition/ Service Fee per Student/ Customer ⁽¹⁾ Revenue RMB'000		Revenue Increase/ (Decrease)	Annualised Average Tuition/ Service Fee per Student/ Customer
CULINARY ARTS						
– New East and Cuisine Academy ⁽²⁾	1,918,834	33.0	1,914,319	32.2	0.2%	2.4%
WESTERN CUISINE AND PASTRY						
– Omick	342,865	68.1	330,809	69.4	3.6%	(2.0%)
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY						
– Xinhua Internet and Wisezone	762,744	19.6	777,070	18.7	(1.8%)	5.1%
AUTO SERVICES						
– Wontone	912,103	22.8	846,530	21.6	7.7%	5.6%
FASHION AND BEAUTY						
– On-mind	105,439	24.3	46,881	24.0	124.9%	1.5%
OTHER MISCELLANEOUS BUSINESSES⁽³⁾	74,200	N/A	63,045	N/A	17.7%	N/A
Total⁽⁴⁾	4,116,185	27.6	3,978,654	26.7	3.5%	3.6%

Notes:

- (1) For illustration purposes only, the average tuition/service fee per student/customer for the years ended 31 December 2024 and 2023 are calculated on a basis as revenue generated from tuition or service fees for the year divided by the average number of students enrolled and customers registered in the year.
- (2) During the years ended 31 December 2024 and 2023, revenue generated from Cuisine Academy mainly represents service fees collected from customers who attended our customized catering experience programs.
- (3) Other miscellaneous businesses primarily include the internet technology solution and staff outsourcing services provided to independent third parties.
- (4) The total revenue and percentages do not include inter-segment sales which are eliminated upon consolidation.

The Cost of Revenue

Our cost of revenue consists of teaching staff salaries and benefits, teaching related consumables and other costs, leasing expenses/depreciation of right-of-use assets, campus maintenance and depreciation, utilities and office expenses. The cost of revenue decreased from approximately RMB2,070 million for the year ended 31 December 2023 to approximately RMB2,002 million for the year ended 31 December 2024, representing a decrease of 3.3%.

The following table sets forth a breakdown of our cost of revenue for the years indicated:

	Year ended 31 December			
	2024		2023	
	Cost	% of Total	Cost	% of Total
	<i>RMB'000</i>		<i>RMB'000</i>	
Teaching staff salaries and benefits	788,181	39.4%	786,617	38.0%
Teaching related consumables and other costs	408,436	20.4%	451,360	21.8%
Leasing expenses/Depreciation of right-of-use assets	286,345	14.3%	309,266	14.9%
Campus maintenance and depreciation	349,293	17.4%	349,026	16.9%
Utilities	95,204	4.8%	100,761	4.9%
Office expenses	74,191	3.7%	73,407	3.5%
Total	2,001,650	100%	2,070,437	100%

Gross Profit and Gross Profit Margin

The Group's gross profit was approximately RMB2,115 million for the year ended 31 December 2024 as compared to approximately RMB1,908 million for the same period in 2023. The gross profit margin was 51.4% for the year ended 31 December 2024 as compared to 48.0% for the same period in 2023. The increase in gross profit margin was mainly because there was an increase in the revenue while there was a decrease in the cost of revenue due to the tightening of cost control during the year ended 31 December 2024.

The following table sets forth a breakdown of our gross profit/(loss) and gross profit/(loss) margin by major segments/brands for the periods indicated:

	Year ended 31 December			
	2024		2023	
	Gross profit/(loss) <i>RMB'000</i>	Gross profit/(loss) margin ⁽¹⁾ <i>Percentage</i>	Gross profit/(loss) <i>RMB'000</i>	Gross profit/(loss) margin ⁽¹⁾ <i>Percentage</i>
CULINARY ARTS				
– New East and Cuisine Academy	1,042,203	54.3%	954,218	49.8%
WESTERN CUISINE AND PASTRY				
– Omick	191,915	56.0%	158,726	48.0%
INFORMATION TECHNOLOGY AND INTERNET TECHNOLOGY				
– Xinhua Internet and Wisezone	389,842	51.1%	382,472	49.2%
AUTO SERVICES				
– Wontone	464,668	50.9%	421,989	49.8%
FASHION AND BEAUTY				
– On-mind	57,565	54.6%	12,475	26.6%
OTHER MISCELLANEOUS BUSINESSES⁽²⁾	<u>(31,658)</u>	<u>(42.7%)</u>	<u>(21,663)</u>	<u>(34.4%)</u>
Total	<u><u>2,114,535</u></u>	<u><u>51.4%</u></u>	<u><u>1,908,217</u></u>	<u><u>48.0%</u></u>

Notes:

- (1) The establishment of new schools and centers under a segment/brand has a negative impact on our gross profit margin for the relevant segment/brand. During the initial ramp-up period after a new school or center commences operations, we incur substantial fixed costs for teaching staff salaries and benefits, leasing expenses, and other fixed costs while initial revenue from the new schools and centers are limited due to the relatively small number of student enrollment or customer registration in the ramp-up period of the schools and centers.
- (2) Other miscellaneous businesses primarily include the internet technology solution and staff outsourcing services provided to independent third parties.

Other Income and Expenses

For the year ended 31 December 2024, other income and expenses amounted to approximately RMB120 million (2023: RMB139 million) which primarily included government grants, interest income from time deposits and bank balances and entrusted loans. The decrease in other income was mainly due to the decrease in interest income from time deposits and bank balances and entrusted loans of approximately RMB20 million during the year ended 31 December 2024.

Other Gains and Losses

The other gains and losses were recorded as net gains of approximately RMB32 million for the year ended 31 December 2024 (2023: RMB43 million). Other gains mainly included gains from changes in fair value of other financial assets measured at FVTPL of approximately RMB51 million (2023: RMB20 million) and the net foreign exchange gains of approximately RMB13 million as a result of mainly the appreciation of Hong Kong dollars and United States dollars possessed by the Group against Renminbi during the year ended 31 December 2024 (2023: RMB24 million). On the other hand, the Group recorded gains from termination of lease agreements of approximately RMB7 million (2023: RMB4 million) and losses on disposals of property and equipment of approximately RMB38 million (2023: RMB5 million) due to the close down of certain schools during the year ended 31 December 2024.

Selling Expenses

The Group's selling expenses decreased from approximately RMB1,037 million for the year ended 31 December 2023 to approximately RMB974 million for the year ended 31 December 2024. The decrease in selling expenses was mainly because the Group imposed tighter control on the advertising cost during the year ended 31 December 2024.

Administrative Expenses

The Group's administrative expenses decreased from approximately RMB529 million for the year ended 31 December 2023 to approximately RMB508 million for the year ended 31 December 2024 which represented approximately 12.3% of the revenue for the year ended 31 December 2024 and decreased as compared to 13.3% of the revenue for the year ended 31 December 2023. The decreased in administrative expenses was mainly due to the decrease in share-based payment of approximately RMB8 million and tighter control on administrative expenses during the year ended 31 December 2024.

Finance Costs

The finance costs of approximately RMB118 million for the year ended 31 December 2024 represented the interest expenses on lease liabilities recognised following the adoption of HKFRS 16 – Leases (2023: RMB139 million).

Adjusted Net Profit and Adjusted EBITDA

To supplement this announcement which is presented in accordance with HKFRSs, we also presented the following unaudited non-HKFRSs adjusted net profit and adjusted EBITDA as additional financial measures which we believes that it can also provide useful information to help investors and others understand and evaluate the Company's financial performance:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Net profit	512,596	272,622
Adjustments for: Non-cash share-based payments	25,100	32,993
Net foreign exchange gains	(12,756)	(24,279)
Adjusted net profit	524,940	281,336
Adjustments for: Depreciation	590,845	620,364
Finance costs	118,041	139,301
Income tax expenses	141,821	95,387
Adjusted EBITDA	<u>1,375,647</u>	<u>1,136,388</u>

Notes:

- (1) Adjusted net profit was derived from the net profit for the year excluding the effect of (i) non-cash share-based payment expenses; and (ii) the net foreign exchange gains (as presented in the table above), which our management does not consider to be indicative of our operating performance.
- (2) Adjusted EBITDA was derived from the adjusted net profit for the year excluding finance costs, income tax expenses and depreciation expenses.
- (3) Non-HKFRSs financial measure does not have a standardised meaning prescribed by HKFRSs and therefore may not be comparable to similar measures presented by other companies.

Property and Equipment

Property and equipment as at 31 December 2024 increased by 7.4% to approximately RMB3,309 million from approximately RMB3,080 million as at 31 December 2023. Increase in property and equipment was mainly due to the inclusion of the property and equipment of the vocational education industrial parks (“**Vocational Education Industrial Parks**”) located at Sichuan, Shandong, Guizhou and Henan and newly established schools during the year.

Right-of-use Assets

Right-of-use assets as at 31 December 2024 decreased by 3.5% to approximately RMB2,149 million from approximately RMB2,226 million as at 31 December 2023. Decrease in right-of-use assets was mainly because the Group terminated certain lease agreements during the year ended 31 December 2024.

Capital Structure, Liquidity, Financial Resources and Gearing Ratio

As at 31 December 2024, the Company’s issued share capital was approximately RMB192,000 divided into 2,178,989,802 shares of HK\$0.0001 each, and the total equity of the Group was approximately RMB5,749 million (31 December 2023: RMB5,608 million).

As at 31 December 2024, the current ratio of the Group, representing current assets divided by current liabilities, was 1.5 times (31 December 2023: 1.7 times) while the gearing ratio of the Group, representing total liabilities divided by total assets, was 39.4% (31 December 2023: 39.6%).

As at 31 December 2024, the total of time deposits and bank balances and cash of the Group amounted to approximately RMB3,004 million (31 December 2023: RMB3,067 million), representing 31.7% (31 December 2023: 33.0%) of the total assets of the Group of approximately RMB9,484 million (31 December 2023: RMB9,291 million).

For the year ended 31 December 2024, our capital expenditures were approximately RMB910 million (2023: RMB1,085 million) and were primarily related to acquisition of property and equipment and right-of-use assets for upgrading the existing school premises and construction of new campuses and Vocational Education Industrial Parks.

It is believed that the Group has sufficient capital to meet its commitment and working capital requirements for future operations and for general business expansion and development.

Other Financial Assets

As at 31 December 2024, the Group held other financial assets of approximately RMB550 million, particulars of which are set out below:

	Fair value as at 31 December 2024 (RMB'000)	Realised gains for the year ended 31 December 2024 (RMB'000)	Unrealised gains for the year ended 31 December 2024 (RMB'000)	% of total assets of the Group as at 31 December 2024
Financial assets measured at FVTPL				
Structured Deposit				
Industrial and Commercial Bank of China				
Linked Exchange Rate Band Cumulative Corporate RMB Structured Deposit Product	10,000	–	–	0.1%
China Construction Bank				
CCB Wealth Management “Huizhong” (Daily Application and Monthly Redemption) Open-ended Net Worth RMB Financial Product	50,530	–	530	0.6%
Shanghai Pudong Development Bank				
LIDO Corporation Stable Profit 24JG3511 (3 Months Early Bird) RMB Public Structured Deposit	50,232	–	232	0.5%
Bank of Hangzhou				
New Wallet Plan	1,000	–	–	0.0%
	<u>111,762</u>	<u>–</u>	<u>762</u>	<u>1.2%</u>
Unquoted Fund Investment				
E Fund Management (HK) Co., Ltd.				
E Fund (HK) Select Asia High Yield Bond Fund	173,189	–	17,705	1.8%
China International Capital Corporation Hong Kong Asset Management Limited				
CICC Multi-strategy Fixed Income Fund	214,818	–	17,856	2.3%
	<u>388,007</u>	<u>–</u>	<u>35,561</u>	<u>4.1%</u>
Financial assets measured at amortised cost				
Entrusted loans to related parties				
Xinhua Holdings Group	<u>50,000</u>	<u>–</u>	<u>–</u>	<u>0.5%</u>

Investment Strategy and Future Prospects

The Group's investments in other financial assets have been conducted on the premise that such investments would not affect our business operation or capital expenditures so as to generate a relatively higher return from such investments than fixed-term bank deposits.

The Group has implemented a set of internal control and risk management measures to manage our risks related to investments in other financial assets.

Regarding the investment in financial assets measured at FVTPL and structured deposits, the measures include, among other things, the followings:

- we analyze such financial assets regularly and keep track of their performance and redemption status;
- such financial assets should be issued by a reputable bank or financial institution; and
- the investment portfolio of such financial assets should generally bear relatively low-risk.

Regarding the entrusted loans to related parties under the investment in financial assets measured at amortised cost, the measures include among other things, the followings:

- the borrowing company is required to enter into entrusted loan agreement(s) with reputable PRC bank(s) and the entrusted PRC bank(s) will assess the financial position of the borrowing company(s) regularly to ensure the repayment ability;
- to secure the loan(s), each of the controlling shareholders of the borrowing company shall enter into a personal guarantee. Each of the controlling shareholders of the borrowing company irrevocably and unconditionally, among others, guarantees to the Group the punctual performance by his respective borrowing company for borrowing the loan(s) and undertakes that whenever the respective borrowing company does not pay any amount of the loan when due, he shall immediately on demand pay that amount as if he were the principal of the loan(s). In addition, each of the controlling shareholders of the borrowing company made a guarantee that the Company has the right to postpone the payment of the Company's dividends to each of the controlling shareholders of the borrowing company to the amount of the loans and interests owed by the respective borrowing company until the loans and interests are fully paid;
- upon the Group's request at any time, the borrowing company shall provide forthwith to the Group any documents and information relating to the business operations and financial position of the borrowing company, including but not limited to financial reports and financial statements in order for the Group to assess the borrowing company's repayment capacity and credit risks;

- if the borrowing company or its controlling shareholder has any potential risks of financial instability, it shall inform the Group or the entrusted PRC bank(s) immediately; and
- the Directors will review the business operations and financial position of the PRC borrowing company(s) at least every six months. If the borrowing company or its controlling shareholder has shown any signs of financial instability, the Group or the entrusted PRC bank(s) can demand the borrowing company or its controlling shareholder to repay prior to the repayment date all or part of outstanding principal and interest accrued by giving not less than 10 business days prior written notice to such borrowing company.

In view of the above, we believe that our internal policies regarding investment in other financial assets and the related risk management mechanism are adequate. It is expected that the Group would continue to improve our capital usage efficiency by investing in such low-risk or principal protected other financial assets using our temporarily idle funds.

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 2024.

Foreign Exchange Risk Management

The majority of the Group's revenue and expenditures are denominated in RMB, the functional currency of the Company, except that certain expenditures are denominated in Hong Kong dollars. The Group also has certain time deposits and bank balances, other financial assets and other payables denominated in Hong Kong dollars and United States dollars, which would expose the Group to foreign exchange risk. The Group did not use any financial instruments for hedging purposes during the year ended 31 December 2024. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

Charges on the Group's Assets

As at 31 December 2024 and 2023, the Group pledged its rental deposits to secure outstanding unpaid contractual lease payments.

Contingent Liabilities

As at 31 December 2024 and 2023, the Group did not have any material contingent liabilities, guarantees or any litigations or claims of material importance, pending or threatened against any member of the Group.

EVENTS AFTER THE REPORTING PERIOD

On 12 November 2024, Anhui Xinhua Education Group Co., Ltd. (安徽新華教育集團有限公司) (“**Anhui Xinhua Education**”) entered into the sale and purchase agreement with Shanxi Enlightenment Wisdom Education Consulting Center (山西啟蒙智匯教育諮詢中心) and Pu Xiaohu (普曉虎) (collectively referred to as the “**Transferors**”, being the independent third parties), and Shanxi Xinzhi Huake Education Management Co., Ltd. (山西新職華科教育管理有限公司), Shanxi Metallurgical Technician College (山西冶金技師學院) and Taiyuan Juxian High-Tech Development Co., Ltd. (太原聚賢高科技開發有限公司) (collectively referred to as the “**Target Group**”), pursuant to which Anhui Xinhua Education agreed to acquire the entire equity interests of the Target Group from the Transferors for an aggregate cash consideration of RMB10,000,000 (the “**Acquisition**”).

Other than the cash consideration paid, the Group also provided RMB15,350,000 to support the daily operation of the Target Group prior to the completion of the Acquisition.

Certain precedent conditions of the Acquisition, including the transfer of equity interest and the change of the board of directors and the legal representative of the Target Group, were completed in January 2025, so the Acquisition was considered to be completed in January 2025. The Acquisition has been accounted for as acquisition of business using the acquisition method.

The Directors engaged an independent valuer to assist in performing the valuation of the identified assets and liabilities of the Target Group at the completion date of the Acquisition. Based on which, the Group performed a purchase price allocation for the Acquisition, which resulted in recognition of goodwill amounted to approximately RMB661,000.

OUTLOOK

Our mission is to provide the best vocational training education in China. We intend to continue to expand our business, school and center network and enhance our market position. To achieve these goals, we plan to pursue the following business strategies:

Establishment of Vocational Education Industrial Parks

With the increasing proportion of our students who studied in three-year long-term courses in the past few years, our strategies are to acquire land and construction facilities to establish Vocational Education Industrial Parks in cities located at our major students enrollment provinces. The Vocational Education Industrial Parks are expected to be equipped with advanced teaching and practical training facilities for all of our seven school/center brands, namely, New East, Cuisine Academy, Omick, Xinhua Internet, Wisezone, Wontone as well as On-mind which help to consolidate the Group's market leadership and brand position. Currently, the Vocational Education Industrial Parks located at Sichuan, Shandong, Guizhou and Henan had been put in operations consecutively. On the other hand, the third phase project of Vocational Education Industrial Park at Shandong and the first phase projects of Vocational Education Industrial Parks at Jiangsu and Jiangxi are being planned and promoted. Upon the completion of all these Vocational Education Industrial Parks, it is expected that the Vocational Education Industrial Parks of the Group should be sufficient to meet the demands from students come from different provinces. Moreover, the Vocational Education Industrial Parks will also house our research and development centers, human resources and marketing centers and serve as the continuing education and training centers for our teaching staff, in each case in their respective designated regions. In addition, the Vocational Education Industrial Parks can avoid the increasing pressure in the rental expenses of our school premises and also can improve the environment of our school premises so as to increase the stabilities of our long-term course students. Therefore, the Group believes that the Vocational Education Industrial Parks will be a key driver in increasing student demand for the Group's education services and cost synergies can be achieved in future.

Expansion of School Network

Our extensive school network covers most of the provincial capital cities in China. We intend to further expand our school network to cover all of the provincial capital cities in China. We plan to establish our presence in cities which we believe have great potential with significant unmet demand for skilled workers in culinary arts, information technology and internet technology, auto services as well as fashion and beauty.

Expansion and Diversification of Course Structures

In the four industry sectors we currently operate in, namely, culinary arts, information technology and internet technology, auto services as well as fashion and beauty, we plan to continue to expand and diversify our course offerings in response to industry trends and market demand. We are also conducting research on potential new industry sectors that we may establish new schools in, with reference to the developments in market demand and anticipated future trends. We will continue to explore other markets for vocational training education in the service industry and new economy. Based on our research, we expect market demand for talent in certain industry sectors to grow in the foreseeable future, we will establish corresponding programs to capture opportunities presented by the market developments.

Actively Applying as the Third-Party Rating Organisation for the Recognition of Vocational Skills

In 2020, the Group has become one of the first batch of third-party rating organisations for the recognition of vocational skills in China, whereby the Group is allowed to perform the recognition of certain vocational skills for the public. Vocational skill recognition represents the recognition of the skill level of labors by the rating organisation filed by the Ministry of Human Resources and Social Security of the People's Republic of China ("**Ministry of Human Resources and Social Security**"), which is a way for rating of the skills of talents implemented together with the occupational qualification rating. The third-party organisations for the recognition of vocational skills in China are the unit organisations recognised by the Ministry of Human Resources and Social Security, which are unit organisations with leading positions in the industry with credibility. After procedures such as self-reporting, selection by experts, credit checks, assessment by the local human resources and social security departments at the place where the Group was registered and seeking of views from the society, the Group became one of the first batch of third-party rating organisations for the recognition of vocational skills in China, whereby it is allowed to perform the recognition of certain vocational skills. This means that the Group is allowed to perform vocational skill recognition for the public in accordance with the standards and regulatory requirements, and issue certificates recognised by the state, which will significantly raise the Group's reputation and enhance its brand influence, and further strengthen the Group's leading position in the vocational skill training business in China. By providing corresponding examinations and training for the public targeting vocational skill certificates, the Group can enrich its curriculum in the culinary segment to attract customers who want to obtain such certificates and increase the potential customers of the Group's overall culinary segment. By issuing vocational skill certificates, the Group can further integrate employment resources to provide better job opportunities to the students. The Group will have a comprehensive understanding of the state's policy and industry standards, which will facilitate our vocational skill education in accordance with the state's policy and standards, and effectively enhance our education quality to provide high quality vocational education services.

We believe that with our over 30-year experience in vocational training industry, we are well-positioned to tailor our service offerings to capture growth opportunities in industrial upgrades and to react promptly to the changes in the market. Also, our highly scalable business model and centralized and standardized management approach will accelerate the process to establish new programs and ensure the quality of the future program offerings. It is believed that the Group will further strengthen its market leadership and reputation by having the above strategies.

EMPLOYEES AND REMUNERATION POLICIES

Employees

As at 31 December 2024, we had a total of 10,346 employees. The following table sets forth the numbers of our employees, categorized by function, as at 31 December 2024:

Function	Number of Full-Time Employees	% of Total
Executive Directors and core management	312	3.0%
Full-time teachers and instructors	5,224	50.5%
Student accommodation staff	52	0.5%
Logistic personnel	363	3.5%
Administrative staff	1,783	17.2%
Accounting and finance staff	336	3.3%
Others	2,276	22.0%
Total ^(Note)	10,346	100%

Note: Among 10,346 employees, we had 15 employees in Hong Kong and 10,331 employees in mainland China.

Remuneration Policies

The remuneration packages of the employees of the Group are determined with reference to individual qualification, experience, performance, contribution to the Group and prevailing market rate.

We remunerate our employees with basic salaries as well as performance-based bonuses. We determine employee compensation based on each employee's performance and qualifications. We plan to hire additional teachers, instructors and other employees as we expand. Our employee recruiting channels include word-of-mouth referrals, on-campus recruiting and online recruiting.

Our full-time employees in mainland China participate in a variety of social security plans that are administered by PRC local governments, including but not limited to, pension benefits, medical care, unemployment insurance, maternity insurance, work injury insurance and housing provident funds. Chinese labor regulations require that our PRC subsidiaries make contributions to the government for these benefits based on a fixed percentage of the employees' average salaries of last year.

Our full-time employees in Hong Kong participate in a Mandatory Provident Fund Scheme (the “**MPF Scheme**”) which the assets of the MPF Scheme are held separately from those of the Group in funds under the control of independent trustees. Under the MPF Scheme, contributions are made based on a percentage of the participating employees' relevant income from the Group and the only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the MPF Scheme.

DIVIDENDS

At the Board meeting held on 27 March 2025, the Board proposed the payment of a final dividend of HK\$0.22 (approximately RMB0.21) per ordinary share of the Company in respect of the year ended 31 December 2024. The aforesaid proposed payment of final dividend is subject to approval of the Shareholders at the Annual General Meeting to be held on Tuesday, 27 May 2025. Subject to the approval of Shareholders at the Annual General Meeting, the aforesaid proposed final dividend is expected to be paid on or around Thursday, 26 June 2025.

In accordance with applicable laws and the dividend policy adopted by the Company as stated in the prospectus of the Company dated 30 May 2019 and in each of the annual reports of the Company (the “**Dividend Policy**”), in the absence of unforeseen circumstances, the Board approved the plans that the dividends to be distributed by way of cash to the Shareholders for each of the financial year ending 31 December 2025, 2026 and 2027 will account for not less than 60% of the net profit attributable to the Shareholders for that year (the “**Plan**”).

The Board approved the Plan to demonstrate the Company's confidence over its business development and prospects. In deciding whether to recommend the payment of dividends and its amount, the Board will consider the factors outlined in the Dividend Policy, including the Group's operations, business and future development plans, liquidity position, future operations and earnings, capital requirements and surplus, financial condition, working capital requirements, and other relevant factors. In case of any inconsistency between the Plan and the Dividend Policy, the Dividend Policy shall prevail.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of the code provisions set out in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**CG Code**”). During the year ended 31 December 2024, the Company has complied with all the code provisions set out in the CG Code.

The Board believes that good corporate governance is essential to the development of the Group and to safeguard the interests of the Shareholders, potential investors and business partners and is consistent with the Board’s pursuit of value creation for the Shareholders. The Company is committed to enhancing its corporate governance practices appropriate to the conduct and the development of the Group and will review such practices from time to time to ensure that the Company complies with statutory and professional standards and aligns with the latest development.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the Group’s code of conduct to regulate the securities transactions of the Directors and the relevant employees. Having made specific enquiries, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2024.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares (as defined under the Listing Rules), if any) during the year ended 31 December 2024.

The Company did not hold any treasury shares (as defined under the Listing Rules) as at 31 December 2024.

AUDIT COMMITTEE AND REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Mr. HUNG Ka Hai, Clement, Dr. ZHU Guobin and Dr. ZANG Yunzhi. The main duties of the Audit Committee are to assist the Board in providing an independent review of the completeness, accuracy and fairness of the consolidated financial statements for the year ended 31 December 2024 of the Group, as well as the efficiency and effectiveness of the Group’s operations and internal controls. The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2024, including the accounting principles and practices adopted by the Group. The Audit Committee is in the opinion that the consolidated financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory requirements and that adequate disclosures have been made in the annual results announcement.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting will be held on Tuesday, 27 May 2025. Notice of the Annual General Meeting which will be published and dispatched to the Shareholders in accordance with the articles of association of the Company and the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the forthcoming Annual General Meeting

The register of members of the Company will be closed from Thursday, 22 May 2025 to Tuesday, 27 May 2025 (both days inclusive), during which period no transfer of shares of the Company may be registered, for the purposes of ascertaining Shareholders' entitlement to attend and vote at the forthcoming Annual General Meeting. In order to be eligible to attend and vote at the forthcoming Annual General Meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Service Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 21 May 2025.

(b) For determining the entitlement to the proposed final dividend

The register of members of the Company will be closed from Tuesday, 3 June 2025 to Thursday, 5 June 2025 (both days inclusive), during which period no transfer of shares of the Company may be registered, for the purposes of ascertaining Shareholders' entitlement for the proposed final dividend. The record date for the proposed final dividend shall be Thursday, 5 June 2025. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 2 June 2025.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinaeastedu.com). The annual report of the Company for the year ended 31 December 2024 will be published on the aforesaid websites in due course, and will be despatched to the Shareholders who have already provided instructions indicating their preference to receive hard copies in due course.

By order of the Board
China East Education Holdings Limited
WU Wei
Chairman

Hong Kong, 27 March 2025

As at the date of this announcement, the Board comprises Mr. WU Wei and Mr. XIAO Guoqing as executive Directors; Mr. WU Junbao and Mr. LU Zhen as non-executive Directors; and Mr. HUNG Ka Hai, Clement, Dr. ZHU Guobin and Dr. ZANG Yunzhi as independent non-executive Directors.