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Huashi Group Holdings Limited
华视集团控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1111)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of Huashi Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated financial results for the year ended 31 December 2024 ("**FY2024**" or the "**Reporting Period**") of the Company and its subsidiaries (collectively, the "**Group**" or "**We**"), together with the comparative figures for the year ended 31 December 2023 ("**FY2023**") as follows:

FINANCIAL SUMMARY

	FY2024	FY2023	Year-on-Year Changes
	(RMB,000,000, except for percentage)		
Revenue	**288.5**	234.7	22.9%
Gross profit	**159.5**	149.9	6.4%
Profit before income tax expense	**100.2**	78.8	27.2%
Profit for the year	**80.6**	65.0	24.0%
Adjusted net profit	**80.6**	80.7	-0.1%

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	3	**288,526**	234,747
Cost of services		**(128,979)**	(84,886)
Gross profit		**159,547**	149,861
Other income and other losses, net	4	**8,919**	4,038
Selling and marketing expenses		**(18,496)**	(10,659)
Administrative and other operating expenses		**(45,077)**	(39,011)
Listing expenses		**–**	(15,745)
Reversal of/(provision for) expected credit loss on financial and contract assets, net		**365**	(7,435)
Finance costs		**(5,083)**	(2,271)
Profit before income tax expense		**100,175**	78,778
Income tax expense	5	**(19,540)**	(13,795)
Profit for the year		**80,635**	64,983
Profit for the year attributable to:			
– Owners of the Company		**80,635**	64,983
		80,635	64,983
Earnings per share attributable to owners of the Company	7		
– Basic and diluted ***(RMB cents)***		**10.46**	9.79

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
Assets			
Non-current assets			
Plant and equipment		**49,073**	16,982
Right-of-use assets		**6,089**	3,383
Intangible assets		**1,238**	2,404
Deferred tax assets		**3,231**	3,242
Prepayments		**626**	45,432
		60,257	71,443
Current assets			
Contract assets		**–**	1,008
Trade receivables	*8*	**203,236**	243,311
Deposits, prepayments and other receivables		**158,761**	7,217
Cash and cash equivalents		**100,398**	171,023
		462,395	422,559
Total assets		**522,652**	494,002

	Notes	**2024** RMB'000	2023 RMB'000
Liabilities			
Current liabilities			
Trade payables	*9*	**29,581**	84,899
Accruals and other payables		**12,235**	7,820
Contract liabilities		**6,122**	1,873
Lease liabilities		**2,400**	1,149
Borrowings		**93,920**	107,950
Current tax liabilities		**6,458**	2,867
		150,716	206,558
Net current assets		**311,679**	216,001
Total assets less current liabilities		**371,936**	287,444
Non-current liabilities			
Borrowings		**14,000**	10,990
Lease liabilities		**7,440**	6,628
Deferred tax liabilities		**7,252**	7,217
		28,692	24,835
Total liabilities		**179,408**	231,393
NET ASSETS		**343,244**	262,609
Equity attributable to owners of the Company			
Share capital		**276,515**	276,515
Reserves		**66,729**	(13,906)
TOTAL EQUITY		**343,244**	262,609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

The Company was incorporated as an exempted company in the Cayman Islands on 18 February 2021 with limited liability under the Companies Act (as revised) of the Cayman Islands. The Company's registered office is located at 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands. The Company's principal place of business is located in the People's Republic of China (the "**PRC**").

The principal activity of the Company is investment holding. The Group is principally engaged in the provision of branding, advertising and marketing services and advertisement placement services in the PRC.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (collectively "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong). In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The preparation of financial statements in compliance with adopted HKFRSs requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies.

i. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

ii. Functional and presentation currency

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the Company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

iii. New standards, interpretations and amendments adopted from 1 January 2024

The following amendments are effective for the annual reporting period beginning 1 January 2024:

- Supplier Financial Arrangements (Amendments to HKAS 7 Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures);

- Lease Liability in a Sale and Leaseback (Amendments to HKFRS 16 Leases);

- Classification of Liabilities as Current or Non-current (Amendments to HKAS 1 Presentation of Financial Statements);

- Non-current Liabilities with Covenants (Amendment to HKAS 1 Presentation of Financial Statements); and

- Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (Amendment to HKAS 1 – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants)

Adoption of these amendments to HKFRS Accounting Standards had no material impact on the Group's consolidated financial statements.

New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the HKICPA that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the annual reporting period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to HKAS 21 *The Effects of Changes in Foreign Exchange Rates and HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards)*

The following amendments are effective for the annual reporting period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments *(Amendments to HKFRS 9 Financial Instruments and HKFRS 7 Financial Instruments: Disclosures)*

- Contracts Referencing Nature-dependent Electricity *(Amendments to HKFRS 9 Financial Instruments and HKFRS 7 Financial Instruments: Disclosures)*

- Annual Improvements to HKFRS Accounting Standards – Volume 11

The following new standards are effective for the annual reporting period beginning 1 January 2027:

- HKFRS 18 *Presentation and Disclosure in Financial Statements*; and
- HKFRS 19 *Subsidiaries without Public Accountability: Disclosures*

The Group is currently assessing the effect of these new accounting standards and amendments.

HKFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

The adoption of HKFRS 19 is optional. HKFRS 19 specifies the disclosure requirements that an entity is permitted to apply to substitute the disclosure requirements in other HKFRS Accounting Standards. The Company's shares are listed and traded in The Stock Exchange of Hong Kong Limited. Therefore, it has public accountability according to HKFRS 19 and does not qualify for electing to apply the standard to prepare its financial statements.

3. REVENUE

The Group's revenue is mainly generated from the provision of branding, advertising and marketing service and advertisement placement services. An analysis of the Group's revenue by category for the years ended 31 December 2024 and 2023 is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Branding services	**100,205**	94,503
Event execution and production services	**59,158**	47,941
Online media advertising services	**60,539**	42,425
Advertisement placement services	**50,928**	34,078
Rebates from Media Partner	**17,696**	15,800
	288,526	234,747

	2024	2023
	RMB'000	*RMB'000*
Timing of revenue recognition		
Services transferred over time	**180,782**	146,935
Services transferred at a point in time	**107,744**	87,812
	288,526	234,747

4. OTHER INCOME AND OTHER LOSSES, NET

	2024	2023
	RMB'000	*RMB'000*
Interest income	**696**	791
Sundry income	**89**	–
Government grants *(Note a)*	**7,470**	729
Input value-added tax surplus deduction *(Note b)*	**–**	3,805
Exchange gain/(loss)	**664**	(1,287)
	8,919	4,038

Notes:

a) Government grants represented the financial support received from local government as an incentive for business development and there are no unfulfilled conditions attached to the government grants.

b) For the year ended 31 December 2023, input value-added tax surplus deduction amounted to RMB3,805,000 was recognised in profit or loss due to the value-added tax reform. In accordance with value-added tax Reformation Article No.39, the Group is eligible for an additional VAT credits of 10% for the current period creditable value-added tax input from 1 April 2019 to 31 December 2021. The implementation period was further extended to 31 December 2022 according to announcement No.11 by the State Administration of Taxation in 2022. In accordance with announcement No.1 by the State Administration of Taxation in 2023, the Group was eligible for an additional VAT credit of 5% for the period from 1 January 2023 to 31 December 2023 for creditable inputs. No new input credit policy has been introduced since 1 January 2024 and therefore the credit is no longer available from 1 January 2024 onwards.

5. INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current tax		
Tax for the current year	**19,494**	12,580
Deferred tax		
Charged to profit or loss for the year	**46**	1,215
	19,540	13,795

Under the Law of the PRC on Enterprise Income Tax ("**EIT**") and Implementation Regulations of the EIT Law, the tax rate of the Company's PRC subsidiaries is 25%.

Provision for the EIT for the year then ended was made based on the estimated assessable profits calculated in accordance with the relevant income tax laws, and regulations applicable to the subsidiaries operated in the PRC.

Huashi Zhonguang International Media (Wuhan) Company Limited, one of the subsidiaries of the Company, is entitled to a preferential income tax rate of 15% for the years ended 31 December 2024 and 2023, as it was awarded high-technology status by tax authority.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2024 and 2023.

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

	2024	2023
	RMB'000	*RMB'000*
Profit before income tax expense	**100,175**	78,778
Tax calculated at a tax rate of 25%	**25,044**	19,695
Tax effects of different tax rates applicable to different subsidiaries of the Group	**(7,939)**	(5,462)
Tax effect of expenses not deductible for tax purposes	**2,500**	1,209
Effect attributable to the additional qualified tax deduction relating to business development cost	**–**	(2,839)
Tax effect of tax losses not recognised	**–**	43
Tax effect of other temporary differences recognised	**46**	1,215
Utilisation of tax losses previously not recognised	**(111)**	(66)
Income tax expense	**19,540**	13,795

6. DIVIDEND

No dividend was paid or declared by the Company during the years ended 31 December 2024 and 2023.

7. EARNINGS PER SHARE

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

	2024	2023
Profit for the year attributable to owners of the Company *(RMB'000)*	**80,635**	64,983
Weighted average number of shares in issue	**770,650,000**	663,458,219
Basic earnings per share *(RMB cents)*	**10.46**	9.79

Note:

For the year ended 31 December 2023, the weighted average of 663,458,219 shares used in the calculation of the basic earnings per share for the year assumed the Capitalisation Issue in November 2023 had occurred at the beginning of the year ended 31 December 2023.

Diluted earnings per share presented is the same as the basic earnings per share as there was no dilutive potential ordinary share outstanding during the year ended 31 December 2024 (2023: Same).

8. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**217,717**	259,426
Less: allowance for impairment loss on trade receivables	**(14,481)**	(16,115)
	203,236	243,311

As at 31 December 2024 and 2023, the trade receivables was denominated in RMB, and the fair value of trade receivables approximated its carrying amounts.

As at 31 December 2024 and 2023, the ageing analysis of the trade receivables based on due date were as follows:

	2024	2023
	RMB'000	*RMB'000*
Not past due	**200,152**	227,939
Within 90 days	**2,519**	15,372
91 – 180 days	**496**	–
181 – 365 days	**69**	–
Over 1 year	**–**	–
	203,236	243,311

As at 31 December 2024 and 2023, the ageing analysis of the trade receivables based on invoice date were as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 90 days	**200,152**	227,939
91 – 180 days	**2,519**	15,372
181 – 365 days	**565**	–
Over 1 year	**–**	–
	203,236	243,311

9. TRADE PAYABLES

As at 31 December 2024 and 2023, the ageing analysis of the trade payables based on services received were as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**20,485**	79,265
31 – 60 days	**3,127**	2,688
61 – 90 days	**2,703**	1,079
Over 90 days	**3,266**	1,867
	29,581	84,899

CHAIRMAN'S STATEMENT

The Group is a brand, advertising and marketing service provider located in Hubei Province, the PRC, by partnering with various media resource providers to provide services throughout the value chain from market research (through partnering with research institutions) to brand, advertising and marketing project execution, and assists brand owners, advertisers and advertising agencies to develop and implement effective service solutions to achieve their promotional demand and marketing targets, thereby further enhances the reputation of their brand among the targeted people and increase the competitiveness and market share of their products or services.

In 2024, the global economic environment is becoming complex and volatile. The unstable geopolitical situation is altering key global trade routes and forcing supply chain restructuring, further exacerbating global trade tensions and potentially having a knock-on effect on various industries. Global economic growth faced varying degrees of pressure. According to the "2024 China Advertisers Marketing Trend Survey Report (2024中國廣告主營銷趨勢調查報告)" released by CTR Market Research CO. Ltd (央視市場研究股份有限公司)("**CTR**", a market research and media analysis company based in the PRC), in 2024, advertisers' marketing budget investment remained unchanged, with 75% of advertisers stating that they would not increase their advertising budgets, and the overall market growth rate has slowed down. China's relevant government departments have taken a number of initiatives aimed at promoting a steady improvement in the industry. The Ministry of Commerce issued the "Guidance on Strengthening Brand Building in the Business Sector (《關於加強商務領域品牌建設的指導意見》)", which proposed four major tasks of promoting new brand development, improving new commercial quality, expanding new channels for promotion and enriching new consumption scenarios, which guided the direction of the brand consulting industry; the State Administration for Market Regulation raised higher requirements for the healthy development of the advertising industry by organizing and carrying out a special action to supervise advertisements in respect of people's livelihood; and the Ministry of Commerce issued a Three-year Action Plan for Digital Commerce (《數字商務三年行動計劃》) and launched four national online promotions, including the "National Online New Year's Cargo Festival (全國網上年貨節)" and the "Brand and Quality Online Shopping Festival (雙品網購節)", to create a new scenario of comfortable and integrated consumption. For the full year of 2024, China's gross domestic product (GDP) grew by 5.0% year-on-year, while total retail sales of consumer goods grew by 3.5% year-on-year, maintaining a stable trend in economic development.

The Group is committed to tailoring one-stop service solutions, from market research to marketing activities for different customer groups with different marketing needs, which have been widely recognized by customers. We have CNAA first-class advertising enterprises, high-tech enterprises, specialized and new "little giant" enterprises of Hubei Province and other qualifications, and have strong innovation ability and competitiveness in the media field. During the Reporting Period, the brand cross-industry marketing plan we planned for a domestic super-large communication operation company in the PRC won the Gold Award for Cross-industry Marketing of Entertainment Marketing Group at the 8th Kirin International Creative Festival (麒麟國際創意節) in 2024.

We attach importance to the development of new customers and the maintenance of existing business relationships. We have entered into new cooperation intentions and long-term projects with certain key customers and maintain a stable cooperative relationship with leading short video platforms in Mainland China, thus laying a solid foundation for the sustainable development of the Group's business. Specially, we signed a three-year brand planning and promotion execution project with a domestic super-large communication operation enterprise in the PRC, a cultural tourism brand project with a local government cultural and tourism bureau, a tripartite strategic cooperation agreement with a domestic mid-to-high-end seafood hot pot catering enterprise and a domestic national agricultural industrialization leading enterprise, a deep partnership with a domestic leading cloud computing product and service provider, and a strategic cooperation agreement with a large state-owned communication infrastructure service enterprise, respectively.

Despite the increasingly severe market environment, the Group has also continuously carried out market research and other work, actively explored opportunities in emerging industries such as artificial intelligence ("**AI**") and Low-altitude Economy (a new integrated economic form centered on low-altitude flight activities) in combination with our own business and studied the feasibility of innovative business models. The Group believes this will help us to enrich our business lines, enhance our core competitiveness and amplify our brand influence.

During the Reporting Period, the number of customers of the Group increased steadily along with the improving quality of services. We have accumulated a good reputation for our high-quality and customized service solutions. We strived to expand upstream and downstream of the industrial chain, consolidate partnerships, and focus on digital empowerment and platform-based development to consolidate our business foundation. We focused on team development, and continuously stimulated the potential of employees through regular organization of training and brainstorming meetings, etc. We have diversified our customer structure and revenue stream by expanding our business into industries such as telecommunications operations and agriculture. During the Reporting Period, the Group's operating quality and profitability showed a gradual upward trend, with total revenue of RMB288.5 million and total amount of contracts with customers of RMB940.5 million. In particular, 99.4% (approximately RMB934.4 million) of the services have been provided to customers.

On behalf of the board of directors, I would like to express my sincere gratitude to all our employees, our customers and partners. At the same time, I would like to express my sincere gratitude to our shareholders and stakeholders for their continued support and trust.

Chen Jicheng
Chairman and Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

2024 Business Review

Branding Services

The Group is deeply engaged in the branding services industry, closely keeping in line with the changes in industry trend and business model, constantly breaking through the upper limit of service capability and focusing on providing differentiated solutions to customers. The scope of our services includes: (i) conducting in-depth research and analysis of the brand market in which our customers operate with precise brand insights; (ii) planning of brand development strategies for our customers, and advice on core values of brands, brand positioning and its target customers; (iii) design of brand image; and (iv) formulation of products and/or services marketing and promotional plans. During the year, the Group's revenue from branding service business was RMB100.2 million, representing a 6.0% increase year-on-year.

The Group strives to break through the traditional framework of branding promotion and marketing model and try to integrate branding services with new quality productive forces. In recent years, the relevant PRC government departments have rolled out favorable policies to guide and boost the rapid development of the Low-altitude Economy industry. We have actively promoted the innovation of our branding business and conducted in-depth studies on the characteristics of the segmented industries, such as local cultural tourism and the Low-altitude Economy, to explore potential cooperation opportunities. As a typical application scenario of the Low-altitude Economy industry, air media offers a new approach for the distribution of brands by providing its visualized and dynamic media features to meet the promotional needs of brands. Meanwhile, we have accumulated a wide range of customer and government resources in the food and beverage, furniture and automotive manufacturing industries. As a result, the branding business has maintained steady growth.

Online Media Advertising Services

The online media advertising services provided by the Group mainly include understanding the marketing needs of customers, analysing the behaviour and preference of consumers, providing suggestions on the forms of advertisements, analysing and selecting the online platforms, obtaining the resources and executing the advertisement placement and effectiveness monitoring and evaluation. The Group offers two major forms of online media advertising as follows: (i) display advertising; and (ii) search engine advertising. With the higher demand for efficient marketing, we continue to expand the depth and breadth of our cooperation with China's top internet enterprises to enhance our business resilience. Leveraging the increasing qualifications and authorizations of service providers and agencies, the Group has access to media channels that cover most of the regions and consumers of various ages in China. During the year, the revenue from online media advertising services business amounted to RMB60.5 million, representing a 42.7% increase year-on-year.

We actively capture new opportunities in the media industry brought by AI and continue to enhance our digital operation capabilities. The application of AI at the graphics, texts and videos level can improve the creative efficiency of advertising materials, video clippings, marketing copywriting, etc., and reduce the production costs. By enhancing our AI-driven content production capacities, the level of intelligence and industry competitiveness of the Group's online media advertising services will improve. We also utilize big data platform monitoring and analyzing technology to provide advertisers with one-stop service solutions covering areas such as precision placement, effectiveness analysis and budget management, etc. The Group will continue to promote the upgrading of its smart platform and collaborate with big data and AI enterprises to build a digital and intelligent online advertising service system.

Event Execution and Production Services

The event execution and production services provided by the Group are designed to help clients promote brand concepts, enhance brand awareness, build brand image, and achieve marketing objectives and effects. It covers all phases of an organisation's marketing campaigns, including (i) formulating campaign strategies; (ii) devising design of the programmes, work plans and rundown of events; (iii) execution of the projects through procuring materials and engaging third-party service providers; (iv) assisting with project management and supervising the execution of marketing campaigns; and (v) evaluating the effectiveness of the marketing campaigns through public opinion. During the year, revenue from events execution and production services amounted to RMB59.2 million, representing a 23.4% increase year-on-year.

As consumers are increasingly accustomed to relying on internet channels to access information, many businesses are developing and adopting online marketing models. We consider that our business model, which features in-depth integration of practical event scenarios and digital marketing, will further enhance the effectiveness of our activities and help our customers improve economic benefits. Through the model, we leverage the strength in top online media platform resources, synchronize live and online content of the events, conduct secondary marketing and promotion and precisely reach potential target groups through technical means such as post-editing and big data. We have established a dedicated service team for each event project and continuously innovate our marketing ideas, bring immersive experiences to consumers and create long-term value for our customers.

Advertisement Placement Services

The Group provides advertisement placement services, which comprises formulation of online advertisement plan, maintaining the accounts of the customers opened at the advertising platform of the Media Partners *(Note 1)* and arranging advertisement placement on the designated online media platforms of the Media Partners according to the requests of our customers. As an ancillary service, we also design and produce short advertisement videos based on the request of our customers. The Media Partners would charge us primarily based on a mixed basis of CPC, CPT and CPM *(Note 2)*, while we would charge our customers a fee comprising (i) the cost for placing the advertisement on the online media platforms charged by the Media Partners based on the above pricing mechanism (i.e. CPC, CPT and CPM); (ii) our service fee for advertisement placement and other related services, which is equivalent to a certain percentage of the costs of advertisement placement on the online media platforms of the Media Partners; and (iii) the rebates we offered to our customers. During the year, revenue from the advertisement placement service business reached RMB50.9 million, representing a 49.4% increase year-on-year.

According to the Research Report on the Development of Internet Audiovisual Content in China (2024) (《中國網絡視聽發展研究報告(2024)》) released by the China Netcasting Services Association, in 2023, the platforms under our Media Partners achieved a user penetration rate of over 95% in total in the short video sector, with a wide coverage of distribution channels. Considering the increasingly diverse marketing needs of advertisers, we will actively expand our list of Media Partners and continuously integrate media resources with different characteristics to promote the diversified development of audience base structure and enhance the market competitiveness of our advertisement placement business.

Notes:

1. The "Media Partners" are several renowned Chinese internet technology companies which operate various popular online media platforms in the PRC.

2. "CPC" refers to Cost Per Click, a pricing model where advertising is paid on the basis of each click of the advertisement; "CPM" refers to Cost Per Mille, a pricing model where advertising is paid based on one thousand impressions of the advertisement. "CPT" refers to Cost Per Time, a time-based pricing model where advertising is paid at a fixed price for a given period.

During the year, we explored the commercial prospects of glasses-free 3D (a technique for realising stereoscopic visual effects) and other display technologies, assessed the media resource value of transportation hubs such as high-speed railway stations and airports, and organized business negotiations and research activities with suppliers possessing the corresponding resources. According to the CTR survey report, in the first three quarters of 2024, China's offline media advertising expenditure increased by 2.3% year-on-year. Among which, expenditures on elevator LCD (being liquid crystal display devices installed in elevators) and elevator poster advertisements increased by 23.1% and 15.9%, respectively; expenditures on video publications for trains, high-speed railway stations and cinemas slightly increased; other offline advertising expenditures were reduced to varying degrees. Considering the future development plans of the Group, we focus on branding services and online media advertising services, while also monitoring opportunities in offline media advertising services. We aim to stay ahead of industry trends and market demands and will increase investment when appropriate.

FINANCIAL REVIEW

The Group generated revenue primarily from the following services, which include the provision of (i) branding services; (ii) online media advertising services; (iii) event execution and production services; and (iv) advertisement placement services (including rebates from Media Partners) to our customers. For FY2024, we recorded total revenue of RMB288.5 million, representing an overall increase of RMB53.8 million and an increase rate of 22.9% over the previous year.

Revenue Breakdown by Service Type

The table below sets forth the breakdown of our revenue and percentage contribution to our total revenue by business segments for the periods indicated:

	FY2024		FY2023	
		Approximate % of total revenue		Approximate % of total revenue
	RMB'000	***%***	*RMB'000*	*%*
Branding services	**100,205**	**34.7**	94,503	40.3
Event execution and production services	**59,158**	**20.5**	47,941	20.4
Advertisement placement services (i)	**50,928**	**17.7**	34,078	14.5
Rebates from Media Partners (i)	**17,696**	**6.1**	15,800	6.7
Online media advertising services (ii)	**60,539**	**21.0**	42,425	18.1
Total	**288,526**	**100**	234,747	100

For FY2024, the revenue from “Branding Services”, “Event Execution and Production Services”, “Advertisement Placement Services”, “Rebates from Media Partners” and “Online Media Advertising Services” recorded a significant year-on-year growth, which was attributable to the Group’s proactive efforts in expanding its business and building up a solid relationship with more new customers. The revenue from the “Rebates from Media Partners” business recorded a year-on-year increase, which was mainly attributable to the year-on-year growth in the “Advertisement Placement Services” business, which in turn contributed to the increase in the number of advertisements placed by the Company on the major online media platforms of our Media Partners, and accordingly, the rebates from the Media Partners to the Group increased.

(i) For our advertisement placement services (including rebates from Media Partners), we recognised revenue on a net basis.

(ii) For the relevant advertising agents under Online Media Advertising Services, we recognised revenue on a net basis. In accordance with HKFRS 15, in FY2023 and FY2024, the direct costs incurred for our Online Media Advertising Services provided to the relevant advertising agents had been deducted from the gross revenue to derive the revenue from these services under the net basis. Other than the above-mentioned costs paid to the suppliers, no other direct costs were incurred by us in relation to the Online Media Advertising Services provided to the relevant advertising agents.

Cost of Services

The Group’s cost of services increased from RMB84.9 million for FY2023 to RMB129.0 million for FY2024, primarily attributable to the increase in revenue from “Branding Services”, “Event Execution and Production Services” and “Online Media Advertising Services”, with a corresponding increase in the cost of these services.

Gross Profit and Gross Profit Margin

Our overall gross profit and gross profit margin for FY2023 and FY2024 was affected by our cost of services, which were project-specific and affected by our service mix, customised services we provided and the scale of each project. As a result, the Group’s gross profit and gross profit margin may vary from project to project.

The Group’s gross profit increased from RMB149.9 million in FY2023 to RMB159.5 million in FY2024, and the gross profit margin decreased from 63.9% in FY2023 to 55.3% in FY2024, mainly due to the increase in the revenue of the Group but the decrease in the gross profit from the “Online Media Advertising Services” business .

Other Income and Other Losses, Net

The Group's other income increased from RMB4.0 million in FY2023 to RMB8.9 million in FY2024, primarily attributable to receipt of government subsidies from the local government for enterprises successfully listed in Hong Kong.

Selling and Marketing Expenses

The Group's selling and marketing expenses increased from RMB10.7 million for FY2023 to RMB18.5 million for FY2024, mainly due to (i) the increase in the number of employees in our sales team and media operations team in connection with our business expansion resulted in an increase in salaries and reimbursement of overhead expenses; (ii) the increase in our office equipment in connection with our business expansion resulted in an increase in depreciation expense for the equipment.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses (including listing expenses) decreased from RMB54.8 million in FY2023 to RMB45.1 million in FY2024, primarily due to the decrease in listing expenses compared to FY2023.

Liquidity and Capital Resources

As at 31 December 2024, the Group's cash and cash equivalents amounted to RMB100.4 million (denominated in RMB, HK$ and US$), representing a decrease of RMB70.6 million as compared with RMB171.0 million (denominated in RMB, HK$ and US$) as at 31 December 2023, primarily due to (i) a portion of the proceeds from the listing in 2023 was utilized in 2024 in accordance with the plan for the use of proceeds (please refer to the annual report of the Company for the FY2024 to be published in due course for details of the use of proceeds); (ii) repayment of bank borrowings.

During the Reporting Period, we financed our operation needs primarily through cash flows from operating activities and borrowings. We derived our cash flows from operating activities principally from the revenue from our principal activities. We monitor our working capital positions from time to time to ensure maintaining sufficient cash resources for daily operations and capital expenditure needs.

Income Tax Expense

The Group's PRC corporate income tax expense increased from RMB12.6 million in FY2023 to RMB19.5 million in FY2024, and income tax expense increased from RMB13.8 million in FY2023 to RMB19.5 million in FY2024, which was mainly due to the fact that the operations for FY 2023 were largely attributable to intra-group subsidiaries with a preferential income tax rate of 15%, and a significant portion of the operations in FY2024 were attributable to intra-group subsidiaries with an income tax rate of 25%, in addition to the operations of intra-group subsidiaries with a preferential income tax rate of 15%.

	FY2024	FY2023
	RMB'000	*RMB'000*
Current year — PRC corporate income tax	**19,494**	12,580
Deferred tax	**46**	1,215
Total	**19,540**	13,795

Profit for the Year

As a result of the foregoing, for FY2023 and FY2024, (i) the Group's profit for the year was RMB65.0 million and RMB80.6 million, respectively; and (ii) the net profit margin (i.e. profit for the year divided by revenue) was 27.7% and 27.9%, respectively.

Capital Structure

As at 31 December 2024 and up to the date of this announcement, the authorised share capital of the Company was US$50,000,000 divided into 1,000,000,000 shares of US$0.05 each, and the issued share capital of the Company was US$38,532,500 divided into 770,650,000 shares of US$0.05 each. During the Reporting Period, there were no changes in the authorised share capital and issued share capital of the Company.

Gearing Ratio

As at 31 December 2024, the Group's total borrowings were RMB107.9 million (loans were denominated in RMB). Among those borrowings, 13.0% of which were classified as non-current liabilities, and 87.0% of which were classified as current liabilities.

As at 31 December 2024, the gearing ratio of the Group (being the sum of total bank and other borrowings and lease liabilities divided by total equity multiplied by 100%) decreased to 34.3% from 48.3% as at 31 December 2023. Such decrease was mainly due to the decrease in the Group's total bank borrowings in the FY2024.

Pledge of Assets

As at 31 December 2024, the Group had no pledged assets.

Non-HKFRS Measures

In order to supplement our consolidated statements of profit or loss, which are presented in accordance with HKFRS, we also use adjusted profit (Non-HKFRS measure), which is not required by, or presented in accordance with HKFRS. We believe this non-HKFRS measure helps identify underlying trends in our business and therefore provides useful information to potential investors in understanding and evaluating our results of operation by eliminating potential impacts of such items. We also believe that this Non-HKFRS measure provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects, and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

We define adjusted profit (Non-HKFRS measure), as profit for the year adjusted by Listing expenses relating to the Global Offering.

While adjusted profit (Non-HKFRS measure) provides additional information to potential investors in understanding and evaluating our results of operations, the use of adjusted profit (Non-HKFRS measure) has certain limitations as an analytical tool. When assessing our operating and financial performance, you should not consider adjusted profit (Non-HKFRS measure) in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under HKFRS. In addition, the Non-HKFRS measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table sets forth a reconciliation of the Group's profits to our adjusted profit (Non-HKFRS measure) for the years indicated:

	FY2024	FY2023
	RMB'000	*RMB'000*
Profit for the year	**80,635**	64,983
Adding back: Listing expenses	**–**	15,745
Adjusted profit (Non-HKFRS measure)	**80,635**	80,728

Foreign Exchange Risk Management

Foreign exchange risk refers to the risk of loss due to changes in foreign currency exchange rates. The Group's business is principally operated in the PRC and most of the transactions are denominated and settled in RMB. The Group will closely monitor the situation and take certain measures when necessary to ensure that the foreign exchange risk is within the controllable range. During FY2024, the Group did not use any financial instruments for hedging purposes.

Employees

As at 31 December 2024, the Group had 227 full-time employees, all of whom are located in the PRC. The Group enters into a standard employment contract with each of our full-time employees with terms covering, among other things, position, salaries, employment term, working hours, leave arrangements and other benefits. The remuneration packages the Group offers to our employees include basic salary and discretionary bonuses. In general, we determine our employees' salaries based on, amongst others, their qualifications, seniority, working hours, performance, our financial performance and market wages. We generally review the performance of our employees, which forms the basis of our decisions with respect to salary adjustments, bonuses and promotions annually. During FY2024, the total staff remuneration expenses (including directors' emoluments) amounted to RMB25.7 million (FY2023: RMB20.7 million).

Capital Expenditure

During FY2024, the Group incurred capital expenditures as a result of the purchase of equipment. The Group's capital expenditure increased from RMB3.9 million in FY2023 to RMB29.7 million in FY2024, which was primarily due to the increase in capital expenditure on purchase of equipment. The Group financed its capital expenditure mainly through internal resources and bank borrowings.

Contingent Liabilities

As at 31 December 2024, the Group did not have any significant contingent liabilities.

Material Acquisitions, Disposals of Subsidiaries, Associates and Joint Ventures and Significant Investments

In FY2024, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures and did not hold any significant investments.

Use of The Net Proceeds from the Global Offering

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 November 2023. The Company issued 125,000,000 shares in the Global Offering (as defined in the prospectus of the Company dated 31 October 2023) at the offer price of HK$1.04 per share. The Group received net proceeds from the Global Offering (after deducting underwriting fees and commissions and other expenses payable by the Group in connection with the Global Offering) of approximately HK$72.1 million.

Please refer to the Company's annual report for FY2024, which will be published in due course, for details of the breakdown of the utilization of net proceeds and the expected timetable of unutilized funds.

Future Plans for Significant Investments or Capital Assets

As at the date of this announcement, the Group had no detailed future plans for any significant investments or capital assets.

Events after the Reporting Period

There have been no significant matters subsequent to the Reporting Period and up to the date of this announcement.

Final Dividend

The Board does not recommend the payment of any final dividend for FY2024. There is no arrangement under which any shareholder has waived or agreed to waive any dividend.

Closure of Register of Members

In order to determine the entitlement of shareholders to attend and vote at the annual general meeting on Friday, 27 June 2025, the register of members of the Company will be closed from Tuesday, 24 June 2025 to Friday, 27 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 23 June 2025 (Hong Kong time).

Code of Corporate Governance

The Group is committed to maintaining high standards of corporate governance to protect the interests of shareholders and enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of Appendix C1 to the Listing Rules as its own code of governance.

For FY2024, except for deviations from Code Provision C.1.8, C.2.1 and C.5.1 of the CG Code, the Company has complied with all applicable code provisions set out in the CG Code.

Under Code Provision C.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. Currently, the Company does not have insurance cover for legal action against its Directors. Every Director is, subject to the provisions of the applicable laws, indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto pursuant to the Articles of Association of the Company. However, as the Company considered its risk management and internal control systems are effective and constantly under review, and as all the executive Directors and management are familiar with the operation of the Group, the Company believes that the risk of the Directors being sued or getting involved in litigation in their capacity as Directors is relatively low, and hence the Company is of the view that the benefits of the insurance may not outweigh the cost.

Under Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer shall be separated and shall not be performed by the same individual. Mr. Chen Jicheng is the chairman and chief executive officer of the Company and the roles of Mr. Chen Jicheng have not been separated in accordance with Code Provision C.2.1 of the CG Code.

In view of the fact that Mr. Chen has been responsible for the day-to-day operation and management of the Group since February 2011, and has accumulated extensive experience and knowledge in our business, the Board believes that Mr. Chen can undertake effective management and business development in both roles, which is in the best interests of the Group. Accordingly, the Directors are of the opinion that the deviation from Code Provision C.2.1 of the CG Code is appropriate under such circumstance. The Board considers that this management structure is effective for the business operation of the Group and can form sufficient checks and balances.

Pursuant to Code Provision C.5.1 of the CG Code, the Board should meet regularly and Board meetings are held at least four times a year at approximately quarterly intervals.

During FY2024, the Board held two Board meetings instead of the four required under Code Provision C.5.1 of the CG Code. Regular meetings of the Board were held to consider and approve, among other things, the annual results of the Group for 2023 and the interim results for 2024. The Company does not publish quarterly results and hence does not consider the holding of quarterly meetings as necessary. Nevertheless, the members of the Board Committees have regularly communicated with each other and will continue to hold regular meetings thereafter to keep up-to-date on the affairs of the Company.

The Group will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Model Code for Securities Transactions

The Group 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 its own code of conduct regarding securities transactions by all Directors and related employees (as defined in the Model Code). Having made specific enquiry of all Directors, each of the Directors has confirmed that they have complied with the required standard set out in the Model Code for FY2024.

Purchase, Sale or Redemption of Listed Securities

During the Reporting Period, neither the Company nor any of its subsidiaries nor any of its consolidated affiliated entities purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

Audit Committee

The Board has established the Audit Committee pursuant with Rules 3.21 and 3.22 of the Listing Rules and Code Provision D.3 of the CG Code with written terms of reference adopted. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company respectively.

The Audit Committee comprises three independent non-executive Directors (i.e. Dr. He Weifeng, Mr. Peng Litang and Mr. Li Guangdou). Dr. He Weifeng is currently the chairman of the Audit Committee and has the appropriate professional qualifications.

The Audit Committee has reviewed the consolidated annual results of the Group for FY2024 including the applicable accounting policies and accounting standards adopted by the Group, and is of the opinion that these statements have been prepared in compliance with the applicable Listing Rules. The Audit Committee is satisfied that these financial statements have been prepared in accordance with the applicable accounting standards and present fairly the financial position and results of the Group for the Reporting Period.

Scope of Work for Auditors

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this annual results announcement have been agreed by the Group's auditors, BDO Limited ("**BDO**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on 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 the Company's auditors on this annual results announcement.

Publication of Annual Results and 2024 Annual Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.youmeimu.com), and the annual report of the Company for FY2024 containing all the information required by the Listing Rules will be despatched to the shareholders (if requested) and published on the above websites in due course.

By Order of the Board
Huashi Group Holdings Limited
Chen Jicheng
Chairman and Chief Executive Officer

Wuhan, the PRC, 27 March 2025

As at the date of this announcement, the Board comprises Mr. Chen Jicheng, Ms. Chen Jizhen, Ms. Wang Shujin, Mr. Zhang Bei and Ms. Xue Yuchun as executive Directors, and Dr. He Weifeng, Mr. Peng Litang, Mr. Li Guangdou and Mr. How Sze Ming as independent non-executive Directors.