華夏控股

CATHAY GROUP HOLDINGS INC.
華夏集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1981)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of Cathay Group Holdings Inc. (the "**Company**", together with its subsidiaries and consolidated affiliated entities, the "**Group**") is pleased to announce the annual results of the Group for the year ended 31 December 2024 (the "**Reporting Period**"). These annual results have been reviewed by the audit committee of the Company.

FINANCIAL HIGHLIGHTS

The Board recommended the payment of a final dividend of HK$0.03 (for the year ended 31 December 2023: nil) per share and a special dividend of HK$0.03 (for the year ended 31 December 2023: HK$0.06) per share for the year ended 31 December 2024.

	Year ended 31 December		
	2024	2023	Change (%)
	(RMB'000, except percentages)		
Revenue	**782,359**	759,040	3.1%
– Higher education (media and arts) and vocational education	**671,346**	592,980	13.2%
– Entertainment and livestreaming e-commerce	**111,013**	166,060	-33.1%
Segment profit (loss)	**116,362**	(171,874)	N/A
– Higher education (media and arts) and vocational education	**246,272**	182,411	35.0%
– Entertainment and livestreaming e-commerce	**(129,910)**	(354,285)	-63.3%
Profit (loss) for the year	**116,911**	(181,067)	N/A
Non-HKFRS: Adjusted Net Profit (Loss) *(Note)*	**218,266**	(1,311)	N/A

Note: Adjusted net profit (loss) ("**Adjusted Net Profit (Loss)**"), which is unaudited, represents profit (loss) for the year after adjustments for impairment losses on other receivables, write-down of inventories and equity-settled share-based payments. Please refer to the reconciliation below and in the section headed "Management Discussion and Analysis" for details.

The following table reconciles our Adjusted Net Profit (Loss) from the most directly comparable financial measure calculated and presented in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") (profit (loss) for the year).

	Year ended 31 December	
	2024	2023
	(RMB'000)	
Profit (loss) for the year	**116,911**	(181,067)
Add: Impairment losses on other receivables (included in impairment losses under expected credit loss model, net of reversal)	**79,443**	95,549
Add: Impairment loss on other receivable (included in cost of revenue)	**–**	63,000
Add: Write-down of inventories	**20,378**	20,003
Add: Equity-settled share-based payments	**1,534**	1,204
Non-HKFRS: Adjusted Net Profit (Loss)	**218,266**	(1,311)

BUSINESS REVIEW AND OUTLOOK

BUSINESS REVIEW

During the Reporting Period, the Company changed its name from "Cathay Media and Education Group Inc." to "Cathay Group Holdings Inc." and its dual foreign name from "華夏視聽教育集團" to "華夏集團控股有限公司", and its English and Chinese short stock names for trading in the securities of the Company on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") from "CATHAY EDU" and "華夏視聽教育" to "CATHAY GP HLDGS" and "華夏控股", respectively. For details of the change of company name, please refer to the Company's announcements dated 1 March 2024, 10 April 2024 and 25 June 2024, and the circular dated 15 March 2024.

The Board considers that the Company's new name better reflects the current business mix, strategic business plan and future development direction of the Group. The Board also believes that the Company's new name will better promote the Group's corporate image for its future business development. Currently, the Company is an investment holding company and the Group is principally engaged in the businesses of higher education (media and arts) and vocational education, and entertainment and livestreaming e-commerce in the People's Republic of China (the "**PRC**" or "**China**").

Higher education (media and arts) and vocational education

Communication University of China, Nanjing（南京傳媒學院）("CUCN" or our "University")

According to the Chinese Universities Alumni Association, CUCN ranked first among media and arts private universities in China in 2024. As at 31 December 2024, the Group had approximately 29,742 students, including 25,157 undergraduates, 4,057 vocational education students and 528 international preparatory students. The above number of undergraduates no longer contained undergraduates enrolled by Olympic College of Nanjing Sport Institute（南京體育學院奧林匹克學院）("**Olympic College**") under our University's management and accordingly, the total number of our University's students recorded a year-on-year growth of approximately 3.6%.

Currently, CUCN offers more than 50 undergraduate majors, covering multiple media and art fields. Among them, 16 majors were appraised as the first tier at the provincial level of Jiangsu and 4 of which were appraised as the first tier at the national level. Our high-quality courses, ingenious ideas and excellent teaching results made CUCN unique, competitive and attractive.

Our international preparatory programs are supported by our cooperation with more than 80 leading media and art colleges across the world. Students enrolled in these programs can study at the overseas universities we cooperate with to continue their undergraduate courses after completing relevant courses.

Our vocational education programs serve adult students to further develop skills for a new job, develop a personal interest, or obtain a degree. We provide self-taught examination preparation program（自考助學課程）to the aforementioned adult students.

Olympic College

In order to facilitate the restructuring in connection with the sale and purchase agreement (the "**Agreement**") entered into in June 2021 with certain independent third parties, including the transferor (the "**Transferor**") for the acquisition of Olympic College (the "**Acquisition**"), the Group also entered into two bridging loan agreements (the "**Loan Agreements**") for the principal amounts of RMB250 million and RMB170 million (the "**Bridging Loans**"), respectively, to be extended to the Transferor. The Group is entitled to set-off the consideration payable to the Transferor under the Agreement against any amount due to the Group from the Transferor or its associates under the Loan Agreements. According to the terms of the Acquisition, as the conditions of the second payment could not be satisfied on or before 20 June 2024 (i.e. within 36 months from the date of Agreement), the consideration for the Acquisition shall be adjusted from RMB450 million to RMB250 million (the "**Adjusted Consideration**"). Please refer to the announcements of the Company dated 22 June 2021 and 19 August 2021 for details.

On one hand, given that certain conditions precedent required for the Acquisition have not been completed as at the date of this announcement, the Group has been liaising with the Transferor, with the assistance of the local government authorities, to complete the Acquisition in order to set-off the Adjusted Consideration payable to the Transferor against the Bridging Loan of RMB250 million. On the other hand, the Group has initiated legal proceedings in order to recover the Bridging Loan of RMB170 million and obtained a judgment in favour of the Group from the relevant PRC arbitration committee.

As at 31 December 2024, the total amount of RMB420 million for the Bridging Loans was included in other receivables in the Company's consolidated statement of financial position and the accumulated impairment losses recognised on the Bridging Loans amounted to RMB240.7 million (as at 31 December 2023: RMB161.3 million). The impairment losses on the Bridging Loans have been provided based on the fair value of Olympic College and the security provided for the Bridging Loans estimated by an independent professional valuer, and details of the valuation are set out in "Impairment losses under expected credit loss model, net of reversal" under the section headed "Management Discussion and Analysis".

Segment performance

During the Reporting Period, our higher education (media and arts) and vocational education segment recorded a total revenue of RMB671.3 million, representing a year-over-year growth of 13.2%. Compared to that for the year ended 31 December 2023, revenue from undergraduate programs increased by RMB94.3 million, or 23.5%, to RMB494.6 million for the Reporting Period, primarily due to the increase in tuition fees for undergraduates who enrolled with effect from the 2023/2024 school year. Such increase was partially off-set by a decrease in entrance examination fee and other income by RMB28.3 million during the Reporting Period. The segment profit of our higher education (media and arts) and vocational education business increased from RMB182.4 million for the year ended 31 December 2023 to RMB246.3 million for the Reporting Period, primarily due to i) the increase in revenue from undergraduate programmes and ii) the decrease in impairment losses on the Bridging Loans. Excluding the relevant impairment losses on Bridging Loans, the segment profit of our higher education (media and arts) and vocational education business for the Reporting Period would be adjusted to RMB325.7 million.

Entertainment and livestreaming e-commerce

We commenced our livestreaming e-commerce and artist management business in May 2023. Our entertainment and livestreaming e-commerce segment currently comprises livestreaming e-commerce and artist management business as well as TV/film production and investment business.

Livestreaming e-commerce and artist management

Apart from promoting and selling products through livestreaming and short videos, the Group also cooperated with certain advertising and media companies to arrange for its well-known artist, Ms. Qi Wei, to endorse and promote different products for a number of reputable brands during the Reporting Period. These products mainly include daily necessities, new energy vehicles, maternal and infant products, clothing, handsets and online games. In addition, each of Ms. Qi Wei and her spouse, Mr. Li Chengxuan (one of the artists of the Group) participated in variety shows in certain media platforms in China during the Reporting Period. The Group has also established a cooperative relationship with Mr. Liu Wei, a well-known artist and celebrity streamer in China, in livestreaming e-commerce business.

In June 2024, the Group entered into a cooperative agreement with a well-known internet and technology company, pursuant to which both parties agreed to cooperate in livestreaming e-commerce for e-sports events of a popular online game and related activities.

Revenue from our livestreaming e-commerce and artist management business mainly comprised product endorsement and promotion fees, sales commission and promotion fees from livestreaming sessions and short videos. During the Reporting Period, our livestreaming e-commerce and artist management business recorded a total revenue of RMB111.0 million, as compared to RMB81.1 million for the year ended 31 December 2023.

TV/film production and investment

As mentioned in the Company's 2023 annual report and 2024 interim report, traditional advertising income of the TV/film broadcast channels in China has generally declined in recent years, which has affected the decisions of the TV/film broadcast channels on both timing and prices for purchasing TV/film series on the market. Moreover, the competitive environment of the TV/film production industry in China has become more intense in recent years and has been facing many challenges and uncertainties, including prolonged distribution process, extended receivables collection period and decreasing distribution prices of TV/film series.

During the Reporting Period, there was no first-round distribution of TV/film series, whereas the Group recorded a revenue from the first round distribution of the TV series Lady's Character（女士的品格）(40% invested by the Group in 2021) for the year ended 31 December 2023. Primarily due to the above reason, revenue from our TV/film production and investment business for the Reporting Period decreased by RMB85.0 million.

The investment in the TV/film series Fights Break Sphere（鬥破蒼穹）(30% invested by the Group in 2021) was recorded as financial assets at fair value through profit or loss ("**FVTPL**") in the Company's consolidated statement of financial position according to certain terms of the investment agreement. During the Reporting Period, the third series of the TV/film series Fights Break Sphere（鬥破蒼穹）was released. Up to the date of this announcement, the TV/film series Fights Break Sphere（鬥破蒼穹）had three more series to be negotiated for release arrangements. During the Reporting Period, a loss from change in fair value of the TV/film series Fights Break Sphere（鬥破蒼穹）of RMB9.5 million was recognised by the Group after taking into account the current market situation of TV/film production industry in China as mentioned above and assessing its fair value.

The broadcast schedule for the TV/film series Meteor with White Plume（白羽流星）(50% invested by the Group in 2021) is still under negotiation with an online video platform in China. During the Reporting Period, a write-down of inventories of TV/film series Meteor with White Plume（白羽流星）of RMB20.4 million was recognised by the Group after taking into account the current market situation of TV/film production industry in China as mentioned above and assessing its net realisable value.

During the Reporting Period, our TV/film production and investment business recognised credit impairment losses on certain long outstanding trade receivables amounting to RMB79.6 million. For details of the impairment losses on trade receivables of our TV/film production and investment business, please refer to "Impairment losses under expected credit loss model, net of reversal" under the section headed "Management Discussion and Analysis". In addition to negotiations with the relevant customers on their repayment plans, the Group's management has also sought advice from a PRC legal advisor and a debt collection agency on legal actions and other possible methods for debt collection.

Segment performance

As a result of the foregoing, our entertainment and livestreaming e-commerce segment recorded a total revenue of RMB111.0 million for the Reporting Period as compared to that of RMB166.1 million for the year ended 31 December 2023.

The segment loss of our entertainment and livestreaming e-commerce business segment decreased from RMB354.3 million for the year ended 31 December 2023 to RMB129.9 million for the Reporting Period, primarily due to the decreases in impairment losses recognised on certain trade and other receivables from our TV/film production and investment business. For details of the impairment losses on trade receivables of our TV/film production and investment business, please refer to "Impairment losses under expected credit loss model, net of reversal" under the section headed "Management Discussion and Analysis".

Regulatory update

As advised by the Company's PRC legal advisor, on 6 September 2024, the Ministry of Commerce and the National Development and Reform Commission jointly released the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資準入特別管理措施(負面清單)(2024年版)》), which became effective on 1 November 2024, to replace the previous negative list (2021 Edition). Save as disclosed in this announcement, there has been no significant PRC regulatory update relating to our business in China since the publication of the Company's 2023 annual report. Please refer to the Company's 2023 annual report published on 29 April 2024 for details.

Recent developments after the Reporting Period

Save for the recent exclusive collaboration with a well-known PRC artificial intelligence ("**AI**") technology company as disclosed in the section headed "Outlook", there has been no significant events after the Reporting Period and up to the date of this announcement.

OUTLOOK

Higher education (media and arts) and vocational education

The Group will strategize the development in three major areas – media and arts education, pay-for-knowledge and vertical e-commerce, and AI professors and AI arts courses – to build an ecosystem which integrates "policy compliance, technological innovation, and commercial realization". This aims to establish a distinct competitive advantage in the AI education, particularly in the area of media and arts.

i) Media and arts education: Strengthening foundations and expanding the scale of operations

The Group has committed to the field of media and arts education, and the scale of operations of CUCN continues to grow steadily. As at 31 December 2024, the total number of students was nearly 30,000. In recent years, the annual enrolment of new students has been approximately 10,000 in aggregate, with stable growth expected in the future. The Group plans to expand the capacity of CUCN's main campus and the Binjiang campus to approximately 33,000 students and 10,000 students respectively, and, if necessary, rent an additional campus with the capacity of 10,000 students for the development of vocational education business. It is expected that the overall scale of the higher education (media and arts), international education and vocational education businesses will exceed 50,000 students in the future, with approximately 40,000 students in degree programs.

ii) Pay-for-knowledge and vertical e-commerce: Insight on trends and innovative strategies

The media and arts industry in China is undergoing rapid transformation, with the integration of industry and education emerging as a key trend. The "Several Opinions on Deepening Industry-Education Integration" issued by the General Office of the State Council of the PRC provides policy support for the Group's ecosystem development and deepened its growth in media and arts education. The pay-for-knowledge market in China has shown strong growth in recent years, and the Group has identified this trend. Building on its existing vocational education, international preparatory programs, and adult training, the Group will launch a "pay-for-knowledge and vertical e-commerce" business. By leveraging the Group's high-quality resources in the area of media and arts and benchmarking pay-for-knowledge influencers with ten millions of subscribers, the Group will focus on the vertical integration of media and arts. This includes developing pay-for-knowledge offerings in disciplines such as music, fine arts, and film, aiming to create high-quality media and arts pay-for-knowledge intellectual properties, expand product portfolios, and broaden market reach.

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

The Group actively responds to national strategies such as the "14th Five-Year Plan" and the "New Generation Artificial Intelligence Development Plan," deeply engaging in the education sector. It will implement a strategy to integrate AI with media and arts higher education, fully developing a "dual-track of academic and applied operation system." This encompasses two core areas: "AI Professor" teaching scenarios and "AI Arts Courses" for pay-for-knowledge. Recently, the Group has entered into an exclusive collaboration with a well-known PRC AI company and plans to first launch a subscription-based "AI Professors and AI Arts Courses" product in the media and arts field in 2025. This product will pioneer a "basic algorithm + scenario adaptation" dual-licensing system, offering deeply personalized customization for professional courses such as film production, animation design, and digital media arts. With a broad audience, this product can meet the needs of users across different age groups through personalized services, providing 24-hour uninterrupted instruction and breaking through the boundaries of traditional teaching. Additionally, the "AI Professors and AI Arts Courses" pay-for-knowledge education project, as a smart education platform, will bring together top PRC media and arts experts to offer customized services to various institutions. It will be promoted to schools with media and arts course demands both domestically and internationally, and such project can reduce operational costs through digital means and enhance the quality of media and arts education services available to students.

The Group's continued investment and optimization in the areas of higher education (media and arts), international education and vocational education have solidified its leading position in private media and arts education in China. This has laid a solid foundation for the deep integration of industry and education in the fields of pay-for-knowledge and vertical e-commerce. Through close collaboration with the industry, the Group can provide students with more practical opportunities and diverse employment channels, effectively enhancing graduates' competitiveness in the job market. This, in turn, boosts the attractiveness and reputation of the Group's educational brand, achieving a close connection between the chains of education, talent, industry and innovation, and contributing more high-quality professionals to the sustainable development of China's media and arts industry.

Entertainment and livestreaming e-commerce

Livestreaming e-commerce and artist management

According to the data of National Bureau of Statistics, China's online retail sales in 2024 continued to grow to more than RMB15.5 trillion, a year-on-year increase of 7.2%, indicating that online shopping has become an important component of China's consumer market. According to the statistics from the China Internet Network Information Center, as of December 2023, the number of online livestreaming users in China has reached 816 million, of which 597 million are livestreaming e-commerce users. The huge user base has driven the rapid growth of the livestreaming e-commerce industry and formed a unique market structure. China's livestreaming e-commerce industry has always shown strong vitality and potential, and continues to promote innovation and change in consumption models. Paying attention to content quality and in-depth exploration of user experience may become the only way for industry participants to pursue sustainable development.

Since the Group officially launched its livestreaming e-commerce business in May 2023, our livestreaming e-commerce and artist management business has made significant progress, becoming a new growth driver for the Group. We will continue to leverage the number of followers and the livestreaming advantages of our star artists, Ms. Qi Wei and Mr. Liu Wei, and continue to look for more artists and talents suitable for collaborating with us to develop livestreaming e-commerce business. In addition to the new account for e-sports related products, we will continue to aggregate resources from the livestreaming industry chain to focus on incubating new livestreaming accounts, continue to improve our livestreaming matrix, and synergize the intellectual properties of our artists, in order to create a leveraging effect. We will build a more positive brand image and enhance followers' stickiness and loyalty through continuously improving high-quality content output. As our livestreaming e-commerce business continues to deepen and expand, it is expected to attract more of our teachers and students as talent reserves for streamers, content creators, operators, etc., and also provide employment opportunities for talents in the PRC media and arts industry to achieve economic and social benefits.

The Group will also strengthen the strategic development of supply chain of our livestreaming e-commerce business, accelerate the development of self-operated brands and jointly owned brands. On one hand, we will ensure a high degree of quality and design control to deliver more quality products and services to consumers and enrich their wonderful life experience. On the other hand, we will continue to optimize our cost structure, provide consumers with better price offers and benefits, and also create sustainable returns for the Group. In terms of livestreaming e-commerce product selection, we will maintain a unique vision and focus on daily life goods with practical aesthetic design, including clothing, maternal and infant, sports and outdoor fields. In the future, we will enhance the application of digitalization and technology in the livestreaming e-commerce business, and further improve our operational management capabilities, supply chain management capabilities, business analysis and decision-making capabilities, in order to meet more diverse consumer needs.

TV/film production and investment

As mentioned in the section headed "Business Review" above, the TV/film production industry in China has been facing many challenges and uncertainties, including the decline in traditional advertising revenue from TV/film broadcasting channels, more intense competition, slower distribution process, longer receivables collection period and lower distribution prices of TV/film series. It is expected that the situation will remain in 2025 and accordingly, we continue to be cautious about the future development of our TV/film production and investment business. We will continue to closely monitor the action plans that the Company has formulated to recover the relevant receivables.

Conclusion

We believe that, with its precise strategic planning and innovative advancements, the Group is poised to enhance social benefits while carving out broader business development opportunities, leading a new trend in the integrated development of media and arts education and industry in China, and creating stable value growth and returns for shareholders of the Company ("**Shareholders**").

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The following table sets forth our revenue by business segment for the years ended 31 December 2024 and 2023.

	Year ended 31 December			
	2024		2023	
	(RMB'000, except percentages)			
Segment Revenue				
Higher education (media and arts) and vocational education	**671,346**	**85.8%**	592,980	78.1%
Entertainment and livestreaming e-commerce	**111,013**	**14.2%**	166,060	21.9%
Total	**782,359**	**100.0%**	759,040	100.0%

Total revenue of the Group increased from RMB759.0 million for the year ended 31 December 2023 to RMB782.4 million for the Reporting Record, primarily due to the increase in revenue from our higher education (media and arts) and vocational education business.

Revenue from our higher education (media and arts) and vocational education business segment increased by RMB78.3 million, or 13.2%, from RMB593.0 million for the year ended 31 December 2023 to RMB671.3 million for the Reporting Period, primarily due to the increase in revenue from our undergraduate programmes.

Revenue from our entertainment and livestreaming e-commerce business segment comprises i) revenue from our livestreaming e-commerce and artist management business, and ii) revenue from our TV/film production and investment business.

Our livestreaming e-commerce and artist management business commenced in May 2023 and accordingly, there was about eight-month operation for the year ended 31 December 2023. Revenue from our livestreaming e-commerce and artist management business increased by RMB29.9 million, or 36.9%, from RMB81.1 million for the year ended 31 December 2023 to RMB111.0 million for the Reporting Period, primarily attributable to the full-year operation for the Reporting Period.

There was no first-round distribution of TV/film series for the Reporting Period, whereas a revenue of RMB82.1 million was recorded for the first-round distribution of the TV/film series Lady's Character（女士的品格）(40% invested by the Group in 2021) for the year ended 31 December 2023. Primarily due to the above reason, revenue from our TV/film production and investment business for the Reporting Period decreased by RMB85.0 million.

As a result of the foregoing, the overall revenue from our entertainment and livestreaming e-commerce business segment decreased from RMB166.1 million for the year ended 31 December 2023 to RMB111.0 million for the Reporting Period.

Cost of revenue

	Year ended 31 December			
	2024		2023	
	(RMB'000, except percentages)			
Segment Cost				
Higher education (media and arts) and vocational education	**287,140**	**71.6%**	254,759	52.9%
Entertainment and livestreaming e-commerce	**114,065**	**28.4%**	226,483	47.1%
Total	**401,205**	**100.0%**	481,242	100.0%

The cost of revenue of our higher education (media and arts) and vocational education business segment increased from RMB254.8 million for the year ended 31 December 2023 to RMB287.1 million for the Reporting Period, primarily due to the increase in staff costs mainly resulted from salary increases for teachers and an increase in the number of teachers.

The cost of revenue from our entertainment and livestreaming e-commerce business segment comprises i) the cost of live-streaming e-commerce and artist management business, and ii) the cost of TV/film production and investment business of the Group.

The cost of revenue of our livestreaming e-commerce and artist management business for the Reporting Period increased in line with the increase in its revenue.

The cost of revenue of our TV/film production and investment business for the Reporting Period decreased as compared to that for the year ended 31 December 2023, primarily due to the reasons that, during the Reporting Period, i) there was no first round distribution of TV/film series, and ii) impairment loss on other receivable decreased.

As a result of the principal reasons mentioned above, the overall cost of revenue of our entertainment and livestreaming e-commerce business segment decreased from RMB226.5 million for the year ended 31 December 2023 to RMB114.1 million for the Reporting Period.

Gross profit/(loss) and gross margin

	Year ended 31 December			
	2024		2023	
	Gross profit/(loss)	**Gross margin**	Gross profit/(loss)	Gross margin
	(RMB'000, except percentages)			
Higher education (media and arts) and vocational education	**384,206**	**57.2%**	338,221	57.0%
Entertainment and livestreaming e-commerce	**(3,052)**	**-2.7%**	(60,423)	-36.4%
Total	**381,154**	**48.7%**	277,798	36.6%

As a result of the foregoing, the Group's overall gross profit increased by 37.2% from RMB277.8 million for the year ended 31 December 2023 to RMB381.2 million for the Reporting Period, whereas the Group's overall gross profit margin increased from 36.6% for the year ended 31 December 2023 to 48.7% for the Reporting Period.

The gross profit margin for our higher education (media and arts) and vocational education business segment increased from 57.0% for the year ended 31 December 2023 to 57.2% for the Reporting Period, mainly due to the increase in revenue from our undergraduate programmes.

During the Reporting Period, the reduction of the gross loss margin of our entertainment and livestreaming e-commerce business segment from 36.4% for the year ended 31 December 2023 to 2.7% for the Reporting Period, primarily due to the decrease in impairment loss on other receivable from our TV/film production and investment business as mentioned above.

Other income

Other income increased from RMB21.4 million for the year ended 31 December 2023 to RMB39.8 million for the Reporting Period, primarily due to an increase in interest income from banks.

Other gains and losses

Other gains and losses changed from a net loss of RMB0.1 million for the year ended 31 December 2023 to a net gain of RMB0.4 million for the Reporting Period, primarily due to a reduction of net losses on disposal of property and equipment.

Selling expenses

The Group's selling expenses decreased by RMB6.6 million from RMB27.9 million for the year ended 31 December 2023 to RMB21.3 million for the Reporting Period, primarily due to a decrease in the Group's advertising and promotional expenses.

Administrative expenses

The Group's administrative expenses increased by RMB7.8 million from RMB114.5 million for the year ended 31 December 2023 to RMB122.3 million for the Reporting Period. The increase was primarily due to an increase in staff salaries for CUCN.

Impairment losses under expected credit loss model, net of reversal

Impairment losses under expected credit loss (net of reversal) comprised the recognition of impairment losses on (a) trade receivables from three customers (the "**Customers**") of the Group's TV/film production and investment business (the "**Impairment on Major Trade Receivables from TV Production**"), (b) other trade receivables in aggregate (the "**Impairment on Other Trade Receivables**"), and (c) the two Bridging Loans (the "**Impairment on Bridging Loans**") included in other receivables, which were assessed with the support of an independent valuer, details of which are as follows:

(a) Impairment on Major Trade Receivables from TV Production

The Group entered into transfer agreement(s) in late 2020 and 2021 with each of the Customers, which are independent third parties principally engaged in TV/film production and distribution in China, in relation to the sale of certain TV series rights by the Group to each of the Customers. The consideration of each of the agreement(s) shall be settled by three installments with credit periods ranging from 3 to 12 months or 5 to 12 months. The Customers were unable to settle part or any of the consideration under the respective agreements when the consideration falls due. To the best knowledge of the Group, the Customers were unable to settle the relevant consideration mainly because their cash flows were affected by the slow inventory turnover of their on-going TV series/web film projects and substantial price reductions primarily caused by the impact of COVID-19 at the relevant time and its subsequent impact on the TV/film production industry in China.

As part of the annual impairment assessment for the Reporting Period, the Group conducted interviews with the Customers to obtain the latest information from the Customers (including the progress of the subsequent distribution of the respective TV series in TV stations/online video platforms and the substantial price reduction on the TV series, etc.) for the valuation of receivables and determination of the impairment amount. The total impairment amount recognised on trade receivables from the Customers for the Reporting Period amounted to RMB78.3 million.

(b) Impairment on Other Trade Receivables

These trade receivables comprise various trade receivables ("**Other Trade Receivables**") from both business segments of higher education (media and arts) and vocational education and entertainment and livestreaming e-commerce of the Group. The total impairment amount recognised on these trade receivables for the Reporting Period amounted to RMB1.8 million.

(c) Impairment on Bridging Loans

As mentioned in the section headed "Business Review", since certain conditions precedent for the Acquisition have not been fulfilled, the Bridging Loans could not be set-off against the Adjusted Consideration for the Acquisition and the Transferor has failed to repay the Bridging Loans when it falls due. Since the entering into of the Bridging Loans in June 2021, the Group has made impairment losses for each of the years ended 31 December 2021, 2022 and 2023, and for the Reporting Period, the impairment losses recognised on the Bridging Loans amounted to RMB79.4 million, which was due to the decrease in fair value of the security as a result of the decrease in the market values of comparable listed companies engaged in higher education in China.

Movement and basis of assessment of the impairment losses

Below sets out the movement of the impairment losses for the Reporting Period:

	Accumulated impairment as at 31 December 2023	**Impairment for the Reporting Period**	**Accumulated impairment as at 31 December 2024**
	RMB'000	*RMB'000*	*RMB'000*
Impairment on Major Trade Receivables from TV Production (in aggregate)	405,597	78,329	483,926
Impairment on Other Trade Receivables	6,690	1,799	8,489
Impairment on total trade receivables	412,287	80,128	492,415
Impairment on Bridging Loans	161,306	79,443	240,749
Total	573,593	159,571	733,164

The Group has engaged an independent valuer during the Reporting Period to determine the amount of impairment losses based on certain valuation methods which are consistently applied in prior periods, details of which are set out in the Company's 2023 annual results announcement published on 27 March 2024 and its 2023 annual report published on 29 April 2024.

The Company has formalized action plans to recover certain receivables, which include the negotiation of repayment plans to recover the receivables from the relevant parties, seeking professional advice from a PRC legal advisor and a debt collection agency, and the assignment of an executive Director to lead the execution of such plans. As mentioned in the section headed "Business Review", the Group has initiated legal proceedings to recover certain receivables from the relevant parties. The Group will use its best efforts to recover these amounts from the relevant parties.

Save as disclosed above, there were no material updates on the status of recovery as compared to the status ad disclosed in the Company's 2024 interim result announcement and its 2024 interim report.

Taxation

The Group recorded an income tax expense of RMB0.4 million for the Reporting Period as compared to an income tax credit of RMB0.2 million for the year ended 31 December 2023, primarily due to an increase in taxable profits of certain subsidiaries.

Profit (loss) for the year

As a result of the foregoing, the Group recorded a profit of RMB116.9 million for the Reporting Period as compared to a loss of RMB181.1 million for the year ended 31 December 2023.

Non-HKFRS Measure – Adjusted Net Profit (Loss)

In order to supplement the Group's consolidated financial statements, which are presented in accordance with HKFRS, the Group also uses Adjusted Net Profit (Loss) as an additional financial measure. The Group presents this financial measure because it is used by the Group's management to evaluate the Group's financial performance by eliminating the impact of certain items that the Group does not consider to be indicative of the Group's performance during the Reporting Period. The Group also believes that this non-HKFRS measure provides additional information to investors and others in their understanding and evaluating the Group's results of operations in the same manner as they help the Group's management and in comparing financial results across accounting periods and to those of the Group's peer companies. This non-HKFRS measure is non-recurring in nature and provides an unbiased presentation for investors to understand the Group's results of operations. However, this non-HKFRS measure does not have a standardised meaning prescribed by HKFRS and therefore it may not be comparable to similar measures presented by other companies listed on the Stock Exchange.

Adjusted Net Profit (Loss), which is unaudited, represents profit (loss) for the year after adjusting for profit for the year from impairment losses recognised on other receivables, write-down of inventories and equity-settled share-based payments. The Adjusted Net Profit of the Group for the year ended 31 December 2024 was RMB218.3 million, as compared to an Adjusted Net Loss of RMB1.3 million for the Group for the year ended 31 December 2023.

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

	Year ended 31 December	
	2024	2023
	(RMB'000)	
Profit (loss) for the year	**116,911**	(181,067)
Add: Impairment losses on other receivables (included in impairment losses under expected credit loss model, net of reversal)	**79,443**	95,549
Add: Impairment loss on other receivable (included in cost of revenue)	**–**	63,000
Add: Write-down of inventories	**20,378**	20,003
Add: Equity-settled share-based payments	**1,534**	1,204
Non-HKFRS: Adjusted Net Profit (Loss)	**218,266**	(1,311)

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

Liquidity, financial resources and capital structure

During the Reporting Period, the Group funded its cash requirements principally from cash generated from operations.

As at 31 December 2024, the Group's cash and cash equivalents amounted to RMB690.8 million (as at 31 December 2023: RMB342.0 million), of which the majority were denominated in Renminbi ("**RMB**") and Hong Kong dollars. The increase in cash and cash equivalents was primarily due to the reduction of cash used in investing activities.

As at 31 December 2024, the Group's structured deposits classified as financial assets at FVTPL amounted to RMB355.4 million (the aggregate of structured deposits, unquoted fund investments and listed equity investments as at 31 December 2023: RMB376.0 million). The majority of these structured deposits, unquoted fund investments and listed equity investments were purchased for better utilisation of our surplus cash.

The Group continued to maintain a healthy and sound financial position. As at 31 December 2024, the current ratio (the ratio of total current assets to total current liabilities) was 241.4% (as at 31 December 2023: 257.0%). The total assets of the Group decreased from RMB3,078.2 million as of 31 December 2023 to RMB3,057.6 million as at 31 December 2024, while the total liabilities decreased from RMB662.2 million as at 31 December 2023 to RMB612.0 million as at 31 December 2024. The liability-to-asset ratio decreased from 21.5% as at 31 December 2023 to 20.0% as at 31 December 2024.

As at 31 December 2024, the Group did not have interest-bearing borrowings (as at 31 December 2023: nil). As at 31 December 2024, the Group's total equity amounted to RMB2,445.6 million (as at 31 December 2023: RMB2,416.0 million). The Board will evaluate the Group's capital structure from time to time based on the Group's operations, its business growth, the relevant funding requirements and available financial resources.

Gearing ratio

The Group's gearing ratio is calculated as total interest-bearing borrowings divided by total equity. As at 31 December 2024, as the Group did not have any interest-bearing borrowings, its gearing ratio was zero (as at 31 December 2023: zero).

Capital expenditure and commitment

During the year ended 31 December 2024, the Group paid RMB107.4 million for the purchases of property and equipment primarily for our University.

As at 31 December 2024, capital commitment of the Group was RMB1.5 million (as at 31 December 2023: RMB5.0 million).

Foreign exchange exposure

During the year ended 31 December 2024, the Group mainly operated in China and the majority of the transactions were settled in RMB, which is the Company's primary subsidiaries and consolidated affiliated entities' functional currency. As at 31 December 2024, except for certain bank balances and deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations. The Group did not enter into any financial instrument for hedging purpose as it is expected that foreign exchange exposure will not be material.

Pledge of assets

As at 31 December 2024, the Group had no pledge of assets (as at 31 December 2023: nil).

Contingent liabilities

Save as disclosed in note 15 to the consolidated financial statements, the Group had no material contingent liabilities as at 31 December 2024 (as at 31 December 2023: RMB105.8 million).

Significant investments

The Group did not make or hold other significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 31 December 2024) during the Reporting Period.

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies during the year ended 31 December 2024.

Future plans for material investments or capital assets

As at 31 December 2024, the Group did not have detailed future plans for material investments or capital assets.

Employees and remuneration

As at 31 December 2024, the Group had a total of 2,311 employees (as at 31 December 2023: 2,193 employees). The following table sets forth the total number of employees by function as at 31 December 2024:

Functions	**Number of employees**
Higher education (media and arts) and vocational education	
Teachers	1,986
Administration	247
Livestreaming e-commerce and artist management	
Operations	33
Administration	8
TV/film production and investment, and corporate management	
Operations	23
Administration	14
Total	2,311

The total remuneration cost incurred by the Group for the year ended 31 December 2024 was RMB204.0 million, as compared to RMB176.9 million for the year ended 31 December 2023.

The Company has adopted a post-IPO share award scheme (the “**Post-IPO Share Award Scheme**”) and a post-IPO share option scheme on 22 June 2020. Please refer to the annual report of the Company for the year ended 31 December 2024 to be published for details of the Post-IPO Share Award Scheme and the post-IPO share option scheme.

CORPORATE GOVERNANCE

The Board is committed to achieving high standards of corporate governance, which are crucial to the Company’s development and safeguard the interests of Shareholders.

Compliance with the Code on Corporate Governance Practices

The Board believes that transparency and good corporate governance will lead to long-term success for the Company.

The Company has adopted and complied with the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) during the year ended 31 December 2024, save for the deviation set out below.

Code provision C.2.1 of the CG Code recommends, but does not require, that the roles of chairperson and chief executive should be separate and should not be performed by the same person. Mr. Pu Shulin (“**Mr. Pu**”) performs both the roles of the chairperson of the Board (the “**Chairperson**”) and the chief executive officer of the Company. Mr. Pu is the founder of the Group and has extensive experience in the business operations and management of the Group. The Board believes that vesting the roles of both Chairperson and chief executive officer in Mr. Pu has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning. This structure will enable the Company to make and implement decisions promptly and effectively.

The Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors. The Board will reassess the division of the roles of Chairperson and the chief executive officer from time-to-time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of the Group as a whole.

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2024.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Management Trading of Securities Policy (the “**Company’s Code**”), with terms no less exacting that the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Company’s Code.

Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Company’s Code during the year ended 31 December 2024 and up to the date of this announcement.

Audit committee

The Group has established an audit committee comprising three members, being Mr. Lee Cheuk Yin Dannis, Mr. Zhang Jizhong and Mr. Huang Yu, with Mr. Lee Cheuk Yin Dannis (being the Company's independent non-executive Director with the appropriate professional qualifications) as chairperson of the audit committee.

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024 and has met with the independent auditor, Messrs. Deloitte Touche Tohmatsu. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company, risk management and internal control and financial reporting matters with senior management members of the Company.

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 the 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 28 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.

OTHER INFORMATION

Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme conditionally adopted pursuant to the Shareholders' resolutions dated 22 June 2020 has been effective from 15 July 2020, the date on which the shares of the Company (the "**Shares**") were listed on the Main Board of the Stock Exchange. The purpose of the Post-IPO Share Award Scheme is to align the interests of eligible persons (the "**Eligible Persons**") with those of our Group through ownership of the Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of our Group. For the avoidance of doubt, the Post-IPO Share Award Scheme was adopted before the new Chapter 17 has come into effect since 1 January 2023. Since 1 January 2023, the Company has relied on the transitional arrangements provided for the existing share schemes and will comply with the new Chapter 17 to the applicable extent.

Pursuant to the rules of the Post-IPO Share Award Scheme, the Company entered into a trust deed with Tricor Trust (Hong Kong) Limited (the "**Trustee**") on 24 September 2021 in respect of, among others, granting, administration or vesting of any award shares (the "**Award Shares**").

As at 31 December 2024, the Trustee has purchased a total of 32,000,000 Shares (as at 31 December 2023: 32,000,000 Shares) on the Stock Exchange and no Award Shares was granted during the Reporting Period.

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries or consolidated affiliated entities purchased, sold or redeemed any of the Company's listed securities (including treasury shares) during the Reporting Period. As at 31 December 2024, the Company did not hold any treasury shares.

Material litigation

Save as disclosed in this announcement, the Company was not involved in other material litigation or arbitration proceedings during the year ended 31 December 2024 and the Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the Reporting Period and up to the date of this announcement.

Dividends

The Board recommended the payment of a final dividend of HK$0.03 (for the year ended 31 December 2023: nil) per Share and a special dividend of HK$0.03 (for the year ended 31 December 2023: HK$0.06) per Share for the year ended 31 December 2024. The final dividend and special dividend are subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on 30 May 2025 (the "**AGM**") and the final dividend and special dividend are expected to be payable on or about 27 June 2025 to the Shareholders whose names appear on the register of members of the Company on 12 June 2025.

Closure of register of members

The register of members of the Company will be closed for the purpose of determining the identity of Shareholders who are entitled to attend and vote at the AGM from 27 May 2025 to 30 May 2025, both days inclusive, during which period no transfer of Shares will be registered. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM will be 30 May 2025. In order to be eligible to attend and vote the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration, no later than 4:30 p.m. on 26 May 2025.

The register of members of the Company will be closed for the purpose of determining the identify of Shareholders who are entitled to receive the final dividend and special dividend from 10 June 2025 to 12 June 2025, both days inclusive, during which period no transfer of Shares will be registered. The record date for determining the entitlement of the Shareholders to receive the final dividend and special dividend will be 12 June 2025. In order to be qualified for the final dividend and special dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration, no later than 4:30 p.m. on 9 June 2025.

FINANCIAL INFORMATION

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*	**782,359**	759,040
Cost of revenue		**(401,205)**	(481,242)
Gross profit		**381,154**	277,798
Other income	*5*	**39,847**	21,351
Other gains and losses	*6*	**414**	(52)
Selling expenses		**(21,307)**	(27,870)
Administrative expenses		**(122,297)**	(114,463)
Impairment losses under expected credit loss model, net of reversal	*7*	**(159,571)**	(336,666)
Finance costs		**(965)**	(1,327)
Profit (loss) before tax		**117,275**	(181,229)
Income tax (expense) credit	*8*	**(364)**	162
Profit (loss) for the year	*9*	**116,911**	(181,067)
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		**1,537**	(1,067)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**–**	20
Other comprehensive income (expense) for the year		**1,537**	(1,047)
Total comprehensive income (expense) for the year		**118,448**	(182,114)
Profit (loss) for the year attributable to:			
Owners of the Company		**92,064**	(196,265)
Non-controlling interests		**24,847**	15,198
		116,911	(181,067)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**93,601**	(197,312)
Non-controlling interests		**24,847**	15,198
		118,448	(182,114)
Earnings (loss) per share	*11*		
– Basic (RMB cents)		**5.67**	(12.09)
– Diluted (RMB cents)		**5.67**	(12.09)

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		**1,216,174**	1,242,257
Right-of-use assets		**124,359**	136,639
Intangible assets		**23,873**	34,280
Deferred tax assets		**379**	163
Time deposits		**230,000**	–
Other receivables	*12*	**7,487**	–
Rental deposit		**–**	1,061
		1,602,272	1,414,400
Current Assets			
Inventories		**14,291**	33,975
Trade and other receivables	*12*	**333,486**	490,896
Financial assets at fair value through profit or loss ("**FVTPL**")		**386,795**	421,571
Time deposits		**30,000**	375,311
Cash and cash equivalents		**690,770**	342,044
		1,455,342	1,663,797
Current Liabilities			
Trade and other payables	*13*	**191,069**	245,356
Contract liabilities		**384,842**	376,309
Tax liabilities		**494**	478
Dividend payable		**20,950**	20,950
Lease liabilities		**5,447**	4,192
		602,802	647,285
Net Current Assets		**852,540**	1,016,512
Total Assets less Current Liabilities		**2,454,812**	2,430,912

		As at 31 December	
		2024	2023
	NOTE	***RMB'000***	*RMB'000*
Non-current Liabilities			
Lease liabilities		**9,129**	14,576
Deferred income		**75**	372
		9,204	14,948
Net Assets		**2,445,608**	2,415,964
Capital and Reserves			
Share capital	*14*	**117**	117
Reserves		**2,220,422**	2,215,625
Equity attributable to owners of the Company		**2,220,539**	2,215,742
Non-controlling interests		**225,069**	200,222
Total Equity		**2,445,608**	2,415,964

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 January 2017 as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Its shares have been listed on the Main Board of the Stock Exchange since 15 July 2020. Its immediate holding company is Cathay Media Holdings Inc a company incorporated in the British Virgin Islands (the "**BVI**") and its ultimate holding company is Media One International (PTC) Limited, a company incorporated in the BVI, which is the trustee of a trust established in January 2021 of which the settlor is Mr. Pu Shulin, who is also an executive Director and chairman of the Board. The address of the Company's registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of higher and vocational education services and entertainment and livestreaming e-commerce in the PRC.

The consolidated financial statements are presented in RMB, which is different from the Company's functional currency of Hong Kong dollars ("**HK$**"). Since the majority of the assets and operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 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 HKFRS Accounting Standards as 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.

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

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature- dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale 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.

The application of HKFRS 18 *Presentation and Disclosure in Financial Statements* has no impact on the Group's financial positions and performance, but has impact on presentation of the consolidated statement of profit or loss and other comprehensive. Except for the HKFRS 18, the Directors of the Company anticipate that the application of these amendments to HKFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

Other than the application of certain accounting policies resulting from application of amendments to HKFRS Accounting Standards which became relevant to the Group in the current year, the accounting policies and methods of computation used in the consolidated financial statements for the year ended 31 December 2024 are the same as those presented in the Group's consolidated financial statements for the year ended 31 December 2023.

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Types of goods or services		
Recognised over time		
Higher and vocational education service income		
– Higher education programmes	**494,629**	400,355
– Continuing education programmes	**105,689**	107,000
– International preparatory programmes	**54,136**	45,522
Promotion income from livestreaming e-commerce	**15,237**	17,995
Other income from higher and vocational education	**8,980**	5,981
	678,671	576,853
Recognised at a point in time		
Sales of inventories	**–**	85,003
Entrance examination fees and others	**7,912**	34,122
Artist management service income	**74,135**	40,646
Commission income from livestreaming e-commerce and others	**21,641**	22,416
	103,688	182,187
	782,359	759,040

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Geographical markets *(Note)*		
Mainland China	**782,359**	758,771
Others	**–**	269
	782,359	759,040

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

Segment information

The Group's operating segments are based on information prepared and reported to the chief executive officer and executive Directors, being the chief operating decision maker ("**CODM**"), for the purposes of resources allocation and performance assessment.

The CODM had identified two reportable and operating segments, namely higher and vocational education segment and entertainment and livestreaming e-commerce segment.

Segment revenues and results

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

	Higher and vocational education *RMB'000*	Entertainment and livestreaming e-commerce *RMB'000*	Total *RMB'000*
For the year ended 31 December 2024			
Segment revenue			
External sales	**671,346**	**111,013**	**782,359**
Segment profit (loss)	**246,272**	**(129,910)**	**116,362**
Unallocated other income			**18,344**
Unallocated other gains and losses			**(219)**
Unallocated corporate expenses			**(17,212)**
Profit before tax			**117,275**
For the year ended 31 December 2023			
Segment revenue			
External sales	592,980	166,060	759,040
Segment profit (loss)	182,411	(354,285)	(171,874)
Unallocated other income			7,591
Unallocated other gains and losses			23
Unallocated corporate expenses			(16,969)
Loss before tax			(181,229)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	Year ended 31 December	
	2024 ***RMB'000***	2023 *RMB'000*
Customer A	**–**	82,075

5. OTHER INCOME

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Interest income from banks	**16,813**	4,713
Miscellaneous service income	**8,912**	4,733
Donations	**6,138**	–
Government grants *(Note)*	**3,491**	6,160
Interest income from consideration receivables *(note 12)*	**1,531**	2,878
Others	**2,962**	2,867
	39,847	21,351

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

6. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Gains from changes in fair value of financial assets measured at FVTPL	**657**	1,537
Losses on termination of a lease agreement	**–**	(76)
Net losses on disposal of property and equipment	**(24)**	(1,536)
Net foreign exchange (losses) gains	**(219)**	23
	414	(52)

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Impairment losses recognised:		
– trade receivables	**80,128**	241,117
– other receivables	**79,443**	95,549
	159,571	336,666

8. INCOME TAX EXPENSE (CREDIT)

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("**EIT**")		
– current tax	**580**	131
– deferred tax	**(216)**	(293)
	364	(162)

The Company was incorporated in the Cayman Islands and its directly owned subsidiary, Cathay Media Group (BVI) Inc. was incorporated in the BVI, and are tax exempted as they involve no business carried out in the Cayman Islands and the BVI under the tax laws of the Cayman Islands and the BVI, respectively.

No provision of Hong Kong Profits Tax was made in these consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax during both years.

Pursuant to the Enterprise Income Tax Law and Implementation Regulations of the Law of the PRC (the "**EIT Law of the PRC**"), the statutory tax rate of the PRC subsidiaries is 25% for both years.

Certain subsidiaries of the Company are subject to small and thin-profit enterprises and entitled to the preferential tax rate of 20% with 75% reduction on annual taxable income during both years.

According to the relevant provisions of Implementation Rules for the Law for Promoting Private Education and the Implementation Rules, private schools, which are providing academic qualification education, are eligible to enjoy income tax exemption treatment if the school sponsors of such schools do not require reasonable returns or the schools are elected to be not-for-profit schools. In June 2021, the Group submitted the application for the election for the conversion of CUCN into for-profit private school (the "**Conversion**") in accordance with these laws and regulations. As at 31 December 2024 and 2023, the Conversion was still in process and the tax positions of CUCN has not been changed for both years. CUCN followed previous EIT preferential treatments according to the current tax practice. During the year ended 31 December 2024, the non-taxable income amounted to RMB660,364,000 (2023: RMB586,533,000), and the related non-deductible expenses amounted to RMB413,373,000 (2023: RMB399,685,000).

9. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Directors' remuneration	**5,715**	5,682
Other staff costs		
– salaries and other allowances	**166,186**	149,071
– retirement benefit scheme contributions	**30,579**	21,013
– equity-settled share-based payments	**1,534**	1,204
Total staff costs	**204,014**	176,970
Depreciation of property and equipment	**65,790**	56,495
Depreciation of right-of-use assets	**12,280**	12,246
Amortisation of intangible assets	**10,643**	9,107
Total depreciation and amortization	**88,713**	77,848
Less: Capitalised in construction in progress	**–**	(85)
	88,713	77,763
Write-down of inventories (included in cost of revenue)	**20,378**	20,003
Impairment loss on prepayment for television series production (included in cost of revenue)	**–**	63,000
Auditor's remuneration	**3,834**	3,962

10. DIVIDENDS

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
2024 interim dividend of nil (2023: 2023 interim dividend of HK$0.03) per share	**–**	45,546
2023 special dividend of HK$0.06 (2023: 2022 special dividend of nil) per share	**90,338**	–
	90,338	45,546

Subsequent to the end of the Reporting Period, a final dividend of HK$0.03 per ordinary share and a special dividend of HK$0.03 per ordinary share in respect of the year ended 31 December 2024, in an aggregate amount of approximately HK$99,296,000 (2023: HK$99,296,000), have been proposed by the Board and is subject to approval by the Shareholders in the forthcoming AGM.

11. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) 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 (loss)		
Profit (loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	**92,064**	(196,265)

	Year ended 31 December	
	2024	2023
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**1,622,937**	1,622,937
Effect of dilutive potential ordinary shares – share options *(Note)*	**–**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**1,622,937**	1,622,937

Note: The computation of diluted earnings (loss) per share for the years ended 31 December 2024 and 2023 did not assume the exercise of the Company's share options granted under the Post-IPO share option scheme as the exercise price of the share options was higher than the average market price for shares for both years. No diluted earnings (loss) per share was presented as there were no potential ordinary shares in issue for the years ended 31 December 2024 and 2023.

12. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
– from entertainment and livestreaming e-commerce	**576,259**	575,594
– from higher and vocational education	**15,908**	4,980
	592,167	580,574
Less: Allowance for credit losses	**(492,415)**	(412,287)
	99,752	168,287
Other receivables and prepayments		
Loan Receivables (defined below) *(Note i)*	**420,000**	420,000
Less: Allowance for credit losses *(Note i)*	**(240,749)**	(161,306)
	179,251	258,694
Consideration receivables *(Note ii)*	**10,000**	33,469
Prepayment for services	**12,773**	9,815
Interest receivables from banks	**8,201**	–
Miscellaneous deposits	**6,261**	2,933
Value added tax recoverable	**5,554**	6,415
Receivables from service providers	**5,541**	4,292
Others	**13,640**	6,991
	241,221	322,609
	340,973	490,896
Analysed as:		
– Current	**333,486**	490,896
– Non-current	**7,487**	–
	340,973	490,896

Notes:

i. On 21 June 2021, Nanjing Lanchou Corporate Management Co., Ltd.(南京藍籌企業管理有限公司) ("**Nanjing Lanchou**"), a consolidated affiliated entity, entered into the sale and purchase agreement with the Transferor (Jiangsu China Red Science and Education Investment Group Nanjing Energy and Technology Co. Ltd.(江蘇華紅科教投資集團南京能源科技有限公司)), pursuant to which Nanjing Lanchou agreed to acquire the entire equity interests of Jiangsu China Red Science and Education and Investment Group Co., Ltd.(江蘇華紅科教投資集團有限公司)(the "**Target Company**") for an aggregate cash consideration of RMB450,000,000 which may be adjusted to RMB250,000,000 if certain conditions precedent (including completion of transfer of an additional land lot for the operation of the Olympic College cannot be satisfied within 36 months from the date of the sale and purchase agreement.

To facilitate the series of restructuring stated in the sale and purchase agreement, Nanjing Lanchou has also entered into two loan agreements, pursuant to which Nanjing Lanchou shall grant to the Transferor the Bridging Loans in the principal amounts of RMB250,000,000 and RMB170,000,000, respectively (collectively referred as the "**Loan Receivables**"). The Loan Receivables were non-interest bearing with maturity date of six months, among which RMB410,000,000 shall not be used for any purpose other than agreed terms in the loan agreements. Mr. Ye Hua and Ms. Gao Jiehong, the founders of the Transferor, has provided the personal guarantee and pledged their 67% and 33% of equity interests in the Transferor as well as their 9% equity interests in Jiangsu Zijin Science and Education Investment Co., Ltd.(江蘇紫金科教投資有限公司)("**Jiangsu Zijin**") to Nanjing Lanchou as collaterals for the Loan Receivables.

As at 31 December 2024 and 2023, the Loan Receivables were not repaid and were overdue by the Transferor.

The Directors are of the view that, after seeking legal advice and support from the independent valuer, the market value of the pledged assets held by the Transferor and the founders of the Transferor, including 100% equity interests of the Transferor and 9% equity interests of Jiangsu Zijin, will be approximately RMB179,251,000 (2023: RMB258,694,000) as at the end of the Reporting Period, and the Group has recognised allowance for credit loss amounting to RMB240,749,000 (2023: RMB161,306,000) as at the end of the Reporting Period.

ii. Pursuant to the unwind agreement as disclosed in the Company's announcement dated 28 March 2022, consideration receivables were secured by 20% equity interests of Beijing Shuimu Huaxia Education Technology Co., Ltd. (北京水木華夏教育科技有限公司). As at the end of the Reporting Period, the Group has not recognised a loss allowance for consideration receivables as a result of these collaterals.

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Less than 1 year	**24,807**	88,958
1 to 2 years	**74,945**	–
2 to 3 years	**–**	38,349
Over 3 years	**–**	40,980
	99,752	168,287

The Group allows a credit period ranging from three months to one year to its customers. As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB74,945,000 (2023: RMB79,329,000) which are past due but not impaired as at the reporting date.

13. TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables	**67,085**	63,462
Payables for property and equipment	**54,226**	121,821
Payroll payables	**25,702**	22,990
Miscellaneous deposits received from students	**21,014**	18,059
Deposits from construction suppliers	**9,513**	8,434
Discretionary subsidies received on behalf of students	**2,079**	574
Value added tax and other taxes payable	**4,850**	4,878
Other payables	**6,600**	5,138
	191,069	245,356

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**17,789**	17,395
1 to 2 years	**3,568**	2,206
Over 2 years	**45,728**	43,861
	67,085	63,462

14. SHARE CAPITAL

	Number of shares	**Share Capital**	**Shown in the consolidated financial statements**
		HK$	*RMB'000*
Ordinary shares of HK$0.00001 each			
Authorised:			
At 1 January 2023, 31 December 2023 and 31 December 2024	5,000,000,000	50,000	
Issued and fully paid:			
At 1 January 2023, 31 December 2023 and 31 December 2024	1,654,937,000	16,549	117

During the years ended 31 December 2024 and 2023, there were no shares issued, repurchased and cancelled by the Company.

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

15. CONTINGENT LIABILITIES

A plaintiff raised litigation claim against CUCN in the PRC court. The claim from the plaintiff was approximately RMB57,041,000 plus petition cost and attorneys' fees in relation to variable construction cost of the school campus. Up to the date of the consolidated financial statements, there was no formal judgments from the PRC court.

After seeking independent legal advice, the directors of the Company consider that the outcome and the amount of final payment, if any, are uncertain, and no provision has been made during the year ended 31 December 2024.

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.cathaymedia.com). The annual report for the year ended 31 December 2024 will be dispatched to the Shareholders (upon requests from Shareholders) and made available on the abovementioned websites of the Stock Exchange and the Company in due course.

By order of the Board
Cathay Group Holdings Inc.
Pu Shulin
Chairperson and Executive Director

China, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. Pu Shulin, Ms. Jacqueline Luo, Mr. Wu Ye and Mr. Lau Chi Hung, and the independent non-executive Directors are Mr. Zhang Jizhong, Mr. Lee Cheuk Yin Dannis and Mr. Huang Yu.