ANNUAL REPORT 2024

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

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Pu Shulin
(Chairperson and Chief Executive Officer)
Ms. Jacqueline Luo
Mr. Wu Ye
Mr. Lau Chi Hung

Independent non-executive Directors

Mr. Zhang Jizhong
Mr. Lee Cheuk Yin Dannis
Mr. Huang Yu

AUDIT COMMITTEE

Mr. Lee Cheuk Yin Dannis *(Chairperson)*
Mr. Zhang Jizhong
Mr. Huang Yu

REMUNERATION COMMITTEE

Mr. Huang Yu *(Chairperson)*
Mr. Pu Shulin
Mr. Lee Cheuk Yin Dannis

NOMINATION COMMITTEE

Mr. Pu Shulin *(Chairperson)*
Mr. Zhang Jizhong
Mr. Lee Cheuk Yin Dannis

COMPANY SECRETARY

Mr. Lau Chi Hung

AUTHORISED REPRESENTATIVES

Mr. Pu Shulin
Mr. Lau Chi Hung

HEADQUARTERS

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Hong Kong

REGISTERED OFFICE

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Grand Cayman KY1-9008
Cayman Islands

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor
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Central, Hong Kong

LEGAL ADVISERS

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Hong Kong

As to PRC law
Commerce & Finance Law Offices
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No. 1 Jianguomenwai Avenue
Chaoyang District, Beijing, PRC

As to Cayman Islands law
Walkers (Hong Kong)
15/F, Alexandra House
18 Chater Road, Central, Hong Kong

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKS

DBS Bank (Hong Kong) Limited
Bank of China (HK) Ltd.

STOCK CODE

1981

COMPANY WEBSITE

www.cathaymedia.com

CHAIRPERSON'S STATEMENT

Dear Shareholders,

The Group turned its results around from a loss of RMB181.1 million for the year ended 31 December 2023 to a profit of RMB116.9 million for the Reporting Period. As a result, the Board proposed to distribute a final dividend of HK$0.03 per Share and a special dividend of HK$0.03 per Share for the Reporting Period, amounting to approximately HKD99.3 million in aggregate, subject to Shareholders' approval at the forthcoming annual general meeting.

We expect our higher education (media and arts) and vocational education business will continue to contribute as a stable source of revenue and cash flows to the Group. Currently, our University has approximately 30,000 students in aggregate. The Group intends to further expand its capacity and the expected total capacity may exceed 50,000 students in the future. We will also continue to promote the integration of industry and education in order to create more internships and job opportunities for our students.

By leveraging the Group's high-quality resources in the area of media and arts and cooperating with a well-known PRC artificial intelligence ("**AI**") technology company, the Group will focus on the development in three major areas, which cover i) media and arts education, ii) pay-for-knowledge and vertical e-commerce, and iii) AI professors and AI arts courses, in order to build an ecosystem which integrates "policy compliance, technological innovation, and commercial realization" and establish a distinct competitive advantage in the AI education, particularly in the area of media and arts.

In recent years, affected by the overall downturn in the TV/film production industry in China, the trade and other receivables of our TV/film production and investment business have recorded significant impairments, thereby impacting the Group's results performance in recent years. With the turnaround to profitability in 2024 and our strategic development of the three major business areas as mentioned above, we are confident that the Group's future development and performance will have bright prospects, and may enhance the return for Shareholders.

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

Pu Shulin
Chairperson of the Board

28 March 2025

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 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 PRC.

Higher education (media and arts) and vocational education

CUCN

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 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 report, 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 report, 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".

Recent developments after the Reporting Period

Save for the recent exclusive collaboration with a well-known PRC 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 report.

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.

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 RMB'000	Impairment for the Reporting Period RMB'000	Accumulated impairment as at 31 December 2024 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) ("**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 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 35 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 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.

The Board is pleased to present this Directors' report together with the consolidated financial statements of the Group for the year ended 31 December 2024.

GENERAL INFORMATION

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal businesses of the Company's subsidiaries are higher education (media and arts) and vocational education, and entertainment and livestreaming e-commerce. Analysis of the principal activities of the Group during the year ended 31 December 2024 is set out in note 34 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 66 of this annual report.

DIRECTORS

The Directors who held office during the year ended 31 December 2024 and up to the date of this report are:

Executive Directors

Pu Shulin
Jacqueline Luo
Wu Ye
Lau Chi Hung

Independent non-executive Directors

Zhang Jizhong
Lee Cheuk Yin Dannis
Huang Yu

BUSINESS REVIEW AND OUTLOOK

A business review of the Group, as required by Schedule 5 to the Companies Ordinance, including a fair review of the Company's business, a description of the principal risks and uncertainties facing the Company, particulars of important events affecting the Company that have occurred since the end of the financial year, an indication of likely future developments in the Group's business, an analysis of the Group's financial performance and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the "Business review and outlook" and "Management discussion and analysis" on pages 5 to 18 of this annual report. These discussions form part of this Directors' report. Events affecting the Company that have occurred since the end of the financial year are set out in the "Recent developments after the Reporting Period" in "Business review and outlook".

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

ENVIRONMENT POLICIES AND PERFORMANCE

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

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2024, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

CONNECTED TRANSACTIONS

During the year ended 31 December 2024, save as disclosed in this annual report, no related party transaction disclosed in note 33 to the consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules for which disclosure is required. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31 December 2024.

CONTRACTUAL ARRANGEMENTS

Background to the Contractual Arrangements

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

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

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

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

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

- The PRC government may find that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, which may subject us to severe penalties and our business may be materially and adversely affected.

- Substantial uncertainties exist with the PRC foreign investment legal regime and may have a significant impact on our corporate structure and business operations.

- The Contractual Arrangements may not be as effective in providing control over our Consolidated Affiliated Entities as direct ownership.

- The beneficial owners of our Consolidated Affiliated Entities may have conflicts of interest with us, which may materially and adversely affect our business and financial condition.

- The Contractual Arrangements may subject us to scrutiny by the PRC tax authorities and may result in a finding that we owe additional taxes or are ineligible for tax exemptions, or both, which could substantially increase our taxes owed and thereby reduce our profit attributable to equity shareholders of the Company.

- Our exercise of the option to acquire the equity interest held by the Registered Shareholders of our Consolidated Affiliated Entities may be subject to certain limitations and we may incur substantial costs.

- Any failure by our Consolidated Affiliated Entities or their respective shareholders to perform their obligations under our Contractual Arrangements would potentially lead to the incurrence of additional costs and the expending of substantial resources on our part to enforce such arrangements, temporary or permanent loss of control over our primary operations or loss of access to our primary sources of revenue.

- Certain terms of the Contractual Arrangements may not be enforceable under PRC laws.

- We rely on dividend and other payments from WFOEs to pay dividends and other cash distributions to our Shareholders and any limitation on the ability of WFOEs to pay dividends to us would materially and adversely limit our ability to pay dividends to our Shareholders.

- If any of our Consolidated Affiliated Entities becomes subject to winding up or liquidation proceedings, we may lose the ability to enjoy certain important assets, which could negatively impact our business and materially and adversely affect our ability to generate revenue.

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

PRC laws and regulations

TV/film production and investment

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

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

(i) foreign investment in TV and film production and distribution business are explicitly prohibited, and the NRTA will not approve any foreign investors to directly or indirectly invest in such business; and

(ii) the execution of the Contractual Arrangements does not require approval from the NRTA.

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

Higher education

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

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

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

(i) the Foreign Control Restriction and the Foreign Ownership Restriction apply to Sino-Foreign Schools in Jiangsu Province;

(ii) no implementing measures or specific guidance were promulgated pursuant to the Sino-Foreign Regulation and its implementing rules and the Qualification Requirement in Jiangsu Province;

(iii) although there is an understanding that the foreign investor will generally be an educational institution ranked globally among the top 200 universities or top 100 in the relevant fields, due to policy reason, the Education Department of Jiangsu Province will be unlikely to approve an application to convert CUCN or any schools to be newly established or invested by us into Sino-Foreign Schools; and

(iv) the execution of the Contractual Arrangements does not require approval from them.

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

Qualification requirements

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

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

- On 27 June 2017, we incorporated a holding company of a new school in California, United States, namely, Cathay Picture, Inc., which is wholly-owned by Cathay Media HK and will be responsible for the daily operation and management of the university to be established.

- On 6 July 2017, we entered into a consulting agreement with an independent education consultant with extensive experience and background in private post-secondary education in California, the United States, pursuant to which the consultant shall provide consultation and adviser services in relation to the licensing application submitted to the Bureau for Private Post-secondary Education ("**BPPE**") in California.

- On 30 May 2018, we submitted a formal application to, and have since been in correspondence with, the BPPE for the establishment of a university through the non-accredited process.

- In December 2018, we received a response letter from the BPPE to request for further information, which we responded to in January 2019.

- In February 2020, we received a request from BPPE for further information, which we responded to in March 2020.

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

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

Regulatory update

As advised by the PRC Legal Advisor, on 6 September 2024, the Ministry of Commerce and the National Development and Reform Commission jointly released the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資準入特別管理措施(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 report, there has been no significant PRC regulatory update relating to our business in China.

Summary of the Contractual Arrangements

The Contractual Arrangements in place for the Reporting Period were:

- ***Exclusive Business Cooperation Agreements.*** Pursuant to the exclusive business cooperation agreements entered into by and between the WFOEs, the Registered Shareholders, the Onshore Holdcos and CUCN dated 28 August 2019, the WFOEs have the exclusive right to provide to Dongyang Huaxia and its subsidiaries, Nanjing Lanchou and CUCN technical services, management support services, consulting services, intellectual property licenses and other additional services as the parties may mutually agree from time to time, and in return, the Onshore Holdcos, CUCN shall make payments accordingly.

- ***Exclusive Technical Services and Management Consultancy Agreements.*** Pursuant to the exclusive technical services and management consultancy agreements entered into by and between the WFOEs, the Onshore Holdcos and CUCN dated 28 August 2019, the WFOEs have the exclusive right to provide, or designate any third party to provide, technical and management services to Dongyang Huaxia and its subsidiaries, Nanjing Lanchou and CUCN. In consideration of the technical and management consultancy services provided by the WFOEs, each of the Onshore Holdcos and CUCN agreed to pay the WFOEs a service fee equal to all (in the case of the Onshore Holdcos) or 91% (in the case of CUCN) of their respective amount of surplus from operations (after deducting operating costs and other sums required by relevant laws and regulations to be reserved or withheld).

- ***Exclusive Call Option Agreements.*** Under the exclusive call option agreements entered into by and between the WFOEs, our Consolidated Affiliated Entities and the Registered Shareholders dated 28 August 2019, the Registered Shareholders have irrevocably granted the WFOEs or their designated purchaser the right to purchase all or part of the interests held by them in our Consolidated Affiliated Entities.

- ***Shareholders' Rights Entrustment Agreements.*** Pursuant to the shareholders' rights entrustment agreements entered into by and between the WFOEs, the Onshore Holdcos, and the Registered Shareholders, the Registered Shareholders have irrevocably authorized and entrusted the WFOEs to exercise all their rights as shareholders of each of the Onshore Holdcos to the extent permitted by PRC laws.

- ***Equity Pledge Agreements.*** Pursuant to the equity pledge agreements entered into by the WFOEs, the Registered Shareholders, the Onshore Holdcos, Huaxia Audio-Visual and Nanjing Meiya dated 28 August 2019, Mr. Pu, Mr. Liu Chang, Dongyang Huaxia, and Nanjing Lanchou unconditionally and irrevocably pledged and granted first priority security interests over all of their respectively equity interests in Dongyang Huaxia, Huaxia Audio-Visual, Nanjing Lanchou, and Nanjing Meiya, together with all related rights thereto to the WFOEs as security for performance of the Contractual Arrangements and all direct, indirect or consequential damages and foreseeable loss of interest incurred by the WFOEs as a result of any event of default on the part of the Registered Shareholders and the Consolidated Affiliated Entities and all expenses incurred by the WFOEs as a result of enforcement of the obligations of the Registered Shareholders and the Consolidated Affiliated Entities under the Contractual Arrangements.

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

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

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

Apart from the above, there were no other new Contractual Arrangements entered into, renewed or reproduced during the financial year ended 31 December 2024. Save as disclosed above, there was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted for the year ended 31 December 2024.

For the year ended 31 December 2024, none of the Contractual Arrangements had been terminated as none of the restrictions that led to the adoption of the contracts under the Contractual Arrangements has been removed.

The total revenue and net assets of the Consolidated Affiliated Entities that are subject to the Contractual Arrangements amounted to approximately RMB771.4 million for the year ended 31 December 2024 and approximately RMB2,202.3 million as of 31 December 2024, respectively.

Listing Rules implications and waivers

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

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

CONFIRMATION FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

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

(i) the transactions carried out during the year ended 31 December 2024 have been entered into in accordance with the relevant provisions of the Contractual Arrangements;

(ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year ended 31 December 2024;

(iii) no new contracts were entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during the year ended 31 December 2024 other than the ones disclosed above;

(iv) the Contractual Arrangements have been entered into in the ordinary and usual course of business of the Group;

(v) the Contractual Arrangements have been entered into on normal commercial terms or better; and

(vi) the Contractual Arrangements have been entered into in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONCLUSIONS FROM THE COMPANY'S INDEPENDENT AUDITOR

The auditor of the Company has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions entered into in the year ended 31 December 2024:

(i) nothing has come to their attention that causes the auditor to believe that the disclosed continuing connected transactions have not been approved by the Board;

(ii) nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

(iii) with respect of the disclosed continuing connected transactions with the Consolidated Affiliated Entities under the Contractual Arrangements, nothing has come to their attention that causes the auditor to believe that there are any dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of the equity interests of the Consolidated Affiliated Entities which are not otherwise subsequently assigned or transferred to the Group.

MAJOR CUSTOMERS

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

During the year ended 31 December 2024, revenue generated from our five largest customers of the Group represented less than 30% of our total revenue.

None of the Directors, their respective close associates, or any Shareholder (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) had any interest in any of our five largest customers during the year ended 31 December 2024.

MAJOR SUPPLIERS

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

During the year ended 31 December 2024, the purchases we made from the five largest suppliers represented less than 30% of our total purchases.

None of the Directors, their respective close associates, or any Shareholder (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) had any interest in any of our five largest suppliers during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

SUBSIDIARIES

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

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the year ended 31 December 2024 are set out in note 15 to the consolidated financial statements.

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

The Group's properties were valued at RMB533.3 million as of 30 April 2020. Had the Group's properties been included in these consolidated financial statements at such valuation amount throughout the year ended 31 December 2024 an additional depreciation charge of RMB1.4 million would have been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended 31 December 2024 are set out in note 26 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

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

DONATION

During the year ended 31 December 2024, the Group made charitable donations of approximately RMB0.3 million (2023: RMB0.3 million).

DEBENTURE ISSUED

The Group has not issued any debentures during the year ended 31 December 2024.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Schemes" in this Directors' report, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2024.

PERMITTED INDEMNITY

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

A permitted indemnity provision (as defined in section 469 of the Companies Ordinance) for the benefit of the Directors of the Company is currently and was in force during the year ended 31 December 2024. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company had reserves available for distribution to Shareholders amounting to RMB1,947.7 million.

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity on page 69 and in note 36 to the consolidated financial statements, respectively.

LOANS AND BORROWINGS

As at 31 December 2024, the Group did not have any bank loans, overdrafts and other borrowings statements.

DIRECTORS' SERVICE CONTRACTS

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

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

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

DIRECTORS INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section "Connected Transactions" of this Directors' report, none of the Directors or any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 December 2024.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

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

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

The Directors and the senior management personnel are eligible participants of the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme, details of which are set out in the Prospectus and pages 55 to 59 under 'Other information' in this annual report.

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

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

CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as set out in "Connected Transactions" above and the Underwriting Agreements (as defined in the Prospectus), no contract of significance or contract of significance for the provision of services has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended 31 December 2024.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2024.

AUDITOR

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

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

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries, fellow subsidiaries or its holdings companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

By order of the Board
Pu Shulin
Chairperson

China
28 March 2025

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Pu Shulin (蒲樹林), aged 69, is our founder, and is an executive Director, chairperson of the Board and chief executive officer of our Company, and chairperson of the nomination committee and member of the remuneration committee of the Board. Mr. Pu founded our Group and serves as a director and chairman of Dongyang Huaxia, Huaxia Audio-Visual, Huaxia Zhenxuan, Huaxia Huyu, Nanjing Lanchou, Nanjing Meiya, and CUCN. Mr. Pu graduated from Shenyang Conservatory of Music (瀋陽音樂學院) in Shenyang, Liaoning Province, China in 1983.

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

Ms. Jacqueline Luo (羅佳), aged 44, is our executive Director. She is primarily responsible for strategic formulation and implementation of the Group's business plan and overall supervision on the development of the Group's livestreaming e-commerce business. She is the chairperson and a director of Huaxia Huyu and a director of each of Nanjing Meiya and CUCN. Huaxia Huyu, Nanjing Meiya and CUCN are consolidated affiliated entities of the Company. Ms. Luo is the spouse of Mr. Pu.

Ms. Luo, has more than 15 years of management experience in media, entertainment, television/film production and education businesses. She has served as a vice president of Huaxia Audio-Visual since joining the Group in 2015 and a vice president of the Company since January 2017. Prior to joining the Group, Ms. Luo held a management position responsible for business strategy, sales and marketing in a private entertainment company. Ms. Luo graduated from California University, Fullerton, with a bachelor's degree in international business administration.

Mr. Wu Ye (吳曄), aged 46, is our executive Director and chief production officer, and a director of Huaxia Audio-Visual. He joined our Group in December 2003 and has served as technology director (2003-2007), chief technology officer (2007-2012) and chief production officer (2013-Present) of Huaxia Audio-Visual. Mr. Wu received his associate degree in economic management from Nanjing University (南京大學) in Nanjing, Jiangsu Province, China, in July 2000.

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

Mr. Lau Chi Hung (劉志雄), aged 54, is our executive Director, the chief financial officer based in Hong Kong and the company secretary of the Company. He joined our Group in June 2021. Mr. Lau has over 30 years of experience in corporate finance, accounting, auditing, company secretarial affairs and investor relations management. Prior to joining the Group, Mr. Lau held senior management positions in several companies whose shares are listed on the Stock Exchange and worked in an international accounting firm.

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Jizhong (張紀中), aged 73, is our independent non-executive Director and a member of the audit and nomination committee of the Board. He joined our Group in June 2020. He completed his certificate in drama and literature, majoring in television drama directing, from The Central Academy Of Drama (中央戲劇學院) in Beijing, China in January 1990.

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

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

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

Mr. Lee Cheuk Yin Dannis (李卓然), aged 54, is our independent non-executive Director, and chairperson of the audit committee and member of the remuneration and nomination committees of the Board. He joined our Group in June 2020. Mr. Lee received a bachelor of business administration from Texas A&M University, United States in August 1992, and has been a member of the American Institute of Certified Public Accountants since April 1995 and an associate member of the Hong Kong Institute of Certified Public Accountants since June 1996.

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

Save as disclosed above, as at the date of this report, Mr. Lee did not hold any directorship in any other public companies with securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

Mr. Huang Yu (黃煜), aged 68, is our independent non-executive Director, and the chairperson of the remuneration committee and member of the audit committee of the Board. He joined our Group in June 2020. Mr. Huang received his bachelor's degree in journalism from the Renmin University of China in July 1986 and his PhD in communications from the University of Westminster in London, United Kingdom in June 1993.

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

SENIOR MANAGEMENT

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

Mr. Chen Simeng (陳思蒙), aged 44, is pro-vice-chancellor of CUCN. Mr Chen joined our Group in August 2005. Mr. Chen has served a number of other positions at CUCN, including as deputy-secretary of the party committee from January 2023 to October 2024, secretary of the party committee from May 2018 to December 2022, deputy-secretary of the party committee from October 2016 to April 2018, secretary of the party branch committee of the school of animation and digital art from September 2015 to October 2016, a director of the student recruitment office from October 2010 to September 2015, assistant to the director of the department of academic affairs and a director of the graduate employment and career counseling center from September 2008 to October 2010 and an officer of the department of academic affairs, responsible for student management from August 2005 to September 2008.

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

Mr. Guo Kun (郭堃), aged 42, is the Group's co-chief financial officer based in mainland China. Mr. Guo joined the Group as the finance director in September 2020 and has been supervising the Group's daily finance and accounting functions. Currently, Mr. Guo is primarily responsible for the daily management of the frontline operations of the Group's finance and accounting functions and investor relations.

Mr. Guo has about 14 years of finance and auditing experience. Prior to joining the Group, Mr. Guo worked for two international accounting firms in mainland China for about 10 years. Mr. Guo holds a master's degree in electrical engineering and a bachelor's degree in electrical engineering and automation from Harbin Institute of Technology (哈爾濱工業大學).

COMPANY SECRETARY

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

CHANGES TO DIRECTORS' INFORMATION

There has been no change to the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules subsequent to the publication of the interim report of the Company for the six months ended 30 June 2024.

DISCLOSURE UNDER RULE 8.10 OF THE LISTING RULES

Save and except for the interests of our Controlling Shareholders in our Company and its subsidiaries, during the year ended 31 December 2024, neither our Controlling Shareholders nor any of our Directors had any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

The Board is pleased to present the corporate governance report for the Company for the year ended 31 December 2024.

CORPORATE GOVERNANCE CULTURE AND PURPOSE

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is of the view that for the year ended 31 December 2024, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code, save for the following deviations set out below, which are explained and disclosed in this corporate governance report.

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Management Trading of Securities Policy (the "**Code**"), with terms no less exacting than the Model Code, as its own securities dealing code to regulate all dealings by Directors and relevant employees of securities in the Company and other matters covered by the Code.

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

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

BOARD OF DIRECTORS

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

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

BOARD COMPOSITION

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

During the year ended 31 December 2024 and up to the date of this report, the composition of the Board comprises the following Directors:

Executive Directors

Pu Shulin *(Chairperson of the Board, chief executive officer of the Company, chairperson of nomination committee, member of remuneration committee)*
Jacqueline Luo
Wu Ye
Lau Chi Hung

Independent non-executive Directors

Zhang Jizhong *(member of audit and nomination committees)*
Lee Cheuk Yin Dannis *(Chairperson of audit committee and member of nomination and remuneration committees)*
Huang Yu *(Chairperson of remuneration committee and member of audit committee)*

The biographical information of the Directors is disclosed under "Directors and Senior Management" on pages 32 to 35 of this annual report.

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

BOARD MEETING AND COMMITTEE MEETINGS

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

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

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

During the year ended 31 December 2024, the Board held 5 board meetings, of which 4 were regular board meetings.

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

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

Apart from regular Board meetings, the chairperson of the Board also held meetings with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2024.

Except for Mr. Zhang Jizhong, the other independent non-executive Directors have attended general meeting of the Company to gain and develop a balanced understanding of the view of the Shareholders.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

During the year ended 31 December 2024, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

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

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

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

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

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

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

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

BOARD COMMITTEES

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

Audit committee

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

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

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

During the year ended 31 December 2024, 3 audit committee meetings were held to discuss the audit plan with auditors, review the annual results for the year ended 31 December 2023 and interim results of the Group for the six months ended 30 June 2024, recommend the financial results and reports of the Company for the Board's approval. During these meetings, the audit committee also reviewed continuing connected transactions, financial reporting system, policies and practice, internal controls, risk management, anti-corruption and whistleblowing policy of the Group.

Remuneration committee

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

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

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

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

During the year ended 31 December 2024, 1 remuneration committee meeting was held to review the remuneration of directors and senior management of comparable companies, and make recommendation to the Board on remuneration policy and the remuneration packages of all Directors and senior management members of the Company.

Details of the remuneration paid or payable to each Director for the year ended 31 December 2024 are set out in note 12 to the consolidated financial statements.

The remuneration of the members of senior management of the Company who are neither a Director nor chief executive of the Company by band for the year ended 31 December 2024 is set out below:

	Number of members of senior management (Note)
RMB0 to RMB1,000,000	1

Note: An additional senior management was appointed subsequent to 31 December 2024.

Remuneration policy

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

Nomination committee

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

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

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

During the year ended 31 December 2024, the Nomination Committee held 1 meeting to (i) review the structure, size and composition of the Board, (ii) assess the independence of the independent non-executive Directors, (iii) consider the qualifications of the retiring Directors standing for re-election at the Annual General Meeting, and (iv) review the Board Diversity Policy and Director Nomination Policy. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

BOARD DIVERSITY POLICY

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

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

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

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

(A) at least one member of the Board shall be female;

(B) at least one-third of the members of the Board shall be independent non-executive Directors;

(C) at least one member of the Board shall have obtained accounting or other professional qualifications; and

(D) at least three members of the Board shall have more than 10 years of experience in the industry he/she is specialised in education and television and film production and investment.

As at 31 December 2024, the Board comprises seven Directors, one of which is female. The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender diversity. The Company will continue to take steps to further promote gender diversity at all levels of the Group, including but not limited to the Board and management level. The Company also seeks to ensure that there is gender diversity when recruiting staff at mid to senior level so that it will have a pipeline of female senior management and potential successors to the Board in due time to ensure gender diversity of the Board.

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

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

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

WORKFORCE DIVERSITY

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

Details on the gender information of the Group together with relevant data can be found in the section headed "Employee Profile" of and employee data under Appendix 1 to the 2024 Environmental, Social and Governance Report.

As at 31 December 2024, approximately 55% of the total 2,311 employees of the Group, representing 1,275, were female employees (including management staff), with a higher female employee base driven by our higher education (media and arts) business. The Group has a strong focus on promoting gender diversity in the workforce, having set an overall gender diversity target of at least 50% female representation across the organization. To support the achievement of these targets, specific initiatives have included a review of the recruitment process, with job descriptions and postings amended to motivate a broader applicant pool, as well as changes to applicant screening and interviews. In addition, to support diversity across all facets, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviours.

DIVIDEND POLICY

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

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

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

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

NOMINATION POLICY

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

According to the Director Nomination Policy:

(i) the ultimate responsibility for selection and appointment of Directors rests with the entire Board;

(ii) the nomination committee shall identify, consider and recommend suitable individuals to the Board to consider and to make recommendations to the Shareholders of the Company for election of Directors at a general meeting either to fill a casual vacancy or as an addition to the Board;

(iii) in assessing the suitability and the potential contribution to the Board of a proposed candidate, the nomination committee would reference, among others, the candidates' reputation for integrity, professional qualifications and skills, accomplishment and experience in the private education sector, commitment in respect of available time and relevant interest, independence of proposed independent non-executive Directors; and diversity in all aspects; and

(iv) the nomination committee shall make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

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

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

Appointment of New Director

(i) The nomination committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.

(ii) The nomination committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(iii) If the process yields one or more desirable candidates, the nomination committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iv) The nomination committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(v) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the nomination committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

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

Re-election of Director at General Meeting

(i) The nomination committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.

(ii) The nomination committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.

(iii) The nomination committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

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

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

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

BOARD INDEPENDENCE EVALUATION

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

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

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

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

During the year ended 31 December 2024, all Directors has completed the independence evaluation in the form of a questionnaire individually. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the year ended 31 December 2024, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

WHISTLEBLOWING PROCEDURES AND ANTI-CORRUPTION POLICIES SYSTEM

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

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

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

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

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

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

During the year ended 31 December 2024, the key methods of attaining continuous professional development by each of the Directors are recognised as follows:

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024.

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

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements of the Company are prepared on a going concern basis, the Directors are of the view that they give a true and fair view of the financial position, performance and cash flow of the Group for the year ended 31 December 2024, and the disclosure of other financial information and report therein complies with relevant legal requirements.

CORPORATE GOVERNANCE FUNCTION

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

During the year ended 31 December 2024, the Board reviewed and monitored the Company's policies and practices on corporate governance, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

For the year ended 31 December 2024, the Board, with the assistance of the audit committee and the independent internal control and risk management consultancy firm, conducted a review of the effectiveness of the risk management and internal control systems on certain operations of the Group and no significant internal control weakness was identified. The Board considered the risk management and the internal control systems are effective and adequate for the year ended 31 December 2024, and the resources, qualifications and experience of staff of the Group's accounting and financial reporting function are sufficient.

INSIDE INFORMATION DISCLOSURE AND CONTROL MEASURES

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

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

– Only a limited number of personnel (mainly the senior management and Directors) have access to inside information upon request. Employees having access to the inside information are fully aware of their confidentiality responsibilities.

– All employees (including the Directors of the Group) must strictly comply with the employment provisions regarding the administration of confidential information.

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

COMPANY SECRETARY

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

For the year ended 31 December 2024, Mr. Lau had undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

AUDITORS RESPONSIBILITY

The Company appointed Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong as the external auditor for the year ended 31 December 2024. A statement by the auditors about their reporting responsibilities for the consolidated financial statements is included in the Independent Auditor's Report on pages 61 to 65.

AUDITOR'S REMUNERATION

A breakdown of the remuneration in respect of audit and non-audit services provided by the auditor to the Company for the year ended 31 December 2024 is set out below:

Service category	**Fees paid/payable** (RMB'000)
Annual audit	3,074
Interim review	760

SHAREHOLDERS' RIGHTS

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

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

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

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

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

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

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

PUTTING FORWARD ENQUIRIES TO THE BOARD

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

CONTACT DETAILS

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

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

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

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

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

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

(a) Corporate Communication

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

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

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

(c) Corporate Website

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

(d) Shareholders' Meetings

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

(e) Other Investor Relations Communication Platforms

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

SIGNIFICANT CHANGES TO CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2024, the Company has adopted the New M&A by way of a special resolution passed on 10 April 2024 and effective on the same date, in order to reflect the change of company name of the Company from “Cathay Media and Education Group Inc.” to “Cathay Group Holdings Inc.” and the dual foreign name of the Company from “華夏視聽教育集團” to “華夏集團控股有限公司”. For details of the New M&A, please refer to the announcement of the Company dated 1 March 2024, and the circular of the Company dated 15 March 2024, respectively.

Save as disclosed above, there has been no change in the memorandum and articles of association of the Company during year ended 31 December 2024. The New M&A is available on the websites of the Company and the Stock Exchange.

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

As of 31 December 2024, the interests or short positions of the Directors and chief executives in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to our Company and the Stock Exchange are set out below:

Interest in our Company

Name	Nature of interest	Number of ordinary shares (Long position)	Approximate % of interest[(1)]
Mr. Pu	Founder of a discretionary trust	1,208,000,000	72.99%
Ms. Jacqueline Luo[(2)]	Interest of spouse	1,208,000,000	72.99%
Mr. Lau Chi Hung	Beneficial owner	100,000	0.00%

Notes:

(1) The calculation is based on the total number of 1,654,937,000 Shares in issue as of 31 December 2024.

(2) Ms. Jacqueline Luo is the spouse of Mr. Pu, and she is deemed to be interested in the Shares in which Mr. Pu is interested under the SFO.

Interest in associated corporations

Associated corporation	Name	Nature of interest	Number of shares/amount of contribution to registered capital	Interest in associated corporation
Cathay Media Holding Inc.	Mr. Pu[(1)]	Interest in a controlled corporation	1	100%

Note:

(1) Ms. Jacqueline Luo is the spouse of Mr. Pu, and she is deemed to be interested in the shares in Cathay Media Holding Inc. in which Mr. Pu is interested.

Save as disclosed above, as of 31 December 2024, so far as is known to any Director or the chief executives of the Company, none of the Directors nor the chief executives of the Company or their respective associate had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of 31 December 2024, the following persons (other than the Directors and chief executives whose interests have been disclosed in this annual report) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company, pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of ordinary shares (Long position)	Approximate % of holding[(1)]
Mr. Pu[(2)]	Founder of a discretionary trust	1,208,000,000	72.99%
Ms. Jacqueline Luo[(2)]	Interest of spouse	1,208,000,000	72.99%
Cathay Media Holding Inc.[(2)]	Beneficial owner	1,208,000,000	72.99%
Media One International (PTC) Limited[(2)]	Trustee	1,208,000,000	72.99%
Winning Global Ventures Limited[(2)]	Interest in a controlled corporation	1,208,000,000	72.99%

Notes:

(1) The calculation is based on the total number of 1,654,937,000 Shares in issue as of 31 December 2024.

(2) Cathay Media Holding Inc. is wholly-owned by Winning Global Ventures Limited. Mr. Pu, as settlor, controls Winning Global Ventures Limited through a discretionary trust. Ms. Jacqueline Luo is the spouse of Mr. Pu, and she is deemed to be interested in the shares in Cathay Media Holding Inc. in which Mr. Pu is interested.

(3) Pursuant to Section 336 of the SFO, if certain conditions are met, the Shareholders are required to submit a disclosure of interest notice. In the event of changes in the shareholding of the Shareholders in the Company, the Shareholders will not be required to notify the Company and the Stock Exchange unless certain conditions are met. Therefore, the latest shareholding of the Shareholders in the Company may be different from the shareholding submitted to the Stock Exchange.

Save as disclosed above, as of 31 December 2024, no other person (other than the Directors and the chief executives of the Company) had any interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SHARE SCHEMES

The Company has two existing share schemes, namely the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme, which were all adopted before the effective date of the new Chapter 17 of the Listing Rules on 1 January 2023. The Company has complied and will continue to comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

As there were no grants made under the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme during the Reporting Period, there were 0 new Shares, representing 0% of the weighted average number of issued Shares of the Company for the Reporting Period, may be issued in respect of all options granted during the Reporting Period to eligible participants pursuant to the Post-IPO Share Award Scheme and the Post-IPO Share Option Scheme.

Further details and relevant breakdown of each of the share schemes of the Company are set out below:

(i) Post-IPO Share Award Scheme

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

Purpose

The purpose of the Post-IPO Share Award Scheme is to align the interests of eligible persons with those of our Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of our Group.

Eligible persons

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

Maximum number of shares available for grant

The maximum aggregate number of Shares underlying all grants made pursuant to the Post-IPO Share Award Scheme (excluding Shares which have been forfeited in accordance with the Share Award Scheme) will not exceed 32,000,000 Shares (representing approximately 2% of the total issued Shares as of the Listing Date) without further Shareholders' approval (the "**Share Award Scheme Limit**"), subject to an annual limit of 1% of the total number of issued Shares of the relevant times. Save as otherwise restricted by the Share Award Scheme Limit or the Listing Rules, there shall be no limit on the total number of non-vested Shares that may be granted to a selected participant under the scheme.

No Shares had been granted or agreed to be granted under the Post-IPO Share Award Scheme and therefore, (i) as at 1 January 2024 and 31 December 2024, the total number of Award Shares available for grant under the Post-IPO Share Award Scheme was 32,000,000 Shares and 32,000,000 Shares, respectively and (ii) as at the date of this report, the total number of Shares available for issue was 32,000,000 new Shares, representing 1.93% of the issued Shares (excluding treasury shares (as defined under the Listing Rules)) as at the date of this report.

Maximum entitlement of a grantee

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

Vesting period

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

Consideration

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

Remaining life of the Post-IPO Share Award Scheme

The Post-IPO Share Award Scheme shall be valid and effective for ten years from the Listing Date (after which no awards will be granted), and thereafter for so long as there are any non-vested Shares granted prior to the expiration of the Post-IPO Share Award Scheme, in order to give effect to the vesting of such Shares or otherwise as may be required in accordance with the rules of the Post-IPO Share Award Scheme. The remaining life of the Post-IPO Share Award Scheme is approximately 6 years.

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

(ii) Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was adopted pursuant to the written resolutions of the Shareholders passed on 22 June 2020.

Purpose

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

Eligible persons

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

Maximum number of Shares available for grant

The total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of the Company is 160,000,000, representing 10% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the "**Option Scheme Mandate Limit**"). Options which have lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option schemes of our Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

The Option Scheme Mandate Limit may be refreshed at any time subject to prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the Option Scheme Mandate Limit as refreshed cannot exceed 10% of the Shares in issue as of the date of such approval.

As of 1 January 2024 and 31 December 2024, the total number of options available for grant under the Post-IPO Share Option Scheme was 150,000,000 Shares and 150,000,000 Shares, respectively. As of the date of this report, the total number of new Shares available for issue was 160,000,000 Shares, representing 9.67% of the issued Shares (excluding treasury shares (as defined under the Listing Rules)) as of the date of this report.

Maximum entitlement of a grantee

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

Time of exercise of an option

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

Vesting period

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

Consideration

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

Exercise price

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

Remaining Life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall be valid and effective for the period of ten years commencing on the Listing Date (after which, no further options shall be offered or granted). The remaining life of the Post-IPO Share Option Scheme is approximately 6 years.

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

					Number of options									
Name or category of grantee	Date of grant	Exercise period	Vesting period	Exercise price (HK$/Share)	Outstanding as at 1 January 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 31 December 2024	Closing price of the Shares immediately before the date of grant during the Reporting Period (HK$/Share)	Fair value of options at the date of grant during the Reporting Period (HK$)	Weighted average closing price immediately before the exercise date during the Reporting Period (HK$/Share)	Performance targets for vesting
Employee Participant	31 May 2023	31 May 2023 – 30 May 2028	20% will vest on 30 April 2024, 30% will vest on 30 April 2025, 30% will vest on 30 April 2026, and 20% will vest on 30 October 2026. (Note)	1.40	10,000,000	–	–	–	–	10,000,000	N/A	N/A	N/A	N/A
Total					10,000,000	–	–	–	–	10,000,000				

Note:

The options shall vest in accordance with the vesting periods if the audited net profit of a consolidated affiliated entity of the Company is not less than a specified figure for each of the financial years preceding the relevant vesting dates (or in respect of the vesting date of 30 April 2024, the period from 1 May 2023 to 31 December 2023, and in respect of the vesting date of 30 October 2026, for the period from 1 January 2026 to 30 April 2026). The Board and the remuneration committee of the Company have the discretion to vest the options to the grantee on a pro-rata basis according to the actual results performance of the relevant consolidated affiliated entity. For the avoidance of doubt, the final vesting percentage will not exceed the percentages set out above.

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

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

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

MATERIAL LITIGATION

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

DIVIDENDS

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

The Board recommended a final dividend of HK$0.03 (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 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 MEMBERS

The register of members of the Company will be closed for the purpose of determining the identity of Shareholders who are entitled to attend and vote at the forthcoming annual general meeting from 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 forthcoming annual general meeting will be 30 May 2025. In order to be eligible to attend the forthcoming annual general meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration, no later than 4:30 p.m. on 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 entitlements of the Shareholders to receive the final dividend and special dividend will be 12 June 2025. In order to be qualified for the special dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration, no later than 4:30 p.m. on 9 June 2025.

DISCLOSURE PURSUANT TO RULES 13.13 AND 13.20 OF THE LISTING RULES

In order to facilitate the restructuring in connection with the acquisition of the Olympic College as disclosed in the section headed "Business Review and Outlook" in this report, the Group entered into the Loan Agreements for the principal amounts of RMB250 million (the "**1st Loan**") and RMB170 million (the "**2nd Loan**"), respectively, to be extended to the Transferor, Jiangsu China Red Science and Education Investment Group Nanjing Energy and Technology Co. Ltd.* (江蘇華紅科教投資集團南京能源科技有限公司).

The 1st Loan and the 2nd Loan are free of interest and repayment of these loans shall be at the earlier of six (6) months from the drawdown date of the respective loan agreements, or the complete date pursuant to the respective loan agreement, or the compulsory early repayment date pursuant to the respective loan agreements. Mr. Ye Hua and Ms. Gao Jiehong, two of the founders of the Olympic College, have executed share pledges in favour of Nanjing Lanchou over the entire interest of the Transferor and 9% equity interest in Jiangsu Zijin Science and Education Investment Co. Ltd* (江蘇紫金科教投資有限公司) as collateral relating to the 1st Loan and the 2nd Loan. As at 31 December 2024, the 1st loan and the 2nd loan provided under the Loan Agreements remained outstanding, and the aggregate amount (before credit impairment loss) was RMB420 million which exceeded 8% under the assets ratio (as defined under Chapter 14 of the Listing Rules) and constituted an advance to an entity under Rule 13.13 of the Listing Rules.

For details of the Loan Agreements in relation to the 1st Loan and 2nd Loan, please see the Company's announcement dated 22 June 2021.

Deloitte.

德勤

To the Shareholders of Cathay Group Holdings Inc.
(formerly known as Cathay Media and Education Group Inc.)
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Cathay Group Holdings Inc. (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 66 to 124, which comprise the consolidated statement of financial position as at 31 December 2024 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables	
We identified impairment assessment of trade receivables as a key audit matter due to the significance of trade receivables to the Group's consolidated financial position and the involvement of subjective judgement and management estimates in evaluating the expected credit losses ("**ECL**") of the Group's trade receivables at the end of the reporting period. As disclosed in notes 3, 4 and 29 to the consolidated financial statements, the ECL on credit-impaired trade receivables are assessed individually, which are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit losses. The remaining is collectively assessed using a provision matrix through grouping of various debtors that have similar internal credit rating, after considering repayment history, customer-specific conditions and past-due status. In calculating the ECL, the loss rates are estimated based on probability of default, loss given default and adjusted for forward-looking information that is available without undue cost or effort. The Group recognised an amount of RMB80,128,000 of impairment of trade receivables for the year, and as at 31 December 2024, the Group has trade receivables amounted to RMB592,167,000, net of allowance amounted to RMB99,752,000.	Our procedures in relation to impairment assessment of trade receivables included: • Obtaining an understanding of the relevant key controls on how the management estimates the loss allowance for trade receivables; • Challenging management's basis and judgement in determining credit loss allowance on trade receivables, including their identification of credit-impaired trade receivables, the reasonableness of grouping of the remaining trade debtors in the provision matrix, and the basis of estimated loss rates applied; • Testing the integrity of information used by the management to develop the provision matrix, including trade receivables ageing analysis, on a sample basis, by comparing with the relevant sales supporting documents; • Evaluating the competence, capability and objectivity of the independent valuer engaged by the management for impairment assessment of trade receivables; and • Involving the internal valuation specialists to evaluate the appropriateness of the methodology, key assumptions and judgements used by the management.

OTHER INFORMATION

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Shun Yu.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTES	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	5	**782,359**	759,040
Cost of revenue		**(401,205)**	(481,242)
Gross profit		**381,154**	277,798
Other income	6	**39,847**	21,351
Other gains and losses	7	**414**	(52)
Selling expenses		**(21,307)**	(27,870)
Administrative expenses		**(122,297)**	(114,463)
Impairment losses under expected credit loss model, net of reversal	8	**(159,571)**	(336,666)
Finance costs	9	**(965)**	(1,327)
Profit (loss) before tax		**117,275**	(181,229)
Income tax (expense) credit	10	**(364)**	162
Profit (loss) for the year	11	**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	14		
– Basic (RMB cents)		**5.67**	(12.09)
– Diluted (RMB cents)		**5.67**	(12.09)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	NOTES	As at 31 December 2024 RMB'000	2023 RMB'000
Non-current Assets			
Property and equipment	15	**1,216,174**	1,242,257
Right-of-use assets	16	**124,359**	136,639
Intangible assets	17	**23,873**	34,280
Deferred tax assets	18	**379**	163
Time deposits	22	**230,000**	–
Other receivables	20	**7,487**	–
Rental deposit		**–**	1,061
		1,602,272	1,414,400
Current Assets			
Inventories	19	**14,291**	33,975
Trade and other receivables	20	**333,486**	490,896
Financial assets at fair value through profit or loss ("**FVTPL**")	21	**386,795**	421,571
Time deposits	22	**30,000**	375,311
Cash and cash equivalents	22	**690,770**	342,044
		1,455,342	1,663,797
Current Liabilities			
Trade and other payables	23	**191,069**	245,356
Contract liabilities	24	**384,842**	376,309
Tax liabilities		**494**	478
Dividend payable		**20,950**	20,950
Lease liabilities	25	**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

	NOTES	As at 31 December 2024 RMB'000	 2023 RMB'000
Non-current Liabilities			
Lease liabilities	25	**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	26	**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	34	**225,069**	200,222
Total Equity		**2,445,608**	2,415,964

The consolidated financial statements on pages 66 to 124 were approved and authorised for issue by the board of directors on 28 March 2025 and signed on its behalf of:

Pu Shulin	**Lau Chi Hung**
DIRECTOR	DIRECTOR

	Attributable to owners of the Company										
	Share capital RMB'000	Shares held for share award scheme RMB'000	Share premium RMB'000	Capital reserve RMB'000	Translation reserve RMB'000	Share-based payment reserve RMB'000	Statutory surplus reserve RMB'000 (Note)	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	117	(52,411)	869,970	247,627	(82,255)	–	408,644	1,065,704	2,457,396	185,024	2,642,420
(Loss) profit for the year	–	–	–	–	–	–	–	(196,265)	(196,265)	15,198	(181,067)
Other comprehensive expense for the year	–	–	–	–	(1,047)	–	–	–	(1,047)	–	(1,047)
Total comprehensive (expense) income for the year	–	–	–	–	(1,047)	–	–	(196,265)	(197,312)	15,198	(182,114)
Recognition of equity-settled share-based payments *(note 27)*	–	–	–	–	–	1,204	–	–	1,204	–	1,204
Appropriation	–	–	–	–	–	–	18,485	(18,485)	–	–	–
Dividend recognised as distribution *(note 13)*	–	–	(45,546)	–	–	–	–	–	(45,546)	–	(45,546)
At 31 December 2023	117	(52,411)	824,424	247,627	(83,302)	1,204	427,129	850,954	2,215,742	200,222	2,415,964
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**92,064**	**92,064**	**24,847**	**116,911**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**1,537**	**–**	**–**	**–**	**1,537**	**–**	**1,537**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**1,537**	**–**	**–**	**92,064**	**93,601**	**24,847**	**118,448**
Recognition of equity-settled share-based payments *(note 27)*	**–**	**–**	**–**	**–**	**–**	**1,534**	**–**	**–**	**1,534**	**–**	**1,534**
Appropriation	**–**	**–**	**–**	**–**	**–**	**–**	**26,213**	**(26,213)**	**–**	**–**	**–**
Dividend recognised as distribution *(note 13)*	**–**	**–**	**(90,338)**	**–**	**–**	**–**	**–**	**–**	**(90,338)**	**–**	**(90,338)**
At 31 December 2024	**117**	**(52,411)**	**734,086**	**247,627**	**(81,765)**	**2,738**	**453,342**	**916,805**	**2,220,539**	**225,069**	**2,445,608**

Note:

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

i. For PRC subsidiaries with limited liability, they are required to make annual appropriations to general reserve of 10% of after-tax profits as determined under the PRC laws and regulations at each year-end until the balance reaches 50% of the relevant PRC entity's registered capital.

ii. According to the Implementation Rules of the Law for Promoting Private Education of the PRC (《中華人民共和國民辦教育促進法實施條例》), it is required for not-for-profit private school to appropriate to development fund of not less than 10% of the annual increase in net asset of the relevant school as determined in accordance with generally accepted accounting principles in the PRC. The development fund shall be used for construction or maintenance of the school or procurement or upgrading of educational equipment.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Profit (loss) before tax	**117,275**	(181,229)
Adjustments for:		
Finance costs	**965**	1,327
Interest income from banks	**(16,813)**	(4,713)
Interest income from consideration receivables	**(1,531)**	(2,878)
Depreciation of property and equipment	**65,790**	56,495
Depreciation of right-of-use assets	**12,280**	12,161
Amortisation of intangible assets	**10,643**	9,107
Release of asset-related government grants	**(297)**	(297)
Impairment loss under expected credit loss model, net of reversal	**159,571**	336,666
Share-based payments	**1,534**	1,204
Write-down of inventories	**20,378**	20,003
Impairment loss on prepayment for television series production	**–**	63,000
Losses on termination of a lease agreement	**–**	76
Losses on disposal of property and equipment	**24**	1,536
Gains from changes in fair value of financial assets measured at FVTPL	**(657)**	(1,537)
Foreign exchange losses (gains)	**1,537**	(2,745)
Operating cash flow before movements in working capital	**370,699**	308,176
(Increase) decrease in inventories	**(694)**	55,148
Increase in trade and other receivables	**(24,579)**	(68,890)
Increase in trade and other payables	**14,032**	4,157
Increase in contract liabilities	**8,533**	75,802
Cash generated from operations	**367,991**	374,393
Income taxes paid	**(564)**	(498)
Net cash from operating activities	**367,427**	373,895
INVESTING ACTIVITIES		
Interest received	**8,612**	4,713
Purchases of property and equipment	**(107,367)**	(254,159)
Proceeds on disposal of property and equipment	**41**	–
Purchases of intangible assets	**(236)**	(44,738)
Payments for rental deposits	**–**	(286)
Purchases of financial assets at FVTPL	**(1,617,728)**	(1,799,097)
Redemptions of financial assets at FVTPL	**1,653,161**	1,893,687
Settlement of consideration receivables from disposal of Shuimuyuan	**25,000**	30,000
Placement of time deposits	**(285,742)**	(375,311)
Withdrawal of time deposits	**401,053**	–
Withdrawal of restricted bank deposit	**–**	42,000
Net cash from (used in) investing activities	**76,794**	(503,191)

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
FINANCING ACTIVITIES		
Dividend paid	**(90,338)**	(45,546)
Repayments of lease liabilities	**(5,157)**	(5,684)
Net cash used in financing activities	**(95,495)**	(51,230)
Net increase (decrease) in cash and cash equivalents	**348,726**	(180,526)
Cash and cash equivalents at the beginning of the year, represented by bank balances and cash	**342,044**	520,872
Effect of foreign exchange rate changes	**–**	1,698
Cash and cash equivalents at the end of the year, represented by bank balances and cash	**690,770**	342,044

1. GENERAL INFORMATION

Cathay Group Holdings Inc. (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 of Hong Kong Limited (the "**Stock Exchange**") since 15 July 2020. Its immediate holding company is Cathay Media Holdings Inc, a company incorporated in the British Virgin Islands (the "**BVI**") and its ultimate holding company is Media One International (PTC) Limited, a company incorporated in the BVI, which is the trustee of a trust established in January 2021 of which the settlor is Mr. Pu Shulin, who is also an executive director and chairman of the board of directors of the Company. The address of the Company's registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

The Company is an investment holding company and its subsidiaries (collectively referred as the "**Group**") are principally engaged in the provision of higher and vocational education services and entertainment and livestreaming e-commerce in the People's Republic of China (the "**PRC**").

The consolidated financial statements are presented in Renminbi ("**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.

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

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

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[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* (“**HKFRS 18**”), 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 AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

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

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

3.1 Basis of preparation of consolidated financial statements (continued)

The Group's higher and vocational education business was carried out by Nanjing Lanchou Corporate Management Co., Ltd.（南京藍籌企業管理有限公司）(“**Nanjing Lanchou**”), Nanjing Meiya Education Investment Co., Ltd.（南京美亞教育投資有限公司）(“**Nanjing Meiya**”), Communication University of China, Nanjing (南京傳媒學院) (“**CUCN**”), while the entertainment and livestreaming e-commerce business was carried out by Dongyang Huaxia Audio-Visual Film Culture Co., Ltd.（東陽華夏視聽影視文化有限公司）(“**Dongyang Audio-Visual**”), Huaxia Audio-Visual Global Media (Beijing) Holdings Co., Ltd.（華夏視聽環球傳媒（北京）股份有限公司）(“**Huaxia Audio-Visual**”), Beijing Huaxia Zhenxuan Cultural Communication Co., Ltd.（北京華夏珍選文化傳播有限公司）(“**Huaxia Zhenxuan**”) (formerly known as Beijing Huaxia Huyu Cultural Communication Co., Ltd.（北京華夏互娛文化傳播有限公司）and Beijing Huaxia Audio-Visual Online Cultural Development Co., Ltd.（北京華夏視聽在線文化發展有限公司）) and Beijing Huaxia Huyu Culture Media Co., Ltd.（北京華夏互娛文化傳媒有限公司）(“**Huaxia Huyu**”) (formerly known as Huaxia Youpin (Beijing) Culture Communication Co., Ltd.（華夏優品（北京）文化傳播有限公司）) (collectively as the “**Consolidated Affiliated Entities**”).

Due to the restriction of foreign ownership in the operation of higher and vocational education business and television series and film production business, the Company does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the contractual arrangements entered by Bicheng Art Consulting (Nanjing) Co., Ltd.（碧城藝術諮詢（南京）有限公司）(“**Nanjing Bicheng**”), a wholly owned subsidiary of the Group, with the Consolidated Affiliated Entities operating higher and vocational education business and Mr. Pu Shulin, while Dongyang Huaxia Audio-Visual Culture Consulting Co., Ltd.（東陽華夏視聽文化諮詢有限公司）(“**Dongyang Huaxia**”), a wholly owned subsidiary of the Group, with the Consolidated Affiliated Entities operating television series and film production business, Mr. Pu Shulin and Mr. Liu Chang, respectively (the “**Contractual Arrangements**”), the Group is able to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders' voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic interests and returns generated by the Consolidated Affiliated Entities, in consideration for the technical and consulting services provided by the Group, at the Group's discretion;
- obtain the irrevocable and exclusive right for the Group or their designated persons to purchase all or part of the equity interests in the Consolidated Affiliated Entities from equity holders at a minimum purchase price permitted under the PRC laws and regulations at the Group's sole and absolute discretion to the extent permitted by PRC law; and
- obtain a pledge over the entire equity interests in the Consolidated Affiliated Entities from their equity holders to secure the performance of their obligations under the Contractual Arrangements.

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

3.1 Basis of preparation of consolidated financial statements (continued)

Accordingly, the Group has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities and has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is therefore considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect held subsidiaries and their financial positions and results are included in the consolidated financial statements for the years ended 31 December 2024 and 2023.

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue	**771,378**	751,652
Profit (loss) before tax	**117,667**	(175,382)

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current assets	**1,370,101**	1,412,122
Current assets	**1,437,019**	1,774,892
Current liabilities	**595,660**	638,699
Non-current liabilities	**9,204**	14,948

3.2 Material accounting policy information

Basis of consolidation

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

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

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

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

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

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

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

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

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

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

Revenue from contracts with customers

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

Foreign currencies

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

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

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

3.2 Material accounting policy information (continued)

Foreign currencies (continued)

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

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

Share-based payments

Equity-settled share-based payments transactions

Shares/Share options granted to employees

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

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

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

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

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

3.2 Material accounting policy information (continued)

Taxation

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

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

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

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

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

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

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

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

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

3.2 Material accounting policy information (continued)

Taxation (continued)

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

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

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

Intangible assets

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

Inventories

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

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

3.2 Material accounting policy information (continued)

Cash and cash equivalents

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

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

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

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

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

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

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

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

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at each reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk (continued)

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

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

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

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

(v) Measurement and recognition of ECL

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

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

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

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

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

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

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

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other gains and losses' line item as part of the gain/(loss) from changes in fair value of financial assets (note 7).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities at amortised cost

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

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

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other gains and losses' line item in profit or loss (note 7) as part of net foreign exchange gains (losses) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

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

Critical judgements in applying accounting policies (continued)

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

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

Key sources of estimation uncertainty

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

Provision of ECL for trade receivables

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

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

5. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	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
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.

Performance obligations for contracts with customers

Revenue from the provision of higher and vocational education services

Revenue from the provision of higher and vocational education services includes tuition fees and boarding fees from higher education programmes, continuing education programmes and international preparatory programmes.

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Performance obligations for contracts with customers (continued)

Revenue from the provision of livestreaming e-commerce services

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

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

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

Revenue from the provision of artist management services

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

(i) the Group is primarily responsible for fulfilling its promise to its customers with the artist management services as it negotiates the service scope, has discretion to determine which business activities to undertake, which artists will be assigned the plan and how the artists will fulfill the demand of customers for these activities;

(ii) the Group bears certain inventory risk as it needs to pay for the costs of styling and photography services provided by third-party vendors and the staff costs (including those staff who work together with the artist on these business activities) and does not have an unconditional right to all the revenue until it has provided the services to the customers; and

(iii) the Group has discretion in establishing the contract price for these business activities with the customers. The Group can negotiate the service terms and pricing separately with the artists and third-party vendors who provide styling and photography services.

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Performance obligations for contracts with customers (continued)

Revenue from sale of inventories

Revenue from sales of inventories, representing television series and film products produced for sales, is recognised at a point in time upon television series and film products are delivered to the customers in accordance with the contracts, provided that there is no further obligation to be performed or fulfilled.

Revenue from entrance examination fee and others

Revenue from entrance examination fees and others includes entrance examination fee income and sale of groceries. Entrance examination fees is mainly received from students who intend to major in certain media and arts subjects, a separated examination is organised by CUCN every year to test the professional skills of the students in addition to standard academic university entrance exams. The entrance examination fees are received from students before the services provided and are initially recorded as contract liabilities, which is recognised at point in time upon the completion of the related examinations. Sale of groceries is recognised at a point in time upon goods are delivered to the customers.

Revenue from other service income

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

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

The contracts for higher and vocational education, television series and film production, livestreaming e-commerce and artist management are for period of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Segment information

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

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

Segment revenues and results

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

For the year ended 31 December 2024

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

For the year ended 31 December 2023

	Higher and vocational education RMB'000	Entertainment and livestreaming e-commerce RMB'000	Total RMB'000
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)

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

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Other information

For the year ended 31 December 2024

	Higher and vocational education RMB'000	Entertainment and livestreaming e-commerce RMB'000	Total RMB'000
Amounts included in the measure of segment profit:			
Depreciation of property and equipment	**64,016**	**1,774**	**65,790**
Depreciation of right-of-use assets	**2,901**	**9,379**	**12,280**
Amortisation of intangible assets	**259**	**10,384**	**10,643**
Write-down of inventories	**–**	**20,378**	**20,378**
Impairment loss on trade and other receivables recognised in profit or loss	**79,830**	**79,741**	**159,571**

For the year ended 31 December 2023

	Higher and vocational education RMB'000	Entertainment and livestreaming e-commerce RMB'000	Total RMB'000
Amounts included in the measure of segment profit:			
Depreciation of property and equipment	54,701	1,794	56,495
Depreciation of right-of-use assets	2,901	9,260	12,161
Amortisation of intangible assets	99	9,008	9,107
Write-down of inventories	–	20,003	20,003
Impairment loss on prepayment for television series production	–	63,000	63,000
Impairment loss on trade and other receivables recognised in profit or loss	95,502	241,164	336,666

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

Other information (continued)

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	2023
	RMB'000	RMB'000
Customer A	**–**	82,075

6. 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
Donation income	**6,138**	–
Government grants *(Note)*	**3,491**	6,160
Interest income from consideration receivables *(note 20)*	**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.

7. 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)

8. 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

Details of impairment assessment are set out in note 29.

9. FINANCE COSTS

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Interest expenses on lease liabilities	**965**	1,327

10. 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 *(note 18)*	**(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.

10. INCOME TAX EXPENSE (CREDIT) (continued)

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).

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Profit (loss) before tax	**117,275**	(181,229)
Tax at PRC EIT rate of 25%	**29,319**	(45,307)
Tax effect on expenses not deductible for tax purposes	**104,812**	101,209
Tax effect of income not taxable for tax purpose	**(165,091)**	(146,633)
Tax effect of deductible temporary differences not recognised	**26,183**	65,448
Tax effect of tax losses not recognised	**5,598**	25,566
Income tax at concessionary rate	**(457)**	(445)
Income tax expense (credit) for the year	**364**	(162)

11. 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
– 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

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

Directors' and chief executive's emoluments

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

	Fees	Salaries and other allowances	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2024				
Executive directors:				
Mr. Pu Shulin	**200**	**1,200**	**–**	**1,400**
Ms. Jacqueline Luo	**200**	**960**	**–**	**1,160**
Mr. Wu Ye	**200**	**218**	**85**	**503**
Mr. Lau Chi Hung	**200**	**1,836**	**16**	**2,052**
Sub-total	**800**	**4,214**	**101**	**5,115**
Independent non-executive directors:				
Mr. Zhang Jizhong	**200**	**–**	**–**	**200**
Mr. Lee Cheuk Yin Dannis	**200**	**–**	**–**	**200**
Mr. Huang Yu	**200**	**–**	**–**	**200**
Sub-total	**600**	**–**	**–**	**600**
Total	**1,400**	**4,214**	**101**	**5,715**
For the year ended 31 December 2023				
Executive directors:				
Mr. Pu Shulin	200	1,200	–	1,400
Ms. Jacqueline Luo (appointed on 27 June 2023)	100	960	–	1,060
Mr. Wu Ye	200	218	85	503
Mr. Yan Xiang (resigned on 27 June 2023)	100	–	–	100
Mr. Lau Chi Hung	200	1,803	16	2,019
Sub-total	800	4,181	101	5,082
Independent non-executive directors:				
Mr. Zhang Jizhong	200	–	–	200
Mr. Lee Cheuk Yin Dannis	200	–	–	200
Mr. Huang Yu	200	–	–	200
Sub-total	600	–	–	600
Total	1,400	4,181	101	5,682

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

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

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

Employees' emoluments

The five highest paid employees of the Group during the year included three (2023: three) directors, details of whose emoluments are included in the disclosures above. Details of the emoluments for the year of the remaining two (2023: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Salaries and other benefits	**1,774**	1,292
Retirement benefit scheme contributions	**321**	258
Share-based payments	**1,534**	1,204
	3,629	2,754

The number of the highest paid employees who are not the directors of the Company whose emoluments fell within the following bands is as follows:

	Year ended 31 December	
	2024	2023
	No. of employees	No. of employees
HK$1 to HK$1,000,000	**–**	1
HK$1,000,001 to HK$2,500,000	**2**	1
	2	2

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

13. 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 directors of the Company and are subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

14. 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 defined in note 27 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.

15. PROPERTY AND EQUIPMENT

	Buildings and facilities RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
COST							
At 1 January 2023	1,117,128	112,364	8,528	172,204	5,034	106,147	1,521,405
Additions	–	8,488	10,466	7,974	1,865	231,609	260,402
Disposal/write-off	–	–	–	–	(1,865)	–	(1,865)
Transfer	337,756	–	–	–	–	(337,756)	–
At 31 December 2023	1,454,884	120,852	18,994	180,178	5,034	–	1,779,942
Additions	–	8,216	–	5,266	–	26,290	39,772
Disposals/write-off	–	–	(1,305)	–	–	–	(1,305)
Transfer	25,938	–	–	–	–	(25,938)	–
At 31 December 2024	**1,480,822**	**129,068**	**17,689**	**185,444**	**5,034**	**352**	**1,818,409**
DEPRECIATION							
At 1 January 2023	263,843	86,654	6,020	124,742	260	–	481,519
Provided for the year	31,861	8,957	1,656	11,812	2,209	–	56,495
Disposal/write-off	–	–	–	–	(329)	–	(329)
At 31 December 2023	295,704	95,611	7,676	136,554	2,140	–	537,685
Provided for the year	40,552	10,631	1,846	11,748	1,013	–	65,790
Disposals/write-off	–	–	(1,240)	–	–	–	(1,240)
At 31 December 2024	336,256	106,242	8,282	148,302	3,153	–	602,235
CARRYING VALUES							
At 31 December 2024	**1,144,566**	**22,826**	**9,407**	**37,142**	**1,881**	**352**	**1,216,174**
At 31 December 2023	1,159,180	25,241	11,318	43,624	2,894	–	1,242,257

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

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

As of 31 December 2024, the Group is in the process of obtaining title deeds of buildings with carrying value of RMB666,054,000 (2023: RMB665,731,000).

16. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
As at 31 December 2024			
Carrying amounts	**106,521**	**17,838**	**124,359**
As at 31 December 2023			
Carrying amounts	109,422	27,217	136,639
For the year ended 31 December 2024			
Depreciation charge	**2,901**	**9,379**	**12,280**
For the year ended 31 December 2023			
Depreciation charge	2,901	9,345	12,246
Capitalised in construction in progress	–	(85)	(85)
	2,901	9,260	12,161

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Expense relating to short-term leases	**2,004**	1,170
Total cash outflow for leases	**7,161**	6,854
Additions to right-of-use assets from		
– new leases of properties in the PRC	**–**	2,981

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

As at 31 December 2024, the carrying values of the leasehold lands of RMB106,521,000 (2023: RMB109,422,000) are allocated by the government, which have no definite lease term stated in the relevant land use rights certificates. However, without the relevant administrative authorities' permission, the Group cannot transfer, lease or pledge as security such land use rights allocated by the government. The leasehold lands are amortised on a straight-line basis over a period of 50 years, which is based on the lease terms or estimated by the management with reference to the normal terms in the PRC.

The Group regularly entered into short-term leases for staff apartments and offices. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed above.

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

17. INTANGIBLE ASSETS

	Exclusive cooperation agreement RMB'000	Software RMB'000	Total RMB'000
COST			
At 1 January 2023	–	3,488	3,488
Additions	41,321	938	42,259
At 31 December 2023	41,321	4,426	45,747
Additions	–	236	236
At 31 December 2024	**41,321**	**4,662**	**45,983**
AMORTISATION			
At 1 January 2023	–	2,360	2,360
Additions	8,775	332	9,107
At 31 December 2023	8,775	2,692	11,467
Additions	10,142	501	10,643
At 31 December 2024	**18,917**	**3,193**	**22,110**
CARRYING VALUES			
At 31 December 2024	**22,404**	**1,469**	**23,873**
At 31 December 2023	32,546	1,734	34,280

On 12 May 2023, the Group entered into an exclusive cooperation agreement (the "**Exclusive Cooperation Agreement**") with an independent third-party entity and three individuals, pursuant to which the parties agreed to exclusive cooperation in the livestreaming e-commerce and entertainment management for three-years period and made the upfront payments of RMB43,800,000. On the commencement date, the Group recognised RMB41,321,000 (excluding value added tax) of the Exclusive Cooperation Agreement, which will be amortised on a straight-line basis over three years. Details of the Exclusive Cooperation Agreement were set out in the announcement of the Company dated on 31 May 2023.

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

Exclusive cooperation agreement	3 years
Software	3 years

18. DEFERRED TAX ASSETS

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Deferred tax assets	**3,644**	4,692
Deferred tax liabilities	**(3,265)**	(4,529)
	379	163

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

	Lease liabilities	**Right-of-use assets**	**Total**
	RMB'000	RMB'000	RMB'000
At 1 January 2023	5,664	(5,794)	(130)
(Charge) credit to profit or loss	(972)	1,265	293
At 31 December 2023	4,692	(4,529)	163
(Charge) credit to profit or loss	(1,048)	1,264	216
At 31 December 2024	**3,644**	**(3,265)**	**379**

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2024 and 2023, no deferred tax liabilities regarding the withholding tax has been provided as the PRC subsidiaries will not declare any dividend to holding companies outside mainland China in the foreseeable future.

As at 31 December 2024, the Group has unrecognised deductible temporary differences of RMB696,158,000 (2023: RMB591,425,000). In the opinion of the directors of the Company, no deferred tax asset is recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

As at 31 December 2024, the Group has unrecognised tax losses of RMB288,174,000 (2023: RMB266,334,000), among which tax losses amounted to RMB287,849,000 (2023: RMB262,984,000) will expire at various dates up to and including 2029 and tax losses amounted to RMB325,000 (2023: RMB3,350,000) has no expiry date. In the opinion of the directors of the Company, no deferred tax assets in respect of tax losses are recognised due to the unpredictability of future profit streams.

19. INVENTORIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Scripts	**8,902**	8,902
Television series and films completed	**4,528**	24,906
Other products	**861**	167
	14,291	33,975

20. 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 *(Note ii)*	**(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 *(Notes i and ii)*	**(240,749)**	(161,306)
	179,251	258,694
Consideration receivables *(Note iii)*	**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

20. TRADE AND OTHER RECEIVABLES (continued)

Notes:

i. On 21 June 2021, Nanjing Lanchou entered into the sale and purchase agreement with Jiangsu China Red Science and Education Investment Group Nanjing Energy and Technology Co. Ltd. (江蘇華紅科教投資集團南京能源科技有限公司) (the "**Transferor**"), 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 of Nanjing Sport Institute (南京體育學院奧林匹克學院) (the "**Olympic College**") cannot be satisfied within 36 months from the date of the sale and purchase agreement.

To facilitate the series of restructuring stated in the sale and purchase agreement, Nanjing Lanchou has also entered into two loan agreements, pursuant to which Nanjing Lanchou shall grant to the Transferor two bridging loans in the principal amounts of RMB250,000,000 ("**250M Bridging Loan**") and RMB170,000,000 ("**170M Bridging Loan**"), respectively (collectively referred as the "**Loan Receivables**"). The Loan Receivables were non-interest bearing with maturity date of six months, among which RMB410,000,000 shall not be used for any purpose other than agreed terms in the loan agreements. Mr. Ye Hua and Ms. Gao Jiehong, the founders of the Transferor, 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 of the Company are of the view that, after seeking legal advice and support from the independent valuer, the market value of the pledged assets held by the Transferor and the founders of the Transferor, including 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. Details of impairment assessment of trade and other receivables are set out in note 29.

iii. 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.

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB345,718,000.

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

	As at 31 December	
	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.

21. FINANCIAL ASSETS AT FVTPL

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Financial assets mandatorily measured at FVTPL *(Note i)*:		
– Financial investment on films *(Note ii)*	**31,375**	45,569
– Structured deposits *(Note iii)*	**355,420**	335,946
– Listed equity investments in the PRC	**–**	756
– Unquoted fund investments	**–**	39,300
	386,795	421,571
Analysed as:		
– Current	**386,795**	421,571

Notes:

i. Details of the fair value measurement for financial assets at FVTPL are set out in note 29.

ii. The financial investment on films was an investment that the Group solely provided funding, and was not entitled to the film copyrights. In assessing the fair value of the investment, the estimated future cash flows which based on the contractual terms was discounted with using discount rate that reflects the credit risk of the counterparty.

iii. The structured deposits were short-term investments issued by banks and financial institutions with no predetermined or guaranteed return and were not principal protected. These financial assets were with expected rates of return (not guaranteed), depending on the market price of underlying financial instruments, including listed shares, bonds, debentures and other financial assets.

22. CASH AND CASH EQUIVALENTS/TIME DEPOSITS

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.01% to 4.25% (2023: 0.01% to 4.65%).

As at 31 December 2024, time deposits of RMB30 million carried fixed interest rate of 3.10% (2023: 1.70% to 4.60%) per annum and will be matured over three months but within one year. Time deposits of RMB230 million carried fixed interest rates ranging from 2.70% to 3.10% per annum and will be matured over one year.

23. 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

23. TRADE AND OTHER PAYABLES (continued)

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

24. CONTRACT LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Contract liabilities		
– from entertainment and livestreaming e-commerce	**26,695**	28,320
– from higher and vocational education	**358,147**	347,989
	384,842	376,309
Analysed as:		
– Current	**384,842**	376,309

As at 1 January 2023, contract liabilities amounted to RMB300,507,000.

Contract liabilities as at 1 January 2023 and 31 December 2023, amounted to RMB300,507,000 and RMB376,309,000 respectively, were recognised as revenue during the years ended 31 December 2023 and 2024 respectively.

25. LEASE LIABILITIES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	**5,447**	4,192
Within a period of more than one year but not more than two years	**5,965**	5,447
Within a period of more than two years but not more than five years	**3,164**	9,129
	14,576	18,768
Less: Amount due for settlement with 12 months shown under current liabilities	**(5,447)**	(4,192)
Amount due for settlement after 12 months shown under non-current liabilities	**9,129**	14,576

The weighted average incremental borrowing rates applied to lease liabilities was 6.00% (2023: 6.00%).

26. SHARE CAPITAL

	Number of shares	Share Capital HK$	Shown in the consolidated financial statements 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.

27. SHARE-BASED PAYMENT TRANSACTIONS

The Company has adopted two share schemes, namely the post initial public offering share award scheme (the "**Post-IPO Share Award Scheme**") and the post initial public offering share option scheme (the "**Post-IPO Share Option Scheme**").

Post-IPO Share Award Scheme

On 24 September 2021, the Company adopted the share award scheme (the "**Post-IPO Share Award Scheme**") to align the interests of eligible persons with those of the Company through ownership of shares, dividends and other distributions paid on shares and/or the increase in value of the shares, and to encourage and retain eligible persons to make contributions to the long-term growth and profits of the Group. The Company has established the Cathay Media and Education Share Incentive (the "**Trust**") to administer and hold the Company's shares before they are vested and transferred. The Trust purchased the Company's shares from the open market using cash contributed by the Company, not permitted to exceed 32,000,000 shares without further shareholders' approval.

As at 31 December 2024 and 2023, 32,000,000 shares in a total consideration of HK$63,102,000 (equivalent to RMB52,411,000) were recognised as treasury shares for presentation in the consolidated statement of changes in equity.

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

27. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was adopted pursuant to the written resolutions of the shareholders passed on 22 June 2020 to provide eligible persons with the opportunity to acquire proprietary interests in the Company and to encourage the eligible person to work towards enhancing the value of the Company.

On 30 May 2023, the Company granted 10,000,000 options to an employee of the Group pursuant to the Post-IPO Share Option Scheme. The details of the Post-IPO Share Option Scheme are as follows:

Date of grant	Vesting period	Exercise period	Number of options to be vested	Fair value at grant date HK$
31 May 2023	31 May 2023 ~ 30 April 2024	1 May 2024 ~ 30 May 2028	2,000,000	852,000
31 May 2023	31 May 2023 ~ 30 April 2025	1 May 2025 ~ 30 May 2028	3,000,000	1,285,000
31 May 2023	31 May 2023 ~ 30 April 2026	1 May 2026 ~ 30 May 2028	3,000,000	1,264,000
31 May 2023	31 May 2023 ~ 30 October 2026	1 November 2026 ~ 30 May 2028	2,000,000	830,000

No option was exercised during both years. The Group recognised the total expense of RMB1,534,000 during the year ended 31 December 2024 in relation to Post-IPO Share Option granted by the Company (2023: RMB1,204,000).

The fair value of the Post-IPO Share Option was determined at the date of grant using the binomial option-pricing model. Option valuation model requires the input of highly subjective assumptions, including the option's expected life and the price volatility of the underlying shares, and changes in the subjective input assumptions can materially affect the fair value estimate of share options.

Stock price as at grant date	HK$1.4
Exercise price	HK$1.4
Expected volatility	49.63%
Expected life	2.32 years
Risk-free rate	3.3372%
Expected dividend yield	6.43%

27. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Post-IPO Share Option Scheme (continued)

The binomial option-pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Expected volatility was determined by using the historical volatility of comparable company's share prices with discounts for lack of marketability. Changes in variables and assumptions may result in changes in the fair value of the options.

As at 31 December 2024, the number of shares in respect of which options had been granted and remained outstanding under the Post-IPO Share Option Scheme was 10,000,000 (2023: 10,000,000).

28. CAPITAL RISK MANAGEMENT

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

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

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

29. FINANCIAL INSTRUMENTS

A. Categories of financial instruments

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Financial assets		
Financial assets at FVTPL	**386,795**	421,571
Financial assets at amortised cost	**1,273,416**	1,193,082
Financial liabilities		
Financial liabilities at amortised cost	**181,467**	238,438

29. FINANCIAL INSTRUMENTS (continued)

B. Financial risk management objectives and policies

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

Market risk

(i) **Currency risk**

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

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

	Assets		**Liabilities**	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
HK$	**4**	4	**–**	–
US$	**96**	58	**–**	–
GBP	**1,987**	831	**–**	–

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

Sensitivity analysis

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

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in RMB against GBP. 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to the key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting date for a 5% (2023: 5%) change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity where RMB strengthen 5% (2023: 5%) against GBP. For a 5% (2023: 5%) weakening of RMB against GBP, there would be an equal and opposite impact on the profit and other comprehensive income and the amounts below would be negative.

29. FINANCIAL INSTRUMENTS (continued)

B. Financial risk management objectives and policies (continued)

Market risk (continued)

(i) **Currency risk (continued)**

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
GBP impact	**(75)**	(31)

(ii) **Interest rate risk**

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

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

Credit risk and impairment assessment

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

Trade receivables

Trade receivables from entertainment and livestreaming e-commerce are mainly due from television series stations, online platforms and other third-party distributors. Payment terms are negotiated on an individual contract basis and varies for each customer. The Group has concentration of credit risk as 52.64 % (2023: 53.70 %) and 95.81% (2023: 97.39%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the entertainment and livestreaming e-commerce segment.

Trade receivables from higher and vocational education are mainly due from students and canteen operators, which contributed 2.69% (2023: 0.86%) of the total trade receivables of the Group.

29. FINANCIAL INSTRUMENTS (continued)

B. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Trade receivables (continued)

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

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

Loan Receivables and consideration receivables

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

Other receivables

For other receivable (other than Loan Receivables and consideration receivables), the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2024 and 2023, the Group assessed the ECL for other receivables is insignificant and thus no loss allowance is recognised.

29. FINANCIAL INSTRUMENTS (continued)

B. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Time deposits and cash and cash equivalents

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

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

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

29. FINANCIAL INSTRUMENTS (continued)

B. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

	Notes	Internal credit rating	12m or lifetime ECL	**2024** Gross carrying amount RMB'000	**2024** Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000	2023 Gross carrying amount RMB'000
Trade receivables *(Note)*	20	Performing	Lifetime ECL (provision matrix)	**25,465**		91,498	
		Doubtful	Lifetime ECL (provision matrix)	**79,702**		–	
		Default	Lifetime ECL - credit impaired (individual assessed)	**487,000**	**592,167**	489,076	580,574
Loan Receivables	20	Default	Lifetime ECL - credit impaired	**420,000**	**420,000**	420,000	420,000
Consideration receivables	20	Performing	12m ECL	**10,000**	**10,000**	33,469	33,469
Other receivables (excluding Loan Receivables and consideration receivables)	20	Performing	12m ECL	**33,643**	**33,643**	14,216	14,216
Time deposits	22	Performing	12m ECL	**260,000**	**260,000**	375,311	375,311
Cash and cash equivalents	22	Performing	12m ECL	**690,770**	**690,770**	342,044	342,044

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

The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired). Credit-impaired debtors, with gross carrying amounts of RMB487,000,000 as at 31 December 2024 (2023: RMB489,076,000) were assessed individually and the loss allowance was measured as the difference between the asset's gross amount and the present value of estimated future cash flows.

Internal credit rating	**2024** Average loss rate	**2024** Trade receivables	2023 Average loss rate	2023 Trade receivables
Performing	**2.60%**	**25,465**	2.78%	91,498
Doubtful	**5.97%**	**79,702**	–	–
		105,167		91,498

During the current year, based on the provision matrix, net impairment loss allowance for trade receivables recognised amounted to RMB2,875,000 (2023: RMB1,492,000). Provision of net impairment loss allowance of RMB77,253,000 (2023: RMB239,625,000) were individually made on credit-impaired trade receivables from debtors during the current year.

29. FINANCIAL INSTRUMENTS (continued)

B. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

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

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2023	167,020	4,150	171,170
– Transfer to credit-impaired	(165,972)	165,972	–
– Impairment losses, net of reversal	1,492	239,625	241,117
As at 31 December 2023	2,540	409,747	412,287
– Impairment losses, net of reversal	**2,875**	**77,253**	**80,128**
As at 31 December 2024	**5,415**	**487,000**	**492,415**

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

	RMB'000
As at 1 January 2023	65,757
– Impairment losses recognised	95,549
As at 31 December 2023	161,306
– Impairment losses recognised	**79,443**
As at 31 December 2024	**240,749**

Liquidity risk

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

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

	Weighted average interest rate %	On demand or less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	over 5 years RMB'000	Total undiscounted balances RMB'000	Carrying amounts RMB'000
At 31 December 2024							
Non-derivative financial liabilities							
Trade and other payables	–	160,517	–	–	–	160,517	160,517
Dividend payable	–	20,950	–	–	–	20,950	20,950
Lease liabilities	6.00	6,126	6,311	3,202	–	15,639	14,576
		187,593	6,311	3,202	–	197,106	196,043
At 31 December 2023							
Non-derivative financial liabilities							
Trade and other payables	–	217,488	–	–	–	217,488	217,488
Dividend payable	–	20,950	–	–	–	20,950	20,950
Lease liabilities	6.00	5,158	6,126	9,513	–	20,797	18,768
		243,596	6,126	9,513	–	259,235	257,206

29. FINANCIAL INSTRUMENTS (continued)

C. Fair value measurements of financial instruments

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

Financial assets	Fair value at 31 December 2024 RMB'000	2023 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Financial assets at FVTPL: – Listed equity investments	–	756	Level 1	Quoted prices in active markets	N/A	N/A
– Unquoted fund investments	–	39,300	Level 2	Net asset value investment as published by the fund manager	N/A	N/A
– Structured deposits *(Note i)*	**355,420**	335,946	Level 3	Discounted cash flow method was used/ expected return rate	Expected return rates from 1.57% to 3.65% (2023: 1.68% to 4.75%)	The higher the expected return, the higher the fair value, vice versa
– Financial investment on films *(Note ii)*	**31,375**	45,569	Level 3	Discounted cash flow method was used/ Future cash flow was estimated based on the contractual terms and discounted at a rate that reflects the credit risk of the counterparty	Discount rate of 28.43% (2023: 15.06%)	The higher the discount rate, the lower the fair value, vice versa

Notes:

i. The structured deposits are not traded in an active market and do not have observable market data. The structured deposits of approximately RMB355,420,000 (2023: RMB335,946,000) have been estimated using discounted cash flow method based on the expected rate of return. As at 31 December 2024, if the estimated rate of return had been 10% (2023: 10%) higher/lower and the other variables were held constant, the total carrying amounts of structured deposits would increase/decrease by RMB105,000/RMB105,000 (2023: RMB54,000/RMB54,000), respectively.

ii. The financial investment on films measured at fair value do not meet solely payments of principal and interest condition. The film production investments of approximately RMB31,375,000 (2023: RMB45,569,000) has been determined using discounted cash flow method based the estimated future cash flows which based on the contractual terms and discounted with using discount rate that reflects the credit risk of the counterparty. As at 31 December 2024, if the discount rate had been 10% (2023: 10%) higher/lower, the total carrying amount of film production investments would decrease/increase by RMB680,000/RMB680,000 (2023: RMB523,000/RMB523,000), respectively.

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

29. FINANCIAL INSTRUMENTS (continued)

C. Fair value measurements of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets

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

	Financial assets at FVTPL RMB'000
At 1 January 2023	511,145
Purchases	1,515,264
Redemptions	(1,645,886)
Gains in profit or loss	992
At 31 December 2023	381,515
Purchases	**1,468,269**
Redemptions	**(1,463,087)**
Gains in profit or loss	**98**
At 31 December 2024	**386,795**

30. CAPITAL COMMITMENTS

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Capital expenditures contracted for but not provided in the consolidated financial statements in respect of acquisition of property and equipment	**1,478**	5,043

31. RETIREMENT BENEFITS SCHEMES

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

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

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

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities RMB'000	**Dividend payables** RMB'000	**Total** RMB'000
At 1 January 2023	22,655	20,950	43,605
Financing cash flows	(5,684)	(45,546)	(51,230)
Dividend declared	–	45,546	45,546
New leases entered	2,981	–	2,981
Termination of leases	(2,511)	–	(2,511)
Interest expenses	1,327	–	1,327
At 31 December 2023	18,768	20,950	39,718
Financing cash flows	**(5,157)**	**(90,338)**	**(95,495)**
Dividend declared	**–**	**90,338**	**90,338**
Interest expenses	**965**	**–**	**965**
At 31 December 2024	**14,576**	**20,950**	**35,526**

33. RELATED PARTY TRANSACTIONS

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

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
Dividend payable to a non-controlling shareholder	**20,950**	20,950

(ii) **Compensation of key management personnel**

The remuneration of directors of the Company and other members of key management of the Group is as follows:

	Year ended 31 December	
	2024 **RMB'000**	2023 RMB'000
Short-term employee benefits	**5,614**	5,581
Post-employment benefits	**101**	101
	5,715	5,682

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

General information of subsidiaries

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

Name of subsidiaries	Date and place/country of establishment/ incorporation/operation, kind of legal entity	Issued and fully paid share/ registered capital	Equity interest attributable to the Group as at 31 December 2024 %	2023 %	Principal activities
Directly owned					
Cathay Media Group (BVI) Inc.	12 January 2017 BVI Limited liability company	USD50,000	100	100	Investment holding
Indirectly owned					
Cathay Media Group (Hong Kong) Limited (華夏視聽傳媒集團(香港)有限公司)	27 January 2017 Hong Kong Limited liability company	HK$1	100	100	Investment holding
Nanjing Bicheng	29 July 2019 PRC Limited liability company	RMB50,000,000	100	100	Investment holding and consulting
Dongyang Huaxia	15 August 2019 PRC Limited liability company	RMB10,000,000	100	100	Investment holding and consulting
Indirectly owned and controlled through contractual arrangement					
Nanjing Lanchou	26 October 2017 PRC Limited liability company	RMB10,000,000	100	100	Investment holding
Nanjing Meiya	30 January 2003 PRC Limited liability company	RMB150,000,000	91	91	Investment holding
CUCN	16 June 2014 PRC Limited liability company	RMB150,000,000	91	91	Higher and vocational education
Dongyang Audio-Visual	18 June 2019 PRC Limited liability company	RMB10,000,000	100	100	Investment holding and television series and film production
Huaxia Audio-Visual	27 December 2005 PRC Limited liability company	RMB61,302,678	91	91	Television series and film production
Huaxia Zhenxuan	11 December 2001 PRC Limited liability company	RMB3,000,000	100	100	Livestreaming e-commerce
Huaxia Huyu	4 August 2022 PRC Limited liability company	RMB1,500,000	70	70	Livestreaming e-commerce and artist management

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

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

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

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024**	2023	**2024**	2023
Nanjing Meiya and its subsidiaries	PRC	**9%**	9%	**23,819**	16,683	**225,526**	201,707

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

Nanjing Meiya and its subsidiaries

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Current assets	**1,677,923**	1,295,896
Non-current assets	**1,483,205**	1,655,799
Current liabilities	**(516,577)**	(566,084)
Non-current liabilities	**(9,204)**	(14,948)
Equity attributable to owners of the Company	**2,409,821**	2,168,956
Non-controlling interests of Nanjing Meiya and its subsidiaries	**225,526**	201,707

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Revenue	**660,366**	586,533
Expenses	**(395,683)**	(401,159)
Profit and total comprehensive income attributable to owners of the Company	**240,864**	168,691
Profit and total comprehensive income attributable to the non-controlling interests of Nanjing Meiya and its subsidiaries	**23,819**	16,683
Profit and total comprehensive income for the year	**264,683**	185,374
Net cash flows from operating activities	**395,767**	261,788
Net cash flows (used in) from investing activities	**(273,655)**	23,604
Net cash flows used in financing activities	**(5,157)**	(5,684)
Net cash flows	**116,955**	279,708

35. CONTINGENT LIABILITIES

A plaintiff raised litigation claims against CUCN in the PRC court. The claim from plaintiffs 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 judgment from the PRC court.

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

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Non-current Assets		
Investment in subsidiaries	**1,659,937**	1,784,989
Property and equipment	**–**	13
	1,659,937	1,785,002
Current Assets		
Prepayments and other receivables	**17**	360
Amounts due from subsidiaries	**226,596**	167,329
Cash and cash equivalents	**8,903**	9,106
	235,516	176,795
Current Liability		
Other payables	**23**	22
Net current assets	**235,493**	176,773
Net Assets	**1,895,430**	1,961,775
Capital and Reserves		
Share capital	**117**	117
Reserves	**1,895,313**	1,961,658
Total Equity	**1,895,430**	1,961,775

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

Movement in the Company's reserves

	Shares held for share award scheme	Share premium	Capital reserve	Translation reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	(52,411)	869,970	1,208,202	(31,915)	–	(20,289)	1,973,557
Loss for the year	–	–	–	–	–	(6,974)	(6,974)
Other comprehensive income for the year	–	–	–	39,417	–	–	39,417
Total comprehensive income (expenses) for the year	–	–	–	39,417	–	(6,974)	32,443
Recognition of equity-settled share-based payments	–	–	–	–	1,204	–	1,204
Dividend recognised as distribution	–	(45,546)	–	–	–	–	(45,546)
At 31 December 2023	(52,411)	824,424	1,208,202	7,502	1,204	(27,263)	1,961,658
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(5,842)**	**(5,842)**
Other comprehensive income for the year	**–**	**–**	**–**	**28,301**	**–**	**–**	**28,301**
Total comprehensive income (expenses) for the year	**–**	**–**	**–**	**28,301**	**–**	**(5,842)**	**22,459**
Recognition of equity-settled share-based payments	**–**	**–**	**–**	**–**	**1,534**	**–**	**1,534**
Dividend recognised as distribution	**–**	**(90,338)**	**–**	**–**	**–**	**–**	**(90,338)**
At 31 December 2024	**(52,411)**	**734,086**	**1,208,202**	**35,803**	**2,738**	**(33,105)**	**1,895,313**

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

	Year ended 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
Revenue	789,743	578,051	656,815	759,040	**782,359**
Cost of revenue	(436,505)	(301,879)	(339,614)	(481,242)	**(401,205)**
Gross profit	353,238	276,172	317,201	277,798	**381,154**
Profit (loss) before tax	371,468	140,258	96,047	(181,229)	**117,275**
Profit (loss) from continuing operations	337,140	125,496	78,213	(181,067)	**117,275**
(Loss) profit from discontinued operations	–	(53,674)	43,710	–	**–**
Profit (loss) for the year	337,140	71,822	121,923	(181,067)	**116,911**

	As at 31 December				
	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
Non-current assets	728,276	1,121,473	1,219,638	1,414,400	**1,602,272**
Current assets	2,705,885	2,582,029	2,005,334	1,663,797	**1,455,342**
Current liabilities	557,714	964,326	562,699	647,285	**602,802**
Net current assets	2,148,171	1,617,703	1,442,635	1,016,512	**852,540**
Total assets less current liabilities	2,876,447	2,739,176	2,662,273	2,430,912	**2,454.812**
Non-current liabilities	1,263	24,103	19,853	14,948	**9,204**
Net assets	2,875,184	2,715,073	2,642,420	2,415,964	**2,445,608**
Total equity	2,875,184	2,715,073	2,642,420	2,415,964	**2,445,608**

"Articles of Association"	the articles of association of the Company, as amended from time to time
"Board"	the board of Directors
"China" or "PRC"	the People's Republic of China
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Cathay Group Holdings Inc. (華夏集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 4 January 2017
"Consolidated Affiliated Entity(ies)"	Dongyang Huaxia, Nanjing Lanchou and their subsidiaries and affiliated entities, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements
"Contractual Arrangement(s)"	the series of contractual arrangements entered into between, among others, the WFOEs, the Onshore Holdcos and the Registered Shareholders, as detailed in the section headed "Contractual arrangements"
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and except where the context requires otherwise, refers to Mr. Pu, Cathay Media Holding Inc. and Winning Global Ventures Limited
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules, as amended from time to time
"CUCN" or "University"	南京傳媒學院 (Pinyin: Nanjing Chuanmei Xueyuan), formally known as Communication University of China, Nanjing (中國傳媒大學南廣學院), which received the certificate of registration for a privately-run non-enterprise unit on 31 January 2005
"Director(s)"	the director(s) of our Company
"Dongyang Huaxia"	Dongyang Huaxia Audio-Visual Film Culture Co., Ltd. (東陽華夏視聽影視文化有限公司), a company established in the PRC on 18 June 2019 and a Consolidated Affiliated Entity of our Company
"Group", "we" or "us"	the Company, its subsidiaries, and the Consolidated Affiliated Entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time, and in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"HKFRS"	Hong Kong Financial Reporting Standards
"Huaxia Audio-Visual"	Huaxia Audio-Visual Global Media (Beijing) Holdings Co., Ltd. (華夏視聽環球傳媒(北京)股份有限公司), a company established in the PRC on 27 December 2005 and a Consolidated Affiliated Entity of our Company
"Huaxia Zhenxuan"	Beijing Huaxia Zhenxuan Cultural Communication Co., Ltd. (北京華夏珍選文化傳播有限公司) (formerly Beijing Huaxia Huyu Cultural Communication Co., Ltd. (北京華夏互娛文化傳播有限公司) and Beijing Huaxia Audio-Visual Online Cultural Development Co., Ltd. (北京華夏視聽在線文化發展有限公司)), a company established in the PRC on 11 December 2001 and a Consolidated Affiliated Entity of our Company
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	15 July 2020, the date on which the Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Mr. Pu"	Mr. Pu Shulin (蒲樹林), our founder, executive Director, chief executive officer, chairperson of the Board and our Controlling Shareholder
"Nanjing Lanchou"	Nanjing Lanchou Corporate Management Co., Ltd. (南京藍籌企業管理有限公司), a company established in the PRC on 26 October 2017 and a Consolidated Affiliated Entity
"Nanjing Meiya"	Nanjing Meiya Education Investment Co., Ltd. (南京美亞教育投資有限公司), a company established in the PRC on 30 January 2003 and a Consolidated Affiliated Entity
"New M&A"	fourth amended and restated memorandum and articles of association of the Company
"Onshore Holdcos"	Dongyang Huaxia and Nanjing Lanchou
"Olympic College"	the Olympic College of Nanjing Sport Institute

"Post-IPO Share Award Scheme"	the post-IPO share award scheme approved and adopted by our Company on 22 June 2020 with effect from Listing
"Post-IPO Share Option Scheme"	the post-IPO share option scheme approved and adopted by our Company on 22 June 2020 with effect from Listing
"PRC Legal Advisor"	Commerce & Finance Law Offices
"Prospectus"	the prospectus of the Company dated 30 June 2020
"RMB"	Renminbi yuan, the lawful currency of China
"Registered Shareholders"	the registered shareholders of the Onshore Holdcos, namely Mr. Pu and Mr. Liu Chang (劉暢)
"Reporting Period"	the year ended 31 December 2024
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.00001 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	United States dollars, the lawful currency of the United States
"WFOEs"	WFOE-Education and WFOE-Production collectively
"WFOE-Education"	Bicheng Art Consulting (Nanjing) Co., Ltd (碧城藝術諮詢（南京）有限公司), a company established in the PRC on 29 July 2019 and a wholly-owned subsidiary of our Company
"WFOE-Production"	Dongyang Huaxia Audio-Visual Culture Consulting Co., Ltd. (東陽華夏視聽文化諮詢有限公司), a company established in the PRC on 15 August 2019 and a wholly-owned subsidiary of our Company
"%"	per cent