

DASHAN EDUCATION HOLDINGS LIMITED

大山教育控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 9986

ANNUAL REPORT 2024



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Hongjun (*Chairman*¹)
Mr. Li Jing (*CEO*)²
Mr. Shan Jingchao

Non-executive Director

Mr. Jia Shuilin³

Independent non-executive Directors

Dr. Xie Xiangbing
Ms. Wang Yanxiao
Mr. You Huanyu²
Mr. Zhang Jian³

AUDIT COMMITTEE

Dr. Xie Xiangbing (*chairman*)
Ms. Wang Yanxiao
Mr. You Huanyu²
Mr. Zhang Jian³

REMUNERATION COMMITTEE

Ms. Wang Yanxiao (*chairwoman*⁴)
Mr. Zhang Jian (*chairman*)³
Mr. Zhang Hongjun
Dr. Xie Xiangbing

NOMINATION COMMITTEE

Mr. Zhang Hongjun (*chairman*)
Dr. Xie Xiangbing
Ms. Wang Yanxiao
Mr. Zhang Jian³

INVESTMENT MANAGEMENT COMMITTEE

Mr. Zhang Hongjun (*chairman*)
Mr. Li Jing²
Mr. Shan Jingchao
Dr. Xie Xiangbing
Ms. Wang Yanxiao
Mr. Zhang Jian³

AUTHORISED REPRESENTATIVES

Mr. Zhang Hongjun
Mr. Chan Kwong On

COMPANY SECRETARY

Mr. Chan Kwong On

¹ resigned as the CEO with effect from 27 September 2024

² appointed with effect from 27 September 2024

³ resigned with effect from 27 September 2024

⁴ re-designated with effect from 27 September 2024

AUDITOR

Zhonghui Anda CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

HONG KONG LEGAL ADVISER

Loeb & Loeb LLP

PRINCIPAL BANKERS

China Minsheng Bank, Zhengzhou Branch
Bank of Communications,
Zhengzhou Huanghe Road Branch
China Merchants Bank, Zhengzhou Weilai
Branch

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman, KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE PRC

19th Floor, Guoxin Plaza
Crossroad of Zhongzhou Avenue and
Minghong Road
Zhengzhou, Henan Province

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1510, 15/F
YF Life Centre
38 Gloucester Road
Wan Chai
Hong Kong

COMPANY'S WEBSITE

www.dashanedu.com
*(information on the website does not form part of
this report)*

STOCK EXCHANGE STOCK CODE

9986

DATE OF LISTING

15 July 2020

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I hereby present the annual report of the Group for FY2024.

With the Group's experience accumulated from years of dedication in education services industry, it has formed a good reputation and influence among students and parents, and accumulated rich experience, resources, team and operational advantages. With these advantages, during FY2024, the Group provided extracurricular programmes for personal attainment in dancing and sports targeting children and teenagers in the PRC.

The Group is committed to building an international education ecosystem, providing customers with high quality and diversified comprehensive services, in order to meet the personalised needs of different customer groups at different stages. During FY2024, through the consultancy services centers established in major cities in Mainland China, the Group provided overseas education consultation services for students intending to apply for further education abroad. The Group also integrated its business resources in China to promote Chinese students to study abroad, have short-term exchange programs or attend overseas study tour.

With the Group's extensive experience, resources and team advantages, during FY2024, the Group provided consulting services in brand management, marketing promotion, event planning and other aspects to various entities.

Looking forward to the future, the Group will communicate closely with students, parents and educational institutions and others, will combine the Group's resources and advantages to enrich service varieties and contents, and will provide customers with diversified professional services. The Group will also increase its effort to broaden the market, and actively explore business opportunities with new customers while serving existing customers well.

In the new era and new situation, the Group's business development has encountered many challenges. However, with the joint efforts of Shareholders, management team and all employees, and with the support of the customers, partners and all sectors of society, we have adjusted to market development trends and complied with regulations requirements, and strived to promote the transformation and recovery of the Group's various businesses. In the future, we will not forget our original aspirations, forge ahead and continue to create value for Shareholders and society.

Zhang Hongjun

Chairman and executive Director

28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

UPDATE ON LISTING STATUS

Reference is made to the Company's announcement dated 29 March 2023. The former Auditor has raised concerns in connection with (i) the commercial substance and business rationale of the payments in connection with the software development services provided by a vendor; (ii) the provision of evidence to substantiate the validity of the provision of training and advisory services by the Group to various customers; (iii) the commercial substance and business rationale for a loan granted by the Group to an entity; and (iv) the acquisition of equity interests in KSI Education Limited (a company incorporated in the UK) (collectively, the "**Audit Matters**").

As a result of the delay in publication of the audited annual results of the Group for FY2022, trading in Shares on Stock Exchange has been suspended with effect from 9:00 a.m. on 30 March 2023.

On 5 May 2023, the Company received the following resumption guidance ("**Resumption Guidance**") from the Stock Exchange, requiring the Company to: (a) conduct an appropriate independent investigation into the Audit Matters, announce the findings and take appropriate remedial actions; (b) publish all outstanding financial results required under the Listing Rules and address any audit modifications; (c) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules; and (d) announce all material information for the Company's shareholders and investors to appraise its position.

The Company established a special investigation committee (the "**SIC**") on 19 April 2023, comprising solely of the INEDs, to undertake an independent investigation into the Audit Matters. In May 2023, the SIC appointed Mazars Risk Advisory Services Limited ("**Mazars**"), an independent risk consulting and accounting firm, to conduct an agreed-upon procedures investigation (the "**AUP Investigation**") in relation to the Audit Matters. As disclosed in the announcement of the Company dated 29 May 2024, Mazars has issued the agreed-upon procedures review report on 29 May 2024 setting out the findings of the AUP Investigation. Having considered the findings of the AUP Investigation, the Board and the SIC are of the view that the AUP Investigation is sufficient and adequate to address each of the Audit Matters. The SIC has also engaged Mazars to perform an overall internal control review of the Group (the "**Internal Control Review**") and the Company has adopted all the recommendations given by Mazars on the findings of the Internal Control Review in relation to the AUP Investigation on the Audit Matters to rectify the internal control deficiencies. Mazars has also conducted follow-up reviews with the objective of independently following up the rectification of the review findings and all recommendations have been implemented. For further details of the AUP Investigation and the Internal Control Review, please refer to the announcement of the Company dated 29 May 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

On 29 July 2024, the Company has published the audited annual results of the Group for FY2022, the unaudited interim results of the Group for the six months ended 30 June 2023 and the audited annual results of the Group for FY2023. On 5 August 2024, the Company has published the annual report of the Group for FY2022, the interim report of the Group for the six months ended 30 June 2023 and the annual report of the Group for FY2023. On 13 August 2024, the Company has published the unaudited interim results of the Group for the six months ended 30 June 2024. On 21 August 2024, the Company has published the interim report of the Group for the six months ended 30 June 2024.

On 30 August 2024, the Company has fulfilled all the Resumption Guidance given by the Stock Exchange. The trading in the Shares on the Stock Exchange has resumed from 9:00 a.m., on 2 September 2024. For further details, please refer to the announcement of the Company dated 30 August 2024.

BUSINESS REVIEW

The Company is an investment holding company. Prior to March 2022, the Group was principally engaged in the provision of primary and secondary after-school academic education services in the PRC. The Group is currently principally engaged in (i) the provision of extracurricular programmes for personal attainment and overseas education consultation services; and (ii) the provision of diversified consultancy services for entities.

As China's economy continues to develop, the increase in residents' disposable income, more and more parents are showing greater enthusiasm for financial investment in their children's education. In the context of the reform and opening-up and globalisation, social development puts forward new requirements for talents, high-quality talents with global vision and international competitiveness are more popular, therefore many parents with financial conditions will choose to send their children to study abroad. China has adhered to the policy of studying abroad in the new era of "supporting students studying abroad, encouraging students to return after graduation, freedom of movement, and playing a role", eventually promote the further development and growth of international education market.

With the Group's experience accumulated from years of dedication in education services business, it has formed a good reputation and has influence among students and parents, and has accumulated rich experience, resources, team and operational advantages. In the face of the changes in parents' needs for their children's education and the trend of China's education system reform, the Group is committed to building an ecosystem in international education field to provide one-stop all-scenario services for Chinese students participating in international education.

During the Reporting Period, the Group provided overseas education consultation services in major cities in Mainland China, such as Zhengzhou, Shenzhen, Hangzhou, Wuhan, Xi'an, for students intending to apply for further education abroad, and generated revenue by collecting consultancy service fees. The Group typically provides consultancy services for students intending to apply for further education abroad by (i) collecting background and admission information of overseas higher educational institutions, (ii) assisting in formulating overseas study and college application plans, (iii) assisting in making the college applications, and (iv) assisting in making application for student visa.

During the Reporting Period, the Group established teaching centres in Zhengzhou and Beijing, recruited experienced tutors and trainers, provided extracurricular programmes for children and teenagers, covering dancing and sports, aiming to improve students' physical fitness and cultivate students' artistic literacy.

With the Group's extensive experience, resources and team advantages, the Group provided consulting services in brand management, marketing promotion, event planning and other aspects to various entities.

FUTURE OUTLOOK

Going forward, the Group will continue to monitor closely the regulatory environment which may have material impacts on business operations and financial condition of the Group and would adjust its business plans and reallocate its resources in a timely manner. The Group will actively explore different business opportunities, expand the breadth and depth of the Group's business, in order to achieve the Group's business goals and generate greater returns for Shareholders.

According to figures released by the Ministry of Education of China, the total number of Chinese students studying abroad has increased year by year since the late 1980s and maintained a continuous and stable growth momentum. China remains the largest source of international students, with more than 1 million students studying in overseas higher educational institutions. Factors such as the increasing degree of globalisation, the pursuit of high-quality educational resources, the intensifying competition for employment and the need for economic development, have facilitated more qualified families and students to study abroad. The scale of China's international education industry continues to expand with the expansion of China's international student population. At the same time, the professional requirements of study abroad groups and families studying abroad have gradually increased. The scope of study abroad services has expanded from traditional visa applications, school selection, etc. to more areas such as language training, cultural exchanges, background improvement, academic guidance, etc.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is committed to building an international education ecosystem, providing customers high quality and diversified comprehensive services, in order to meet the personalised needs of different customer groups at different stages. The Group plans to expand the overseas education consultation service centres by means of mergers and acquisitions, cooperation, new establishments, etc., to cover more overseas study groups and families. The Group will provide application guidance based on students' needs and goals, conduct professional planning based on students' personal academic background, interests and experiences, and future employment directions, design and customise college application plans for applicants, and provide comprehensive consulting services. Leverage on its overseas school network, the Group will also integrate its business resources in China to promote Chinese students to study abroad, have short-term exchanges or attend overseas study tour.

With the improvement of people's living standards and the emphasis on education, parents pay more attention to the comprehensive development and individual needs of their children. They hope that their children will not only master academic knowledge in learning process, but also cultivate various talents and qualities. In addition, international education attaches great importance to students' comprehensive quality, and quality education welcomes more development opportunities. The Group believes there will be increasing demand in the extracurricular programmes. The Group will follow the market development trend and regulatory requirements, to conduct extracurricular programmes in a standardised manner.

The Group will utilise its cumulative experience, resources and team advantages to communicate closely with customers, combine customer needs, enrich service varieties and content, and provide diversified professional consulting services in brand operation and management, marketing promotion, event planning and other aspects. The Group will cooperate with high-quality brands, use technology to reconstruct brand value chain, provide full chain empowerment for brands through digital innovation, continuously create value and achieve long-term growth. The Group will also increase its effort to broaden the market, and actively develop new customers while serving existing customers well.

FINANCIAL REVIEW

Revenue

The Group's total revenue for FY2024 amounted to approximately RMB118.5 million, representing an increase of approximately 115.8% as compared to that of approximately RMB54.9 million for FY2023, of which revenue from extracurricular programmes business increased by approximately 36.2% to approximately RMB39.5 million from approximately RMB29.0 million for FY2023, revenue from brand operation and management business was approximately RMB27.3 million (FY2023: Nil), revenue from overseas education business increased by approximately 178.9% to approximately RMB44.9 million from approximately RMB16.1 million for FY2023, revenue from training and consultancy business decreased by approximately 16.2% to approximately RMB5.7 million from approximately RMB6.8 million for FY2023, revenue from others decreased by approximately 62.1% to approximately RMB1.1 million from approximately RMB2.9 million for FY2023. The increase in revenue was primarily due to the increase in the revenue generated from the overseas education consultation services and brand operation and management services.

Cost of Sales and Services Rendered

The Group recorded an increase in cost of sales and services rendered of approximately 84.7% from approximately RMB45.8 million for FY2023 to approximately RMB84.6 million for FY2024. Such increase was in line with the increase in revenue.

Gross Profit and Gross Profit Margin

The Group recorded a gross profit of approximately RMB33.9 million for FY2024, representing an increase of approximately 276.7% as compared with that of approximately RMB9.0 million for FY2023. The gross profit margin of the Group was approximately 28.6% for FY2024, as compared to that of approximately 16.4% for FY2023.

Other Income

During FY2024, the Group's other income was approximately RMB12.6 million, representing an increase of approximately RMB11.1 million from approximately RMB1.5 million for FY2023. Such increase was mainly attributable to the income from the sale of software of RMB10.0 million in FY2024 (FY2023: Nil).

Other Gains and Losses, Net

The Group's other gains and losses, net decreased by approximately RMB0.6 million from a loss of approximately RMB10.7 million for FY2023 to a loss of approximately RMB10.1 million for FY2024. Such losses primarily represented the impairment loss recognised on other receivables, net of reversal, and fair value loss on financial assets at FVTPL.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and Marketing Expenses

The Group's selling and marketing expenses increased by approximately 33.3% from approximately RMB3.9 million for FY2023 to approximately RMB5.2 million for FY2024. Such increase was in line with the increase in revenue.

Administrative Expenses

The Group's administrative expenses increased by approximately 33.1% from approximately RMB44.1 million for FY2023 to approximately RMB58.7 million for FY2024. Such increase was mainly attributed to the increase in staff costs as a result of the business transformation, expansion and development of the Group, as well as the professional fees incurred in relation to the resumption of trading in the Shares.

Finance Costs

The Group's finance costs increased by approximately RMB0.2 million from approximately RMB0.5 million for FY2023 to approximately RMB0.7 million for FY2024.

Taxation

For FY2024, the Group's income tax expenses were approximately RMB0.4 million, and for FY2023, the income tax credits were approximately RMB1.1 million.

Loss for the Year

The Group recorded a loss of approximately RMB33.6 million for FY2024, representing a decrease of approximately 38.3% as compared with a loss of approximately RMB54.5 million for FY2023. Such decrease was primarily due to the increase in revenue and gross profit.

Loss Per Share

The basic and diluted loss per Share amounted to approximately RMB3.23 cents for FY2024, while the basic and diluted loss per Share amounted to approximately RMB6.49 cents for FY2023.

FINANCIAL POSITION

Liquidity

As at 31 December 2024, the Group's net current liabilities amounted to approximately RMB40.9 million. As at 31 December 2023, the Group's net current assets amounted to approximately RMB17.3 million. Such transition was mainly due to the decrease in bank balances and cash.

The Group adopts prudent financial policies and closely monitors its financial position. The Group assesses its cash position from time to time to optimise the utilisation of its capital and may invest in different types of financial instruments to generate returns for the Group where appropriate.

Bank Balances and Cash

The Group's bank balances and cash are mainly denominated in RMB and HK\$. As at 31 December 2024, the Group's bank balances and cash amounted to approximately RMB52.0 million, representing a decrease of approximately 52.3% as compared to that of approximately RMB109.0 million as at 31 December 2023. Such decrease was mainly due to the utilisation of proceeds from the Listing.

Trade Receivables

The Group reviews and monitors the level of trade receivables on a regular basis. As at 31 December 2024, the Group's trade receivables amounted to approximately RMB1.3 million (31 December 2023: approximately RMB1.4 million).

INDEBTEDNESS BORROWINGS

As at 31 December 2024, the Group's borrowings amounted to approximately RMB2.3 million (31 December 2023: Nil), which were calculated at a fixed interest rate and were repayable within one year.

Contingent Liabilities

As at 31 December 2024, the Group did not have any material contingent liabilities (31 December 2023: Nil).

Gearing Ratio

Gearing ratio is calculated based on total debt at the end of the respective year divided by total equity at the end of the respective year. Total debt represents bank loans and lease liabilities. As at 31 December 2024, the Group's gearing ratio was approximately 38.5% (31 December 2023: approximately 18.6%).

MANAGEMENT DISCUSSION AND ANALYSIS

Current Ratio

Current ratio is calculated based on the total current assets at the end of the respective year divided by the total current liabilities at the end of the respective year. As at 31 December 2024, the Group's current ratio was approximately 0.6 times (31 December 2023: approximately 1.2 times).

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

During FY2024, the Group's capital expenditures amounted to approximately RMB19.1 million (FY2023: approximately RMB18.8 million), which were mainly expenditure on additions to property, plant and equipment.

The Group has financed its capital expenditures primarily through the cash generated from operations and equity fundraisings.

As at 31 December 2024, the Group had no capital commitments in respect of additions to property, plant and equipment (31 December 2023: Nil).

CHARGE ON ASSETS AND PLEDGE OF ASSETS

As at 31 December 2024, the Group did not have any charges on assets (31 December 2023: Nil) nor any of assets of the Group was pledged (31 December 2023: Nil).

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk due to variable interest rates on bank balances. The Group currently does not use any financial instruments to hedge its exposure to interest rate risk. However, the Group monitors interest rate risk and will consider hedging significant interest rate risk if necessary.

FOREIGN EXCHANGE RISK

Most of the Group's revenue and expenses are denominated in RMB. Most of the Group's bank balances and cash are denominated in RMB and HK\$. And, the Group's borrowings are made in RMB. The Group currently does not use any financial instruments to hedge its exposure to foreign exchange risk. However, the Group monitors foreign exchange risk and will consider hedging significant foreign exchange risk if necessary.

SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investment as at 31 December 2024.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND INVESTMENTS IN CAPITAL ASSETS

The Group did not have any plans for material investments or investments in capital assets as at 31 December 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during FY2024.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2024, the Group had 468 employees (31 December 2023: 360). Total staff-related costs, including Directors' emoluments, was approximately RMB68.2 million for FY2024 (FY2023: approximately RMB46.1 million).

The Group generally determines employees' compensation based on their qualification, experience, position and performance. The Group offer comprehensive compensation to the employees, including salary and performance bonus, and the Group has adopted the Share Option Scheme and the Share Award Scheme to reward the participants for their contribution to the Group. The Group also arranges on-the-job trainings relevant to the employees' job duties to update and further develop their skills and knowledge. Pursuant to relevant laws and regulations in the PRC, the Group participates in various employee social security plans that are organised by applicable local governments, including pension, medical, maternity, work-related injury and unemployment benefit plans.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhang Hongjun (張紅軍)

Mr. Zhang Hongjun (“**Mr. Zhang**”), aged 47, is an executive Director and the Chairman. He was appointed as a Director on 30 November 2018 and was re-designated as an executive Director on 9 April 2019. Mr. Zhang is primarily responsible for the overall operation and management. Mr. Zhang is currently the director of Golden Town Ventures Limited, Dashan Education (HK) Company Limited and Dashan Yunxiao, each a subsidiary of the Company. He is also a director of Dashan Training, a Consolidated Affiliated Entity, and Lucky Heaven.

Mr. Zhang has over 25 years of experience in the education industry since he commenced the preparation for setting up of the first self-operated teaching centre of the Group in 1998. From May 2005 to October 2015, Mr. Zhang served as the principal of Zhengzhou Jinshui Dashan Foreign Language Training School* (鄭州金水大山外國語培訓學校). He served as a vice general manager from November 2015 to March 2016, the director and general manager from April 2016 to June 2016, then the chairman of the board of directors and the general manager of Dashan Training from June 2016. Mr. Zhang was elected as a member of the 12th Committee of the Henan Provincial Committee of Chinese People’s Political Consultative Conference (中國人民政治協商會議第十二屆河南省委員會) from January 2018 to January 2023.

Mr. Zhang obtained a bachelor’s degree in business administration from Xi’an Jiaotong University (西安交通大學) in the PRC in January 2014 and completed the Executive Master of Business Administration programme from Cheung Kong Graduate School of Business (長江商學院) in the PRC in September 2017, respectively.

As at the date of this report, Mr. Zhang was deemed to be interested in 272,020,000 Shares, representing approximately 34.00% of the Shares in issue, by virtue of the SFO, and held approximately 84.66% equity interest in Dashan Training, an associated corporation of the Company.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Jing (李靖)

Mr. Li Jing (“**Mr. Li**”), aged 38, is an executive Director and CEO. He joined the Group on 27 September 2024. He has approximately 15 years of experience in corporate operation and investment management and is deeply engaged in channel development of brand supply chains and cultivation of live streaming for top celebrities. He is also a director of a number of subsidiaries of the Company.

Mr. Li served as the executive director and the general manager of Yunding Xingyao (Hangzhou) Technology Company Limited* (雲頂星耀(杭州)科技有限公司), a company engaged in short video live streaming focusing on celebrities and artists, since May 2020, and is responsible for the strategic planning, business development and management. He was an executive director and chief executive officer of Central Wealth Group Holdings Limited, the shares of which are listed on the main board of the Stock Exchange (stock code: 139), from December 2022 to May 2024.

Mr. Li obtained a bachelor’s degree in cultural industry management from Shandong University (山東大學) in June 2009.

Mr. Shan Jingchao (單景超)

Mr. Shan Jingchao (“**Mr. Shan**”), aged 38, is an executive Director. Mr. Shan joined the Group on 1 February 2009 and was appointed as a Director on 22 March 2019 before being re-designated as an executive Director on 9 April 2019. He is primarily responsible for overseeing the Group’s operating system, supervising and managing the operation of teaching districts.

Mr. Shan was a teaching district supervisor of Zhengzhou Jinshui Dashan Foreign Language Training School* (鄭州金水大山外國語培訓學校) from February 2009 to December 2010. Mr. Shan was a director and a general manager of Dashan Training from December 2010 to April 2016. From April 2016 to June 2016, Mr. Shan was a vice general manager of Dashan Training. Since June 2016, Mr. Shan has been as a director and a vice general manager of Dashan Training.

Mr. Shan obtained a diploma degree in chain management from Xi’an Eurasia University (西安歐亞學院) in the PRC in July 2009 and a bachelor’s degree in ideological and political education from Henan Normal University (河南師範大學) in the PRC in July 2016.

As at the date of this report, Mr. Shan held approximately 0.39% equity interest in Dashan Training, an associated corporation of the Company.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

Mr. Jia Shuilin (賈水林)

Mr. Jia Shuilin (“**Mr. Jia**”), aged 56, is the non-executive Director. Mr. Jia joined the Group on 25 June 2016 and was appointed as a Director on 22 March 2019 before being re-designated as the nonexecutive Director on 9 April 2019. He is primarily responsible for supervising the Group’s market development. Since June 2016, Mr. Jia has been a director of Dashan Training.

From March 1998 to April 2009, Mr. Jia was the legal representative, a director and a general manager of Zhengzhou Linhai Motor Repair Company Limited* (鄭州林海汽車維修有限公司) which was principally engaged in provision of automobile repair services. From July 2002 to October 2012, Mr. Jia was a director and the legal representative of Beijing Tongyuanruijie Trade Company Limited* (北京通源瑞捷商貿有限公司) which was principally engaged in provision of automobile parts and accessories. From April 2003 to November 2015, Mr. Jia was the legal representative, a director and a general manager of Henan Linhai Motor Service Limited* (河南林海汽車服務有限公司) which was principally engaged in sales of commercial vehicles. From September 2005 to November 2018, Mr. Jia was the supervisor of Zhengzhou Linhai Automobile Sales Co., Ltd* (鄭州林海汽車銷售有限公司) which is principally engaged in the sales of commercial vehicles and automobile accessories. From September 2006 to September 2011, Mr. Jia was an operator of Zhengzhou Jinshui Linhai Automobile Repair Shop* (鄭州市金水區林海汽車維修站) which was principally engaged in provision of automobile repair. Mr. Jia has served as a manager of Henan Linhai Auto Parts Co. Ltd* (河南林海汽車配件有限公司) which is principally engaged in the sales of auto parts, auto accessories and hardware since September 2013. From May 2014 to August 2019, Mr. Jia was the supervisor of Zhengzhou Baihe Highway Construction Materials Co. Ltd* (鄭州百合公路建材有有限公司) which is principally engaged in sales of road construction materials and equipment. Since July 2017, Mr. Jia has served as the legal representative of Beijing Jingshengfeng Trading Co., Ltd* (北京京盛豐商貿有限公司) which is principally engaged in the retail sales of auto parts, hardware and building materials.

Mr. Jia graduated from Zhengzhou Institute of Light Industry (鄭州輕工業學院) (currently known as Zhengzhou University of Light Industry (鄭州輕工業大學)) in the PRC in July 1990 majoring in computer.

Mr. Jia has resigned all duty of the Company with effect from 27 September 2024.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Xie Xiangbing (謝香兵)

Dr. Xie Xiangbing (“**Dr. Xie**”), aged 45, is an INED and joined the Group on 16 August 2022. He is mainly responsible for supervising and providing independent advice to the Board.

Dr. Xie’s main research areas are financial management, corporate taxation and corporate governance. He is currently the dean, a professor in the School of Accounting and a tutor of the doctor’s degree students at Henan University of Economics and Law (河南財經政法大學). Dr. Xie served as the associate dean of the School of Accounting at Henan University of Economics and Law from April 2016 to September 2021. He served as the deputy director of academic affairs office at Henan University of Economic and Law from September 2021 to September 2024. From November 2009 to December 2016, Dr. Xie worked as an associate professor in the School of Accounting at Henan University of Economics and Law, and he was also a professor in the School of Accounting at Henan University of Economics and Law since December 2016.

Dr. Xie obtained a bachelor degree majoring in accounting from Tiangong University (天津工業大學) in July 1999, a master degree majoring in accounting from Henan University of Economics and Law in July 2002 and a doctor’s degree majoring in accounting from Shanghai University of Finance and Economics (上海財經大學) in June 2007.

Ms. Wang Yanxiao (王彥曉)

Ms. Wang Yanxiao (“**Ms. Wang**”), aged 46, is an INED and joined the Group on 13 February 2023. She is mainly responsible for supervising and providing independent advice to the Board.

Ms. Wang has been a partner at Henan Huiding Law Firm (河南暉鼎律師事務所) since December 2021. From December 2009 to July 2016, she was a lecturer in legal studies of Luoyang Institute of Science and Technology (洛陽理工學院). From January 2010 to December 2015, Ms. Wang was a part-time lawyer at Henan Daxing Law Firm (河南達興律師事務所) and she was a lawyer at Beijing Yingke Law Firm, Zhengzhou branch (北京市盈科(鄭州)律師事務所) from January 2016 to November 2021.

Ms. Wang obtained a bachelor degree majoring in fine chemical engineering from Jiangsu Institute of Petrochemical Technology (江蘇石油化工學院) in July 2000. In June 2006, Ms. Wang obtained a master of laws degree majoring in economic law from the Southwestern University of Finance and Economics (西南財經大學).

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Mr. You Huanyu (游環宇)

Mr. You Huanyu (“**Mr. You**”), aged 55, was an INED. Mr. You joined the Group on 27 September 2024. He was mainly responsible for supervising and providing independent advice to the Board.

Mr. You was the chief executive officer of Beijing Taida Yisheng Technology Trading Company Limited* (北京泰達益生科貿有限公司), an e-commerce company engaged in trading of beauty and health products, since July 2010, and was responsible for the overall business development, management and operation. He served as the deputy general manager of the fertilizer division of Beijing Jiabowen Biotechnology Company Limited* (北京嘉博文生物科技有限公司) from July 2007 to June 2010, and was responsible for business development and operation.

Mr. You obtained a bachelor’s degree in plant physiology from Nankai University (南開大學) in July 1991, a master’s degree in molecular biology from Nankai University (南開大學) in July 1997 and a master of business administration degree from National University of Singapore in February 2002. He was recognised as a Two-star National Master* (二星國家大師) by the China Contract Bridge Association in June 2019.

Mr. Zhang Jian (張健)

Mr. Zhang Jian, aged 71, is an INED and joined the Group on 18 June 2020. He is mainly responsible for supervising and providing independent advice to the Board.

Mr. Zhang Jian worked for Henan Provincial Commission for Discipline Inspection (河南省紀律檢查委員會) from July 1982 to April 2003 where he served as cadre (幹部) at deputy division, division and deputy provincial department. Mr. Zhang Jian has also worked for the Education Department of Henan Province (河南省教育廳) from May 2003 to March 2014 where he served as a disciplinary supervisor and an inspector, responsible for disciplinary inspection, policy and regulations, educational supervision, educational information and educational research.

Mr. Zhang Jian obtained a bachelor’s degree in arts majoring in Chinese language and literature from University of Zhengzhou (鄭州大學) in the PRC in July 1982.

Mr. Zhang has resigned all duty of the Company with effect from 27 September 2024.

SENIOR MANAGEMENT

Mr. Chan Kwong On (陳廣安)

Mr. Chan Kwong On (“**Mr. Chan**”), aged 42, was appointed as the Company Secretary on 21 April 2023. Mr. Chan is a director of a subsidiary of the Company.

Mr. Chan possesses approximately 20 years of experience in the audit and accounting industries. Before joining the Company, he worked in two companies listed on the Stock Exchange for over 10 years with his last position as a finance manager.

Mr. Chan obtained a master of science degree in accountancy from the Hong Kong Polytechnic University in May 2012. He is a member of the Hong Kong Institute of Certified Public Accountants.

DIRECTORS' REPORT

The Board hereby presents the annual report of the Group for FY2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. During FY2024, the Group was principally engaged in (i) the provision of extracurricular programmes for personal attainment and overseas education consultation services; and (ii) the provision of diversified consultancy services for entities.

The principal activities of the principal subsidiaries of the Company are set out in note 41 to the consolidated financial statements of this annual report.

RESULTS

The results of the Group for FY2024 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of this annual report.

BUSINESS REVIEW

A review of the business of the Group during FY2024, the future development prospects and an analysis of performance are set out in the Management Discussion and Analysis of this annual report. The financial risk management policies and practices of the Group are set out in note 37 to the consolidated financial statements of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises the importance of protecting the environment and strives to minimise the impact to the environment by reducing use of energies and other resources. Further information of the environmental policies and performance are detailed in the Environment, Social and Governance Report of the Company.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During FY2024, as far as the Directors are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the business and operation of the Group.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Group recognises its employees as its valuable assets and the key to business growth and success. The Group provides competitive remuneration package and benefits to employees to attract and retain competent employees. The Group also provides on-the-job training and development opportunities to employees to enhance their career development.

The Group endeavours to develop and maintain long-term relationship with customers by delivering excellent works and quality services to them. The Group holds regular meeting with customers to receive customers' feedback to understand their needs and expectation.

The Group has strong and stable relationships with suppliers in order to ensure that quality goods and services are provided to the Group. Suppliers are assessed on their performances, product qualities, service qualities, non-compliance track records and environmental awareness on an on-going basis.

EQUITY FUND RAISING ACTIVITIES OR SALE OF TREASURY SHARES FOR CASH AND USE OF PROCEEDS

For FY2024, the Company had not carried out any equity fund raising activities involving the utilisation of the general mandate granted at the AGM held on 12 September 2024 or sale of treasury Shares for cash.

Use of Proceeds from the Listing

The Shares were listed on the Main Board of the Stock Exchange on 15 July 2020 and 200,000,000 new Shares were issued in connection with the offering of the Shares, which comprised of, a public offering in Hong Kong of 20,000,000 Shares and a placing of 180,000,000 Shares, in each case at a price of HK\$1.25 per Share (the "**Share Offer**").

DIRECTORS' REPORT

Gross proceeds from the Share Offer amounted to HK\$250.0 million (equivalent to approximately RMB225.7 million). After deducting the underwriting fees and commissions and other expenses in connection with the Share Offer, net proceeds from the Share Offer amounted to approximately HK\$204.0 million. As stated in the Prospectus, the Company intended to use the proceeds in the following manner:

- approximately 60.0% for the expansion of the provision of primary and secondary after-school academic education services and self-operated teaching centres network, through organic growth by expanding nationally and in particular in Zhengzhou, the PRC;
- approximately 30.0% for the expansion of geographic presence and scale of operations of the provision of primary and secondary after-school academic education services in the PRC, through strategic acquisitions or setting up joint ventures with quality primary and secondary after-school education services companies in other parts of the PRC; and
- approximately 10.0% for general working capital.

On 29 August 2022, the Board had resolved to change the use of the unutilised net proceeds to reallocate HK\$70.0 million of the unutilised net proceeds from the expansion of the provision of primary and secondary after-school academic education services and self-operated teaching centres network through organic growth, and HK\$55.1 million of the unutilised net proceeds from the expansion of geographic presence and scale of operations of the provision of primary and secondary after-school academic education services in the PRC through strategic acquisitions or setting up joint ventures to (i) expansion in education business outside the PRC; (ii) expansion of education-related services, extracurricular programmes for personal attainment and vocational education through strategic acquisitions or setting up joint ventures; and (iii) expansion of education-related services, extracurricular programmes for personal attainment and vocational education through organic growth. The Board considered that the re-allocation of the unutilised net proceeds is in line with the adjusted business strategies of the Group to cope with the challenging regulatory environment in the PRC and to deploy its financial resources more efficiently for generating return to the Shareholders. For further details, please refer to the announcement of the Company dated 29 August 2022.

As at 31 December 2024, the Group had utilised the net proceeds in the manner as set out in the table below:

Revised intended usage	Original allocation of net proceeds HK\$ million	Utilised net proceeds up to 29 August 2022 HK\$ million	Unutilised net proceeds as at 29 August 2022 HK\$ million	Revised allocation of unutilised net proceeds as at 29 August 2022 HK\$ million	Utilised net proceeds during the period from 29 August 2022 to 31 December 2023 HK\$ million	Utilised net proceeds for FY2024 HK\$ million	Unutilised net proceeds as at 31 December 2024 HK\$ million
Expansion of the provision of primary and secondary after-school academic education services and self-operated teaching centres network through organic growth	122.4	52.4	70.0	-	-	-	-
Expansion of geographic presence and scale of the provision of primary and secondary after-school academic education services in the PRC through the strategic acquisitions or setting up joint ventures	61.2	6.1	55.1	-	-	-	-
Expansion in education business outside the PRC	-	-	-	60.0	58.0	0.6	1.4
Expansion of education-related services, extracurricular programmes for personal attainment and vocational education through strategic acquisitions or setting up joint ventures	-	-	-	50.0	31.7	18.3	-
Expansion of education-related services, extracurricular programmes for personal attainment and vocational education through organic growth	-	-	-	15.1	6.6	4.4	4.1
Working capital purposes	20.4	14.4	6.0	6.0	6.0	-	-
Total	204.0	72.9	131.1	131.1	102.3	23.3	5.5

It is expected that the unutilised net proceeds will be used according to the intended usage described above by the end of 2025. As disclosed in the announcement of the Company dated 29 August 2022, the Company expected to utilise the unutilised net proceeds by the end of 2023. As a result of the shift in the business focus of the Group, the Board considered to adopt a more prudent approach in promoting its business development and resolved to extend the expected timeline of the use of the unutilised net proceeds by the end of 2025.

DIRECTORS' REPORT

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years is set out in the Financial Summary of this annual report. This summary does not form part of the audited consolidated financial statements.

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

There had been no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities (including treasury Shares) of the Company during FY2024.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for FY2024 (FY2023: Nil).

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during FY2024 are set out in note 14 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During FY2024, the largest customer and the five largest customers of the Group accounted for approximately 9.9% and approximately 24.3% of the Group's total revenue respectively.

During FY2024, the largest supplier and the five largest suppliers of the Group accounted for approximately 7.4% and approximately 22.5% of the Group's total direct costs respectively.

None of the Directors, their close associates or any other Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in the major customers or suppliers above.

TAXATION

Please see the section headed "Taxation" contained in the Management Discussion and Analysis of this annual report.

SUBSIDIARIES

The information of the Company's principal subsidiaries is set out in note 41 to the consolidated financial statements of this annual report.

SHARE CAPITAL

The Company's issued share capital as at 31 December 2024 and 2023 was HK\$8,000,000 divided into 800,000,000 shares of HK\$0.01 each.

PUBLIC FLOAT

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

RESERVES

Details of movements in the reserves of the Group during FY2024 are set out in the Consolidated Statement of Changes in Equity of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for distribution to the Shareholders amounted to approximately RMB87.6 million (31 December 2023: approximately RMB157.0 million), as calculated based on the Company's share premium and retained earnings under applicable provisions of the Companies Act of the Cayman Islands.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2024, the Group has unsecured bank loan of RMB2.3 million (31 December 2023: Nil), which was calculated at a fixed interest rate.

DIRECTORS' REPORT

DIRECTORS

The Directors during FY2024 and up to the date of this annual report were as follows:

Executive Directors

Mr. Zhang Hongjun (*Chairman, resigned as the CEO with effect from 27 September 2024*)

Mr. Li Jing (*CEO (appointed with effect from 27 September 2024)*)

Mr. Shan Jingchao

Non-executive Director

Mr. Jia Shuilin (*resigned with effect from 27 September 2024*)

Independent non-executive Directors

Dr. Xie Xiangbing

Ms. Wang Yanxiao

Mr. You Huanyu (*appointed with effect from 27 September 2024*)

Mr. Zhang Jian (*resigned with effect from 27 September 2024*)

CHANGES OF DIRECTORS

As disclosed in the announcement of the Company dated 27 September 2024, with effect from 27 September 2024, (i) Mr. Li Jing was appointed as an executive Director, the Chief Executive Officer and a member of the Investment Management Committee; (ii) Mr. You Huanyu was appointed as an independent non-executive Director and a member of the Audit Committee; (iii) Ms. Wang Yanxiao was re-designated as the chairwoman of the Remuneration Committee; (iv) Mr. Jia Shuilin resigned as the non-executive Director; (v) Mr. Zhang Hongjun resigned as the Chief Executive Officer; and (vi) Mr. Zhang Jian resigned as the independent non-executive Director, members of the Audit Committee, the Nomination Committee and the Investment Management Committee and the chairman of the Remuneration Committee.

RE-ELECTION OF DIRECTORS

According to Article 83(3) of the Articles of Association, any Director appointed by the Board either to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the first AGM after his/her appointment and shall then be eligible for re-election. On 27 September 2024, Mr. Li Jing and Mr. You Huanyu were appointed as an executive Director and an INED respectively. As such, Mr. Li Jing and Mr. You Huanyu will hold office until the forthcoming AGM and, being eligible, offer themselves for re-election.

According to Article 84(1) of the Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. As such, Dr. Xie Xiangbing and Ms. Wang Yanxiao will retire and, being eligible, offer themselves for re-election.

DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are set out in the “Biographical Information of Directors and Senior Management” of this annual report.

CONFIRMATION OF INDEPENDENCE OF INEDS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from the following INEDs who have been INEDs during FY2024, namely Dr. Xie Xiangbing, Ms. Wang Yanxiao, Mr. You Huanyu and Mr. Zhang Jian, and the Company considers such Directors to be independent.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

All Directors have signed a service agreement or letter of appointment with the Company for an initial term of three years, which may be renewable subject to both parties' agreement. None of the Directors has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, and subject to the applicable laws and regulations, the Directors and officers of the Company shall be indemnified out of the assets and profits of the Company from or against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain or by reason of any act done, concurred in or omitted in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force throughout FY2024.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director nor any entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during FY2024 and up to the date of this annual report.

DIRECTORS' REPORT

During FY2024, the Company or any of its subsidiaries did not enter into any contract of significance with the Controlling Shareholders or any of their subsidiaries, nor was any contract of significance entered into for the services provided by the Controlling Shareholders or any of their subsidiaries to the Company or any of its subsidiaries.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Saved as disclosed in the section headed "Relationship with Controlling Shareholders" of the Prospectus, none of the Directors nor their respective close associates had interests in business, which compete or likely compete, either directly or indirectly, with the business of the Group that are required to be disclosed pursuant to Rule 8.10(2) of the Listing Rules.

DEED OF NON-COMPETITION

Each of the Controlling Shareholders entered into the Deed of Non-competition in favour of the Company, pursuant to which the Controlling Shareholders have irrevocably, jointly and severally given certain non-competition undertakings to the Company. Details of the Deed of Non-competition are set out in the section headed "Relationship with Controlling Shareholders – Deed of Non-competition" of the Prospectus.

The Company has received confirmation from each of the Controlling Shareholders that they complied with the Deed of Non-competition for FY2024. The INEDs have conducted such review for FY2024 and also reviewed the relevant undertakings and are satisfied that the Deed of Non-competition has been fully complied with.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their shareholding in the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Act of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

MANAGEMENT CONTRACTS

Save for the service contracts of the executive Directors, 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 FY2024.

EMOLUMENT POLICY

The Remuneration Committee was set up for, among others, reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

REMUNERATION OF THE DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and five highest paid individuals during FY2024 are set out in note 11 to the consolidated financial statements of this annual report.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Employees of the Group have mainly participated in a contribution pension scheme operated by government entities or a mandatory provident fund scheme administered by independent trustees. The Group pays the required amount of contribution, which is based on a certain percentage of employees' base salary, to the scheme on a monthly basis. The Group does not have any other material statutory or committed obligations in respect of the pension scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Schemes" below, at no time during FY2024 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries or any of its holding companies or any of subsidiaries of its holding companies a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

EQUITY-LINKED AGREEMENT

Save as disclosed under the sections headed "Share Schemes" below, no equity-linked agreements were entered into by the Group, or existed during FY2024.

SHARE SCHEMES

The Company adopted the Share Option Scheme on 18 June 2020. On 14 December 2020, the Board resolved to adopt the Share Award Scheme. The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company for FY2024 (being 80,000,000 Shares under the Share Option Scheme and 47,064,000 Shares under the Share Award Scheme) divided by the weighted average number of Shares (excluding treasury Shares) of the relevant class in issue for FY2024 (being 800,000,000 Shares) is approximately 15.9%.

A.1 Summary of the Share Option Scheme

Purpose

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interests (the “**Invested Entity**”).

Eligible Participants

Subject to the provisions in the Share Option Scheme, the Board shall be entitled at any time and from time to time within the period of 10 years after the date of adoption of the Share Option Scheme to make an offer to any of the following classes of persons (the “**Eligible Participant(s)**”):

- any employee (whether full-time or part-time) of the Group and any Invested Entity;
- any director (including executive, non-executive and independent non-executive directors) of the Group or any Invested Entity;
- any supplier of goods or services to any member of the Group or any Invested Entity;
- any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any Invested Entity; or
- any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity eligible for options under the Share Option Scheme.

Maximum number of Shares

The maximum number of Shares that may be issued under the Share Option Scheme shall not exceed 80,000,000 Shares, being 10% of the total number of Shares in issue as at the date of listing (i.e. 15 July 2020) of the Shares. As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme is 80,000,000 Shares, representing approximately 10% of the total number of issued Shares (excluding treasury Shares) as at the date of this annual report.

Maximum entitlement of each Eligible Participant

No option shall be granted to any Eligible Participant if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised and outstanding options) in the 12-month period up to and including the date of such further grant exceeding 1% of the total number of Shares (excluding treasury Shares) in issue, unless:

- such further grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of the Shareholders in general meeting at which the Eligible Participant and his/her/its associates shall abstain from voting;
- a circular regarding the further grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the Eligible Participant, the number and terms of the options to be granted and options previously granted to such Eligible Participant); and
- the number and terms (including the subscription price) of such option are fixed before the general meeting of the Company at which the same are approved and the date of the Board meeting of the Company for proposing such further grant shall be taken as the date of the grant of such option for the purpose of calculating the subscription price.

Time of acceptance and exercise of an option

An offer of grant of an option may be accepted by an Eligible Participant within the date as specified in the offer letter issued by the Company, being a date not later than 21 Business Days from the date upon which it is made, by which the Eligible Participant must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Share Option Scheme.

An option may be exercised in whole or in part by the grantee (or his/her personal representative(s)) at any time before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than 10 years commencing on the date of the offer letter and expiring on the last day of such 10 year period subject to the provisions for early termination as contained in the Share Option Scheme. Unless otherwise determined by the Board and specified in the offer letter at the time of the offer of grant of an option, there is no performance target that has to be achieved before the exercise of any option.

Amount payable on acceptance of the option

A consideration of HK\$1 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable.

DIRECTORS' REPORT

Subscription price for Shares

Where an option is to be granted to an Eligible Participant, the date of the Board meeting at which the grant was proposed shall be taken to be the date of the offer of such option, which must be a Business Day (the “**Offer Date**”).

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price determined by the Board in its absolute discretion and notified to an Eligible Participant, and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive Business Days immediately preceding the Offer Date, and (iii) the nominal value of a Share on the Offer Date.

Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. The remaining life of the Share Option Scheme was approximately 5 years and 6 months as at 31 December 2024.

A.2 Granted Options

As at 1 January 2024 and 31 December 2024, the number of options available for grant under the Share Option Scheme was 80,000,000 and nil, respectively. During FY2024, an aggregate of 80,000,000 options had been granted under the Share Option Scheme, no share option had been exercised, cancelled or lapsed under the Share Option Scheme. As at 1 January 2024 and 31 December 2024, the number of outstanding options under the Share Option Scheme was nil and 80,000,000, respectively.

Movements of the share options under the Share Option Scheme during FY2024 were as follows:

Date granted	Vesting period	Exercise period	Participants	Exercise price per Share	Closing price per Share immediately preceding the date of grant	Fair value of the share options granted as at the date of grant ¹	Number of share options				
							Outstanding as at 1 January 2024	Granted during FY2024	Exercised during FY2024	Lapsed/ cancelled during FY2024	Outstanding as at 31 December 2024
14 November 2024 ²	14 November 2024 to 13 November 2025	13 November 2025 to 12 November 2034	Employees	HK\$3.88	HK\$3.29	HK\$0.76	-	60,000,000	-	-	60,000,000
30 December 2024 ³	30 December 2024 to 29 December 2025	30 December 2025 to 29 December 2034	Employees	HK\$2.41	HK\$2.41	HK\$0.53	-	20,000,000	-	-	20,000,000
Total							-	80,000,000	-	-	80,000,000

Notes:

1. The fair value is subject to a number of assumptions and the limitation of the pricing model, and therefore may be subjective and uncertain.
2. The number of Share Options to be vested shall be based on the individual performance grade of each grantee of Share Options in the relevant vesting period. The performance grade is linked to the performance of the grantee of Share Options as assessed by the management of the Group at the end of the corresponding vesting period.
3. The number of Share Options to be vested shall be based on the individual performance grade of each grantee of Share Options in the relevant vesting period. The performance grade is linked to the performance of the grantee of Share Options as assessed by the management of the Group at the end of the corresponding vesting period.

B.1 Summary of the Share Award Scheme

Purposes

The purposes of the Share Award Scheme are to (i) recognise the contribution of the eligible persons and reward those who have made or will make valuable contribution to the Group; (ii) motivate, retain and recruit high-calibre personnel for further development of the Group; (iii) synchronise the eligible persons' perspectives with Shareholders through ownership of Shares; (iv) encourage or facilitate the holding of Shares by the eligible persons; and (v) encourage the eligible persons to work diligently in achieving the strategic planning of the Company and increasing the target value of the Company.

Eligible Persons

The eligible persons include the employees, directors, officer, consultant, advisor, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of the Group or any affiliate of the Group.

Maximum number of Shares

The maximum number of Shares which may be administered under the Share Award Scheme shall not exceed 10% of the total number of Shares in issue as at 14 December 2020 (i.e. up to 80,000,000 Shares), being the adoption date of the Share Award Scheme. As at the date of this annual report, the total number of Shares may be issued under the Share Award Scheme is 47,064,000 Shares, representing approximately 5.9% of the total number of issued Shares (excluding treasury Shares) as at the date of this annual report.

Maximum entitlement of each eligible person

Subject to compliance with the Listing Rules, there is no maximum entitlement of each eligible person.

Grant of Award Shares

The Board may select any eligible person for participation in the Share Award Scheme as a selected participant (the "**Selected Participant**") and determine the number of Shares to be granted to the Selected Participant. In the event that a Director is selected as a Selected Participant, the terms and conditions of the grant to such Director and the number of Shares granted thereunder shall be approved by the Remuneration Committee (in each case excluding any member of the Remuneration Committee who is the proposed Selected Participant).

No grant shall be made to any Selected Participants and no payment shall be made to the trustee (who was appointed pursuant to the Share Award Scheme) (the “**Trustee**”) and no directions or recommendation to acquire Shares shall be given to the Trustee under the Share Award Scheme in the following circumstances:

- (i) after a price sensitive event in relation to the securities of the Company has occurred or a price sensitive matter in relation to the securities of the Company has been the subject of a decision, until such price sensitive/inside information has been published in accordance with the Listing Rules and the inside information provisions under Part XIVA of the SFO;
- (ii) on any day on which the Company's financial results are published; and during the period of 60 days immediately preceding the publication date of the Company's annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and during the period of 30 days immediately preceding the publication date of the Company's quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless there are circumstances of the Company that fall within the exceptions under the Listing Rules; and
- (iii) in any circumstances which are prohibited under the Listing Rules, the SFO or any other law or regulation or where the requisite approval from any applicable regulatory authorities has not been granted.

Award Price

The Award Price shall be determined by the Board at its sole discretion.

Operation of the Share Award Scheme

The Board may at any time during the term of the Share Award Scheme and for the purpose of the trust:

- (i) instruct and procure the Trustee to subscribe for new Shares either under its available general mandate on the relevant date of Grant or under a specific mandate approved or to be approved by the Shareholders at such subscription price as the Board may direct; and/or
- (ii) instruct and procure the Trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) at such range of purchase price as the Board may direct or authorise.

DIRECTORS' REPORT

Vesting and lapse of Award Shares

The Board may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award Shares to be vested or credited. All of such vesting criteria and conditions (if any) and periods shall be set out in the relevant grant letter issued to each Selected Participant.

In case there is any Award Shares lapsed pursuant to the Share Award Scheme, the Trustee shall hold such Award Shares subject to future grants to be made by the Board in its discretion.

Duration and Termination

Unless terminated earlier, the Share Award Scheme shall be valid and effective for a period of 10 years commencing from its adoption date. The remaining life of the Share Award Scheme was approximately 6 years as at 31 December 2024.

B.2 Granted Awarded Shares

As at 1 January 2024 and 31 December 2024, the number of Award Shares available for grant under the Share Award Scheme were 68,984,000 and 75,000,000, respectively.

During FY2024, an aggregate of 5,000,000 Award Shares (FY2023: no Award Shares) were granted to eligible persons under the Share Award Scheme.

During FY2024, an aggregate of 11,016,000 Award Shares (FY2023: 1,044,000 Award Shares) had lapsed, among which (i) an aggregate of 11,016,000 Award Shares lapsed as the Group Performance Target for the year ended 31 December 2022 and the year ended 31 December 2023 was not met (FY2023: nil); (ii) no Award Shares lapsed as the relevant grantees under the Share Award Scheme ceased to be employees of the Group prior to the vesting of the Award Shares (FY2023: 1,044,000 Award Shares). The Trustee will hold such lapsed Award Shares subject to further grants to be made by the Board in its discretion in accordance with the rules of the Share Award Scheme.

Movements of the Award Shares granted to the eligible persons pursuant to the Share Award Scheme during FY2024 are as follows:

Date of Grant	Eligible Persons	Number of Award Shares					Outstanding as at 31 December 2024
		Outstanding as at 1 January 2024	Granted during FY2024	Vested during FY2024	Cancelled during FY2024	Lapsed during FY2024	
14 January 2021 (Note 1)	Zhang Hongjun (Executive Director and Chairman)	5,880,000	-	-	-	(5,880,000)	-
14 January 2021 (Note 1)	Shan Jingchao (Executive Director)	600,000	-	-	-	(600,000)	-
14 January 2021 (Note 1)	Jia Shuilin (Non-executive Director)	480,000	-	-	-	(480,000)	-
14 January 2021 (Note 1)	Sang Xinxiang (Head of remuneration department of human resources centre of the Group and spouse of a cousin of a Director)	900,000	-	-	-	(900,000)	-
14 January 2021 (Note 1)	Employees	3,156,000	-	-	-	(3,156,000)	-
30 December 2024 (Note 2)	Employees	-	5,000,000	-	-	-	5,000,000
	Total	11,016,000	5,000,000	-	-	(11,016,000)	5,000,000

Notes:

- The grant was made at nil award price. The closing price per Share on the date immediately before the date on which the Award Shares were granted, was HK\$0.97.

Pursuant to the relevant grant letters, (i) 40% of the Award Shares shall vest on the first trading date upon expiry of seven days after the publication of the annual results announcement for the year ended 31 December 2021; (ii) 30% of the Award Shares shall vest on the first trading date upon expiry of seven days after the publication of the annual results announcement for FY2022; and (iii) 30% of the Award Shares shall vest on the first trading date upon expiry of seven days after the publication of the annual results announcement for FY2023. The Award Shares, being existing Shares to be purchased on the open market, will be held on trust for the grantees by the trustee which shall transfer the Award Shares to the grantees on the vesting dates and/or pay the net proceeds and/or pay the remaining actual selling price to the grantees in accordance with the scheme rules, if all the vesting conditions specified by the Board in the award letters issued to each grantee are satisfied or otherwise waived.

An aggregate of 11,016,000 Award Shares lapsed as the group performance target for FY2022 and FY2023 was not met during FY2024. The trustee will hold such lapsed Shares subject to further grants to be made by the Board in its discretion in accordance with the rules of the Share Award Scheme.

- The grant was made at the award price of HK\$1.00 per offer. The closing price per Share on the date immediately before the date on which the Award Shares were granted, was HK\$2.41. The fair value of the Award Shares granted as at the date of grant was approximately HK\$1.96 (equivalent to approximately RMB1.81), which is subject to a number of assumptions and the limitation of the pricing model, and therefore may be subjective and uncertain;

Pursuant to the relevant grant letter, the Awards shall be vested on the first anniversary of the date of grant (i.e. 30 December 2025). The Awards to be vested shall be based on the individual performance grade of the grantee of Award Shares in the relevant vesting period. The performance grade is linked to the performance of the grantee of Award Shares as assessed by the management of the Group at the end of the corresponding vesting period. The Award Shares, being existing Shares to be purchased on the open market, will be held on trust for the grantees by the trustee which shall transfer the Award Shares to the grantees on the vesting dates and/or pay the net proceeds and/or pay the remaining actual selling price to the grantees in accordance with the scheme rules, if all the vesting conditions specified by the Board in the award letters issued to each grantee are satisfied or otherwise waived.

DIRECTORS' REPORT

As the above Share Option Scheme and Share Award Scheme were all adopted before the effective date of the new Chapter 17 of the Listing Rules (i.e. 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. The Company confirmed that it will continue to comply with the new Chapter 17 requirements, and in the future event that the Company wishes to make further grants under the existing schemes and/or adopt new share schemes, to make appropriate announcement and if necessary to seek Shareholders' approval accordingly.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) have to be notified to the Company and the Stock Exchange, pursuant to the Model Code, were as follows:

Interests in the Company's shares and underlying shares

Name of Director	Capacity in which the interests are held	Number of Shares held (Note 1)	Approximate percentage of the issued share capital (%) (Note 2)
Zhang Hongjun	Interest in controlled corporation (Note 3)	272,100,000 (L)	34.01

Notes:

1. The letter "L" denotes a long position.
2. The calculation is based on the total number of 800,000,000 Shares in issue as at 31 December 2024.
3. These Shares are held by Lucky Heaven. The entire issued share capital of Lucky Heaven is legally and beneficially wholly-owned by Mr. Zhang Hongjun. Mr. Zhang Hongjun is deemed to be interested in the Shares held by Lucky Heaven under Part XV of the SFO.

Interests in ordinary shares of associated corporations of the Company

Name of Director	Name of associated corporation	Capacity in which the interests are held	Number of Shares held	Approximate percentage of the issued share capital (%)
Zhang Hongjun	Dashan Training (Note 1)	Nominee shareholder whose shareholder's rights are subject to the Contractual Arrangements	13,562,500	42.04
		Interest in controlled corporation whose shareholder's rights are subject to the Contractual Arrangements (Note 2)	13,750,000	42.62
Shan Jingchao	Dashan Training (Note 1)	Nominee shareholder whose shareholder's rights are subject to the Contractual Arrangements	125,000	0.39

Notes:

1. Dashan Training is controlled through the Contractual Arrangements by, and is treated as a subsidiary of, the Company.
2. These shares are held by Houde Education. The entire equity interests of Houde Education is legally and beneficially wholly-owned by Mr. Zhang Hongjun.

Save as disclosed above, as at 31 December 2024, none of the Directors, chief executives of the Company or their respective associates had any interests or short positions 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) which: (a) were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2024, according to the register of interest and short positions in shares and underlying shares of the Company kept by the Company pursuant to section 336 of the SFO and so far as is known to or can be ascertained after reasonable enquiries by the Directors, the persons (other than the Directors or chief executives of the Company) who were directly or indirectly interested in 5% or more in the shares and underlying shares of the Company are as follows:

Interests in the Company's shares and underlying shares

Name	Capacity in which the interests are held	Number of Shares held (Note 1)	Approximate percentage of the issued share capital (%) (Note 2)
Lucky Heaven (Note 3)	Beneficial owner	272,100,000 (L)	34.01
Infinite Apex (Note 4)	Beneficial owner	214,460,800 (L)	26.81
Xi Wang (Note 4)	Interest in controlled corporation	214,460,800 (L)	26.81

Notes:

1. The letter "L" denotes a long position.
2. The calculation is based on the total number of 800,000,000 Shares in issue as at 31 December 2024.
3. Lucky Heaven is wholly-owned by Mr. Zhang Hongjun.
4. Infinite Apex is wholly-owned by Mr. Xi Wang. Mr. Xi Wang is deemed to be interested in the Shares held by Infinite Apex under Part IV of the SFO.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any person (other than the Directors and chief executives of the Company) who had 5% or more interests and/or short positions in the shares or underlying shares of the Company that were required to be recorded in the register pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

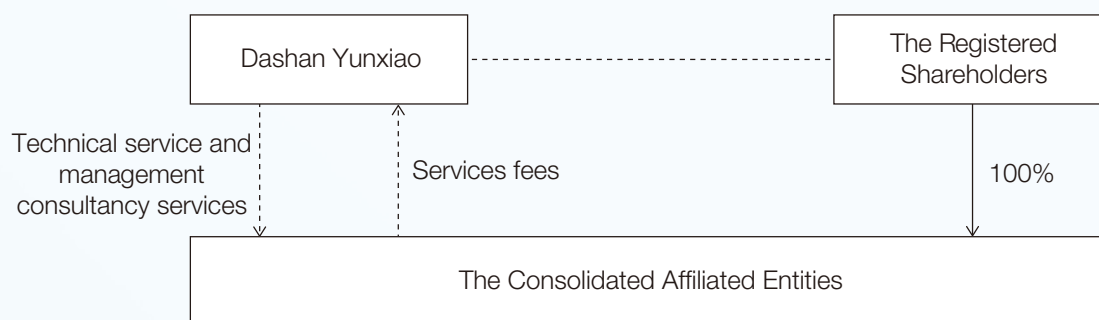
Save for the transactions contemplated under the Structured Contracts as set out below, during FY2024, the Group had not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

STRUCTURED CONTRACTS

The following summarised generally the status of the Structured Contracts adopted by the Group given the PRC legal restriction imposed on the shareholding structure over the business the Group is engaging.

1. Background of the Structured Contracts

As advised by the Company's PRC legal advisers, foreign investors are currently prohibited by local regulatory authorities in Zhengzhou to own equity interests in PRC entities which are principally engaging in the business of provision of non-academic training. As such, during FY2024, the Group entered into the Structured Contracts with Consolidated Affiliated Entities and conducted the business of provision of extracurricular programmes for personal attainment in the PRC through Consolidated Affiliated Entities. The Group does not hold any equity interests in the Consolidated Affiliated Entities. The Structured Contracts, through which the Group obtains control over and derive the economic benefits from the Consolidated Affiliated Entities, have been narrowly tailored to achieve business purpose and minimise the potential conflict with relevant PRC laws and regulations.



Notes:

"—>" denotes direct legal and beneficial ownership in the equity interests.

"---->" denotes contractual relationship.

"-----" denotes the control by Dashan Yunxiao over the Registered Shareholders through (1) the shareholders' rights entrustment agreement and powers of attorney to exercise all Registered Shareholders' rights in Dashan Training; (2) exclusive options to acquire all or part of the equity interests in the Consolidated Affiliated Entities directly and indirectly held by the Registered Shareholders; (3) equity pledges over the equity interests in Dashan Training; (4) the Individual Shareholder Spouse Undertakings; and (5) Mr. Zhang Hongjun's Undertaking.

2. Summary of the major terms of the Structured Contracts

The Structured Contracts were entered into on 12 January 2020 and a brief description of the major terms of the Structured Contracts is set out below.

(1) *Exclusive Business Cooperation Agreement*

The exclusive business cooperation agreement (the “**Exclusive Business Cooperation Agreement**”) was entered into by and among Dashan Yunxiao, Dashan Training, Jingguang Dashan, and the Registered Shareholders.

Pursuant to the Exclusive Business Cooperation Agreement, Dashan Yunxiao has the exclusive right to provide each of the Consolidated Affiliated Entities technical services, management support and consulting services necessary for the business. Without Dashan Yunxiao’s prior written consent, none of the Consolidated Affiliated Entities may accept services covered by the Exclusive Business Cooperation Agreement from any third party. Dashan Yunxiao has the exclusive proprietary rights to all intellectual property rights arising out of the performance of this agreement.

Pursuant to the Exclusive Business Cooperation Agreement, the calculation, confirmation and payment of the service fee shall be processed in accordance with the Exclusive Technical Service and Management Consultancy Agreement (as defined below).

(2) *Exclusive Technical Service and Management Consultancy Agreement*

The exclusive technical service and management consultancy agreement (the “**Exclusive Technical Service and Management Consultancy Agreement**”) was entered into by and among Dashan Yunxiao, Dashan Training and Jingguang Dashan.

Pursuant to the Exclusive Technical Service and Management Consultancy Agreement, Dashan Yunxiao agreed to provide to the Consolidated Affiliated Entities (a) exclusive technical services, and (b) management consultancy services.

In consideration of the technical and management consultancy services provided by Dashan Yunxiao, each of the Consolidated Affiliated Entities agreed to pay Dashan Yunxiao a service fee equal to all of their respective amount of surplus from operations (after deducting all costs, expenses, taxes, losses from the previous year (as required by applicable law), statutory reserve and other fees in accordance with relevant regulations). Dashan Yunxiao has the right to adjust the amount of such service fee.

(3) *Exclusive Call Option Agreement*

The exclusive call option agreement (the “**Exclusive Call Option Agreement**”) was entered into by and among Dashan Yunxiao, Dashan Training, Jingguang Dashan and the Registered Shareholders.

Under the Exclusive Call Option Agreement, the Registered Shareholders irrevocably agreed to grant Dashan Yunxiao or its designated third party an exclusive option to purchase all or part of the equity interests in the Consolidated Affiliated Entities directly and indirectly held by Registered Shareholders, for the minimum amount of consideration permitted by the applicable PRC laws and regulations, under circumstances in which Dashan Yunxiao or its designated third party is permitted under PRC laws and regulations to own all or part of the equity interests in the Consolidated Affiliated Entities. Where the purchase price is required by the relevant PRC laws and regulations to be an amount other than nil consideration, the Registered Shareholders shall, according to the instruction of Dashan Yunxiao, return the amount of purchase price they have received to Dashan Yunxiao or its designated third party, or Dashan Training.

Pursuant to the Exclusive Call Option Agreement, the Group have the sole discretion to decide when to exercise the equity call options, and whether to exercise the equity call options in part or in full.

In the event that the Registered Shareholders receive any benefits or interests in whatever form (such as profit distribution or dividends) from Dashan Training or its wholly-owned subsidiaries as applicable, the Registered Shareholders undertake to Dashan Yunxiao that it will immediately pay such amount to Dashan Yunxiao or its designated third party free of charge subject to the relevant laws and regulations. If Dashan Yunxiao exercises the equity call options, all or any part of the equity interests in the Consolidated Affiliated Entities would be transferred to Dashan Yunxiao and the benefits of equity ownership would flow to Dashan Yunxiao and its shareholder.

(4) *Equity Pledge Agreement*

The equity pledge agreement (the “**Equity Pledge Agreement**”) was entered into by and among Dashan Yunxiao, Dashan Training and the Registered Shareholders.

Pursuant to the Equity Pledge Agreement, the Registered Shareholders unconditionally and irrevocably pledged all of their equity interests in Dashan Training, respectively, to Dashan Yunxiao to guarantee the performance of the obligations of Dashan Training and their respective subsidiaries and the performance of the Registered Shareholders' obligations under the Exclusive Business Cooperation Agreement, the Exclusive Call Option Agreement and the Shareholders' Powers of Attorney (as defined below).

(5) *Shareholders' Rights Entrustment Agreement*

The shareholders' rights entrustment agreement (the "**Shareholders' Rights Entrustment Agreement**") was executed by Dashan Yunxiao, Dashan Training and the Registered Shareholders.

Pursuant to the Shareholders' Rights Entrustment Agreement, each of the Registered Shareholders has irrevocably authorised and entrusted Dashan Yunxiao or any person designated by Dashan Yunxiao to exercise all of his/her respective rights as shareholders of Dashan Training to the extent permitted by the PRC laws.

These rights include, but are not limited to: (a) the right to attend shareholders' meetings of Dashan Training, as the case may be; (b) the right to exercise voting rights in respect of all matters discussed and resolved at the shareholders' meeting of Dashan Training, as the case may be; (c) the right to appoint directors or senior management of Dashan Training, as the case may be; (d) the right to propose to convene interim shareholders' meetings of Dashan Training, as the case may be.

(6) *Shareholders' Powers of Attorney*

The shareholders' powers of attorney (the "**Shareholders' Powers of Attorney**") were executed by each of the Registered Shareholders in favour of Dashan Yunxiao.

Each of the Registered Shareholders has executed an irrevocable Shareholders' Powers of Attorney dated 12 January 2020, exclusively appointing Dashan Yunxiao, or any person designated by Dashan Yunxiao or their successors or liquidators (excluding persons who are not Independent Third Parties or may give rise to conflicts of interests), as his or her attorney-in-fact to appoint directors and vote on his or her behalf on all matters of Dashan Training requiring shareholders' approval under its articles of association and under the relevant PRC laws and regulations.

(7) Individual Shareholder Spouse Undertakings

The individual shareholder spouse undertakings (the “**Individual Shareholder Spouse Undertakings**”) were signed by Ms. Yuan Zhaoxia who is the spouse of Mr. Shan Jingchao and Ms. Peng Xin who is the spouse of Mr. Zhang Junying.

Pursuant to the Individual Shareholder Spouse Undertakings, the spouse of each of Mr. Shan Jingchao and Mr. Zhang Junying, has full knowledge of and has consented unconditionally and irrevocably to the entering into of the Structured Contracts by the respective Registered Shareholders, and in particular, the arrangement as set out in the Structured Contracts in relation to the restrictions imposed on the direct or indirect equity interests in the Consolidated Affiliated Entities, pledge or transfer the direct or indirect equity interests in the Consolidated Affiliated Entities, or the disposal of the direct or indirect equity interests in the Consolidated Affiliated Entities in any other forms. The spouse shall not take any actions to prevent the performances under Structured Contracts.

(8) Mr. Zhang Hongjun's Undertaking

Mr. Zhang Hongjun's undertaking (“**Mr. Zhang Hongjun's Undertaking**”) was an undertaking signed by Mr. Zhang Hongjun who currently does not have a spouse.

Pursuant to Mr. Zhang Hongjun's Undertaking, Mr. Zhang Hongjun irrevocably undertakes and ensures to procure his future spouse to sign an undertaking in the form of the Individual Shareholder Spouse Undertakings.

For details of the major terms of the Structured Contracts, please refer to the section headed “Structured Contracts – Summary of the material terms of the Structured Contracts” of the Prospectus.

3. Risks relating to the Structured Contracts

There are certain risks that are associated with the Structured Contracts, including:

- If the PRC government finds that the agreements that establish the structure for operating the Group's businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Group could be subject to severe consequences, including the nullification of the Structured Contracts and the relinquishment of interests in the Consolidated Affiliated Entities.
- The Group may not be able to meet the qualification requirement. If the foreign ownership restriction and foreign control restriction are lifted, the Group may not be able to unwind the Structured Contracts by acquiring the equity interests in the Consolidated Affiliated Entities before the Group are in a position to comply with the qualification requirement.
- The Structured Contracts may not be as effective in providing operational control as direct ownership. If the Consolidated Affiliated Entities or their shareholders fail to perform their respective obligations under these Structured Contracts, the Group cannot direct the corporate action of the Consolidated Affiliated Entities as the direct ownership would otherwise entail.
- The Group may lose the ability to use and enjoy assets and licenses held by the Consolidated Affiliated Entities and their respective subsidiaries and branch company that are material to its business operations if any of the Consolidated Affiliated Entities or their respective subsidiaries declare bankruptcy or become subject to a dissolution or liquidation proceeding.
- The beneficial owners of the Consolidated Affiliated Entities may have conflicts of interest with the Group, which may materially and adversely affect the Group's business and financial condition.
- Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law of the PRC (the "**Foreign Investment Law**") and how it may impact the viability of the Group's current corporate structure, corporate governance and business operations.
- The Group's exercise of the option to acquire the equity interests in the Consolidated Affiliated Entities may be subject to certain limitations and the Group may incur substantial costs to enforce the option under the Structured Contracts.
- The Group's Structured Contracts may be subject to scrutiny by the PRC tax authorities, and a finding that the Group owe additional taxes could substantially reduce the Group's combined net income and the value of investment.

For further details of these risks, please refer to the section headed "Risk Factors – Risks Relating to Contractual Arrangements" of the Prospectus.

The Group has adopted the following measures to ensure the effective operation of the Group with the implementation of the Structured Contracts and compliance with the Structured Contracts:

- (a) major issues arising from the implementation and compliance with the Structured Contracts or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (b) the Board will review the overall performance of and compliance with the Structured Contracts at least once a year;
- (c) the Company will disclose the overall performance and compliance with the Structured Contracts in its annual report to update the Shareholders and potential investors;
- (d) the Company will disclose, as soon as reasonably practicable, (i) any updates of changes to the Foreign Investment Law that will materially and adversely affect the Company as and when they occur; and (ii) a clear description and analysis of the updates of changes in Foreign Investment Law as implemented, specific measures taken by the Company to fully comply with the changes in Foreign Investment Law supported by a PRC legal opinion and any material impact on the Group's operations and financial position; and
- (e) the Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Structured Contracts, review the legal compliance of Dashan Yunxiao and the Consolidated Affiliated Entities to deal with specific issues or matters arising from the Structured Contracts.

In addition, notwithstanding that Mr. Zhang Hongjun and Mr. Shan Jingchao, the executive Directors, and Mr. Zhang Junying, a director of the Consolidated Affiliated Entities, are also the Registered Shareholders, the Company believe that the Directors are able to perform their roles in the Group independently and the Group is capable of managing its business independently under the following measures implemented:

- (a) the decision-making mechanism of the Board as set out in the Articles of Association includes provisions to avoid conflict of interest by providing, amongst other things, that in the event of conflict of interest in such contract or arrangement which is material, a Director shall declare the nature of his or her interest at the earliest meeting of the Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having material interest in any contracts or arrangements, unless in certain circumstances as expressly stated in the Articles of Association, such Director shall abstain from voting and not be counted in the quorum;
- (b) each of the Directors is aware of his/her fiduciary duties as a Director which requires, among other things, that he/she acts for the benefits and in the best interests of the Group;

DIRECTORS' REPORT

- (c) the INEDs comprising over one-third of the Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of the Group and Shareholders as a whole; and
- (d) the Company will disclose in announcements, circulars, annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by the Board (including INEDs) relating to any business or interest of each Director and his/her associates that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

4. Unwinding of the Structured Contracts

Dashan Yunxiao has made undertaking in the Structured Contracts that, if the PRC regulatory environment changes, all of the relevant qualification requirement, the foreign ownership restriction and the foreign control restriction are removed (and assuming there are no other changes in the relevant PRC laws and regulations) and foreign investors are permitted to hold 100% of the interests in the Consolidated Affiliated Entities directly, it will exercise the call option granted under the Exclusive Call Option Agreement in full to hold all of the interests in the Consolidated Affiliated Entities and unwind the Structured Contracts accordingly. For further details, please refer to the section headed "Structured Contracts – Termination of the Structured Contracts" of the Prospectus.

During FY2024, none of the Structured Contracts and/or its adoption changed, there had not been any unwinding of any Structured Contracts, nor had there been any failure to unwind any Structured Contracts when the restrictions that led to the adoption of the Structured Contracts are removed.

5. Compliance with the Structured Contracts

The Group has adopted certain measures to ensure the effective operation of the Group with the implementation of the Structured Contracts and the compliance with the Structured Contracts. The Company was not aware of any non-performance of the Structured Contracts or non-compliance with those relevant measures as at the date of this annual report.

6. Particulars of the Consolidated Affiliated Entities

Set out below is the registered owners and business activities of the Consolidated Affiliated Entities which had entered into the Structured Contracts with the Group during FY2024:

Name of the Consolidated Affiliated Entities	Registered owners as at 31 December 2024	Business activities
Dashan Training	approximately 42.62% by Houde Education approximately 42.04% by Mr. Zhang Hongjun approximately 0.39% by Mr. Shan Jingchao approximately 0.19% by Mr. Zhang Junying, and approximately 14.76% by Dashan Consultancy, respectively	After-school education services
Jingguang Dashan	100% by Dashan Training	After-school education services

7. Revenue and assets of the Consolidated Affiliated Entities and transaction amount under the Structured Contracts

The revenues for FY2024 and total assets of the Consolidated Affiliated Entities as at 31 December 2024 are set out as follows:

Name of the Consolidated Affiliated Entities	Revenue for FY2024 RMB'000	Total assets as at 31 December 2024 RMB'000
Dashan Training and Jingguang Dashan	39,881	83,500

For FY2024, the revenues of Dashan Training and Jingguang Dashan accounted for approximately 33.7% (FY2023: approximately 59.5%) of the total revenues of the Group.

As at 31 December 2024, the total assets of Dashan Training and Jingguang Dashan accounted for approximately 42.9% (31 December 2023: approximately 62.5%) of the total assets of the Group.

For FY2024, there was no actual transaction amount under the Structured Contracts (FY2023: Nil).

DIRECTORS' REPORT

For FY2024, no dividend nor other distribution was made by the Consolidated Affiliated Entities to their respective holders of equity interests (FY2023: Nil).

8. Listing Rules Implications and Waivers from the Stock Exchange

The table below sets forth the connected persons of the Company involved in the Contractual Arrangements and the nature of their connection with the Group. The transactions contemplated under the Structured Contracts constitute continuing connected transactions of the Company (the “**Continuing Connected Transactions**”) under Chapter 14A of the Listing Rules.

Name	Connected relationships
Zhang Hongjun	Executive Director and the Chairman, and one of the Controlling Shareholders, and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules
Shan Jingchao	An executive Director and a director of Dashan Training, and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules
Zhang Junying	A director of Dashan Training and Jingguang Dashan respectively, and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules
Houde Education	A company wholly-owned by Mr. Zhang Hongjun, who is an executive Director and the Chairman, and one of the Controlling Shareholders, and therefore a connected person of the Company under Rule 14A.07(4) of the Listing Rules
Yuan Zhaoxia	The spouse of Mr. Shan Jingchao, who is an executive Director and a director of Dashan Training, and therefore a connected person of the Company under Rule 14A.07(4) of the Listing Rules
Peng Xin	The spouse of Mr. Zhang Junying, who is a director of Dashan Training and Jingguang Dashan respectively, and therefore a connected person of the Company under Rule 14A.07(4) of the Listing Rules

In addition, Dashan Consultancy is owned as to approximately 99.74% by Dashan Management (which is in turn owned as to approximately 17.65% by Houde Education and approximately 82.35% by Mr. Zhang Junying respectively). As such, the transactions under the Structured Contracts between the Group and Dashan Consultancy are Continuing Connected Transactions pursuant to Rule 14A.28 of the Listing Rules.

The Company has applied to the Stock Exchange, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Structured Contracts pursuant to Rule 14A.105 of the Listing Rules; (ii) the requirement of setting an annual cap for the transactions under the Structured Contracts under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the Structured Contracts to three years or less under Rule 14A.52 of the Listing Rules, for so long as Shares are listed on the Stock Exchange subject however to the following conditions:

- (1) No change to the Structured Contracts will be made without the approval of the INEDs;
- (2) Save as described in paragraph (4) below, no change to the agreements governing the Structured Contracts will be made without the approval of the independent Shareholders;

Once the independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Structured Contracts in the annual reports of the Company will however continue to be applicable.

- (3) The Structured Contracts shall continue to enable the Group to receive the economic benefits derived by the Consolidated Affiliated Entities through (i) the Group's option, to the extent permitted under the PRC laws and regulations to acquire, all or part of the equity interests in the Consolidated Affiliated Entities at the lowest possible amount permissible under the applicable PRC laws and regulations, (ii) the business structure under which the net profit generated by the Consolidated Affiliated Entities is substantially retained by the Group, such that no annual cap shall be set on the amount of service fees payable to Dashan Yunxiao by the Consolidated Affiliated Entities under the Exclusive Business Cooperation Agreement and the Exclusive Technical Service and Management Consultancy Agreement, and (iii) the Group's right to control the management and operation of, as well as, in substance all of the voting rights of the Consolidated Affiliated Entities.

DIRECTORS' REPORT

- (4) On the basis that the Structured Contracts provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of Shareholders, on substantially the same terms and conditions as the existing Structured Contracts. The directors, chief executive or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group may establish will, upon renewal and, or reproduction of the Structured Contracts, however be treated as connected persons of the Company and transactions between these connected persons and the Company other than those under similar Structured Contracts shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.
- (5) The Company will disclose details relating to the Structured Contracts on an ongoing basis.

9. Confirmation of INEDs

The INEDs have reviewed the Continuing Connected Transactions under the Structured Contracts and confirmed that such transactions were:

- (1) entered into in the ordinary and usual course of business of the Group;
- (2) conducted on normal commercial terms; and
- (3) carried out according to the relevant agreements governing such transactions on fair and reasonable terms and in the interest of the Shareholders as a whole.

In particular, the INEDs have reviewed the Structured Contracts and confirmed that:

- (1) the transactions carried out during FY2024 have been entered into in accordance with the relevant provisions of the Structured Contracts, and have been operated so that the profit generated by the Consolidated Affiliated Entities has been substantially retained by the Group;
- (2) no dividends or other distributions have been made by the Consolidated Affiliated Entities to their equity interests holders which are not otherwise subsequently assigned or transferred to the Group; and

- (3) the Structured Contracts and if any, any new contracts entered into, renewed or reproduced between the Group and the Consolidated Affiliated Entities during FY2024 under paragraph 8(4) above are fair and reasonable, or more favourable to the Group, so far as the Group is concerned and in the interests of the Shareholders as a whole.

10. Confirmation of the Auditor

Zhonghui Anda, the Auditor, was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Zhonghui Anda has issued his unqualified letter containing its findings and conclusions in respect of the Continuing Connected Transactions disclosed in this annual report in accordance with Rule 14A.56 of the Listing Rules, with an emphasis of matter paragraph in relation to the fact that the Company is not required to establish and announce an annual cap in respect of the Continuing Connected Transactions in connection with the Exclusive Business Cooperation Agreement and the Exclusive Technical Service and Management Consultancy Agreement for the FY2024.

As set out in the Auditor's letter, the Auditor has confirmed that nothing has come to his attention that cause him to believe that the Continuing Connected Transactions:

- (1) have not been approved by the Board;
- (2) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (3) were dividends or other distributions made by the Consolidated Affiliated Entities to their equity interests holders which are not otherwise subsequently assigned or transferred to the Group.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee comprises three INEDs. The Audit Committee has reviewed the Group's audited consolidated financial statements and annual results for the FY2024. They expressed no disagreement with the accounting policies and principles adopted by the Group.

DIRECTORS' REPORT

AUDITOR

Deloitte Touche Tohmatsu (“**Deloitte**”) has tendered its resignation as the Auditor with effect from 22 May 2023. The Board has resolved to appoint Zhonghui Anda as the new Auditor with effect from 25 May 2023 to fill the casual vacancy following the resignation of Deloitte. Save as disclosed, there has been no change in the Auditor in any of the preceding three years.

Zhonghui Anda has audited the consolidated financial statements of the Group for FY2024 and in its 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. For further information, please refer to the Independent Auditor’s Report of this annual report.

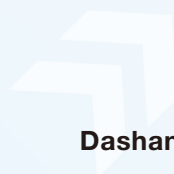
Zhonghui Anda shall hold office until the conclusion of the next AGM pursuant to the Articles of Association. A resolution to re-appoint Zhonghui Anda as the Auditor will be proposed for approval by the Shareholders at the forthcoming AGM.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual report of the Company for FY2024, in both English and Chinese versions, will be published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.dashanedu.com in due course and despatched to the Shareholders upon request.

APPRECIATION

We would like to thank the management of the Group and all the staff for their hard work and dedication, as well as Shareholders, business partners, banks and Auditor for their trust and support to the Group throughout the period. We will continue our efforts to strengthen our business and improve returns to Shareholders.



By Order of the Board
Dashan Education Holdings Limited
Zhang Hongjun
Chairman and Executive Director

28 March 2025

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

The Board is committed to building good corporate governance principles and practices and attaining good corporate governance standards. The Directors believe that good corporate governance standards are essential to the protection the interests of Shareholders, promotion and formulation of the corporate values and business strategies, implementation of effective policies, and enhancement of transparency and accountability of the Company.

The Board as a whole is responsible for performing the corporate governance duties set out in the Corporate Governance Code. The Board reviews at least annually the corporate governance practises of the Company to ensure its continuous compliance with the Corporate Governance Code and make appropriate changes if considered necessary. For FY2024, the Board had performed the corporate governance duties set out in the Corporate Governance Code.

Save as disclosed below, for FY2024 and up to the date of this annual report, the Company has complied with the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules so as to enhance the corporate governance standard of the Company. None of the Directors is aware of any information which would reasonably indicate that the Company has not been in compliance with the Corporate Governance Code for FY2024 and up to the date of this annual report.

Pursuant to Code Provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Prior to 27 September 2024, Mr. Zhang Hongjun served as the Chairman and the CEO. On 27 September 2024, Mr. Zhang Hongjun resigned as the CEO and Mr. Li Jing was appointed as the CEO.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions conducted by the Directors. After making specific enquires to all Directors, each of them has confirmed that they have complied with the required standards set out in the Model Code throughout FY2024.

BOARD OF DIRECTORS

Overall Accountability

The Board is accountable to the Shareholders and in discharging its corporate accountability, every Director is required to pursue excellence in the interests of the Shareholders and fulfil his/her fiduciary duties by applying the required level of skills, care and diligence to a standard in accordance with the statutory requirements.

CORPORATE GOVERNANCE REPORT

Board Responsibilities and Delegation

The Board is responsible for formulating group policies and strategic business directions, and monitoring business performances through implementation of adequate risk management and internal control systems. The executive Directors are delegated with the authorities and responsibilities for the day-to-day management of the Group, operational and business decisions within the control and delegation framework of the Group. The non-executive Directors (including INEDs) contribute valuable views, professional opinions and proposals for the Board's deliberation and decisions.

The duties of the Board in respect of the corporate governance functions include: (i) developing and reviewing the Company's policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and (v) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The Board has delegated some of its functions to the Board committees, details of which are set out below. The Board reserves its decisions to all major matters of the Company, including appointment of new Directors, approval of financial statements, dividend policy, significant accounting policies, material contracts, significant appointments such as Company Secretary and external Auditors, terms of reference of Board committees, major corporate policies such as code of conduct, and other significant financial and operational matters.

The Board is also responsible for maintaining and reviewing the effectiveness of the risk management and internal control systems of the Group. It has carried out review of the existing implemented systems, including control measures of financial and operational compliance of the Group.

The Directors having material interest in the matter shall abstain from voting at such Board meeting and the INEDs with no conflict of interest shall attend at such meeting to deal with the matters. All Directors ensure that they can give sufficient attention to discharge their responsibilities to the affairs of the Company and the Directors have disclosed to the Company the identity and nature of offices held in any public organisation and other significant commitments on an annual basis.

Liability Insurance for the Directors

The Company has arranged for appropriate liability insurance to indemnify Directors against liabilities arising out of legal action on corporate activities. Such insurance coverage is reviewed on an annual basis.

Composition of the Board

As at 31 December 2024 and up to the date of this annual report, the Board comprised six Directors, including three executive Directors and three INEDs. The biographical details of the Directors are set out in Biographical Information of Directors and Senior Management of this annual report.

The Board composition during FY2024 and up to the date of this annual report is as follows:

Executive Directors

Mr. Zhang Hongjun (*Chairman*) (*resigned as the CEO with effect from 27 September 2024*)

Mr. Li Jing (*CEO*) (*appointed with effect from 27 September 2024*)

Mr. Shan Jingchao

Non-executive Director

Mr. Jia Shuilin (*resigned with effect from 27 September 2024*)

Independent non-executive Directors

Dr. Xie Xiangbing

Ms. Wang Yanxiao

Mr. You Huanyu (*appointed with effect from 27 September 2024*)

Mr. Zhang Jian (*resigned with effect from 27 September 2024*)

Each of Mr. Li Jing and Mr. You Huanyu obtained legal advice on 27 September 2024 from the Company's legal adviser as to Hong Kong laws pursuant to Rule 3.09D of the Listing Rules.

CORPORATE GOVERNANCE REPORT

Independence of INEDs

The role of INEDs is to provide independent and objective opinions to the Board, giving adequate control and balances for the Company to protect the overall interests of the Shareholders and the Company.

Throughout FY2024, there were at least three INEDs and they represent over one-third of the Board which represent a sufficient number as required under Rules 3.10(1) and 3.10A of the Listing Rules. Among the INEDs, Dr. Xie Xiangbing has the appropriate professional qualifications in accounting and finance as required by Rule 3.10(2) of the Listing Rules.

The Company has received annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from the following INEDs who have been INEDs during FY2024, namely Dr. Xie Xiangbing, Ms. Wang Yanxiao, Mr. You Huanyu and Mr. Zhang Jian. Accordingly, the Board considers that each of them to be independent under Rule 3.13 of the Listing Rules.

Save as disclosed in the biographies of the Directors as set out in the Biographical Information of Directors and Senior Management of this annual report, none of the Directors has any relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive of the Company.

All the Directors, including the INEDs, have entered into service agreements or letters of appointment with the Company for an initial term of three years and under which all Directors must retire by rotation at least once every three years.

In compliance with Code Provision B.1.2 of the Corporate Governance Code, an updated list of the Directors identifying their roles and functions is available on the websites of the Company (www.dashanedu.com) and the Stock Exchange (www.hkex.com.hk). The Company shall review the composition of the Board from time to time to ensure that the Board possesses the appropriate and necessary expertise, skill and experience to meet the needs of the Group's business and to enhance the Shareholders' value.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of the Group. Every newly appointed Director shall receive a formal, comprehensive and tailored induction to ensure that he/she has a proper understanding of the business and operations of the Group and that he/she is fully aware of his/her duties and responsibilities as a director under applicable statutory and regulatory rules and requirements.

The Company encouraged the Directors to participate in continuous professional development so as to develop and refresh Directors' knowledge and skills and to ensure that their contribution to the Board remains informed and relevant.

The Company regularly circulates training materials or briefings to all Directors in respect of the updates on, among other things, the Listing Rules, the SFO or guidelines, the Companies Ordinance and relevant financial or accounting standards. During FY2024, the respective Directors, namely Mr. Zhang Hongjun, Mr. Li Jing, Mr. Shan Jingchao, Mr. Jia Shuilin, Mr. Zhang Jian, Dr. Xie Xiangbing, Ms. Wang Yangxiao and Mr. You Huanyu participated in appropriate continuous professional development. Directors participated in the training which included reading regulatory updates, attending seminars or conducting training sessions and exchanging views, and attending director training provided by lawyer.

Board Committees

The Board has established four Board committees including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Management Committee to assume responsibilities for and to oversee particular aspects of the Group's affairs with respective terms of reference.

All Board committees are provided with sufficient resources to discharge their duties and are empowered to obtain independent professional advice at the Company's expense in appropriate circumstances.

CORPORATE GOVERNANCE REPORT

Board Meetings

During FY2024, the Board held 8 meetings to review and approve the business strategies and policies of the Group and the significant matters of the Group. During FY2024, the Company held one AGM.

Details of the attendance records of each Director at the Board meetings and general meeting during FY2024 are as follows:

Director	Attendance/Number of Meetings						
	General Meeting(s)	Board Meeting(s)	Audit Committee Meeting(s)	Remuneration Committee Meeting(s)	Nomination Committee Meeting(s)	Investment Management Committee Meeting(s)	Chairman and INEDs Meeting(s)
Executive Directors							
Mr. Zhang Hongjun	1/1	8/8	N/A	4/4	2/2	1/1	1/1
Mr. Li Jing ¹	0/0	4/4	N/A	N/A	N/A	0/0	N/A
Mr. Shan Jingchao	1/1	8/8	N/A	N/A	N/A	1/1	N/A
Non-executive Director							
Mr. Jia Shuilin ²	1/1	4/4	N/A	N/A	N/A	N/A	N/A
Independent non-executive Directors							
Dr. Xie Xiangbing	1/1	8/8	3/3	4/4	2/2	1/1	1/1
Ms. Wang Yanxiao	1/1	8/8	3/3	4/4	2/2	1/1	1/1
Mr. You Huanyu ¹	0/0	4/4	0/0	N/A	N/A	N/A	0/0
Mr. Zhang Jian ²	1/1	4/4	3/3	2/2	2/2	1/1	1/1

Notes:

1. appointed with effect from 27 September 2024
2. resigned with effect from 27 September 2024

Appropriate notices are given to all Directors in advance for attending regular and other Board meetings. Meeting agendas and other relevant information are provided to the Directors in advance of Board meetings. All Directors are consulted to include additional matters in the agenda for Board meetings.

Directors have access to the advice and services of the Company Secretary with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed.

Both draft and final versions of the minutes are sent to all Directors for their comment and records. Minutes of Board meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

AUDIT COMMITTEE

The members of the Audit Committee (all being INEDs) during FY2024 and up to the date of this annual report are:

Dr. Xie Xiangbing (*chairman*)

Ms. Wang Yanxiao

Mr. You Huanyu (*appointed with effect from 27 September 2024*)

Mr. Zhang Jian (*resigned with effect from 27 September 2024*)

The primary duties of the Audit Committee include, but are not limited to, assisting the Board by (i) reviewing and monitoring the relationship of the external Auditor and the Group, particularly the independence and objectivity and effectiveness of the external Auditor; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iv) developing and reviewing the Company's policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; (v) reviewing the financial information of the Company and ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; (vi) developing, reviewing and monitoring the code of conduct applicable to the Company's employees and Directors; and (vii) overseeing the Company's financial reporting system and internal control procedures.

The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE REPORT

During FY2024, three Audit Committee meetings were convened and the Audit Committee (i) considered the independence of the independent Auditor and the scope of its audit; (ii) reviewed and discussed the risk management and internal control system of the Group, the effectiveness of the internal audit and risk control management function of the Company; (iii) reviewed the audit planning report of the independent Auditor for FY2024; and (iv) reviewed the interim financial statements, the interim results announcement, the annual financial statements and the annual results announcement.

After due and careful consideration with all necessary financial information, and reports from management and the external Auditor, the Audit Committee noted that no suspected fraud or irregularities, significant internal control deficiencies, or suspected infringement of laws, rules, or regulations had been found in respect of the Group, and concluded that the risk management and internal control systems were adequate and effective.

The Audit Committee has reviewed with the management and external Auditor the Group's consolidated financial statements for FY2024, including the accounting principles and practices. The Audit Committee endorsed the accounting treatment adopted by the Company, and the Audit Committee had to the best of its ability assured itself that the disclosure of the financial information in this annual report has complied with the applicable accounting standards, the Listing Rules and the Companies Ordinance. The Audit Committee therefore resolved to recommend for the Board's approval the consolidated financial statements for FY2024.

For FY2024, the Auditor provided annual audit service and did not provide any non-audit services. The total fees paid/payable in respect of the audit service amounted to RMB1.7 million.

REMUNERATION COMMITTEE

The members of the Remuneration Committee during FY2024 and up to the date of this annual report are:

Ms. Wang Yanxiao (*INED*) (*chairwoman*) (*appointed with effect from 27 September 2024*)

Mr. Zhang Jian (*INED*) (*chairman*) (*resigned with effect from 27 September 2024*)

Mr. Zhang Hongjun (*executive Director*)

Dr. Xie Xiangbing (*INED*)

The primary duties of the Remuneration Committee include, but are not limited to, (i) making recommendations to the Board on the Company's policy and structure for remuneration of all the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) reviewing and approving management's remuneration proposals with reference to the Board corporate goals and objectives; (iii) making recommendations to the Board on the remuneration packages of individual Director and senior management, and (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The Remuneration Committee had four meetings during FY2024. The Remuneration Committee reviewed, considered and discussed (i) the remuneration policy of the Group and matters relating to the remuneration of Directors and senior management; (ii) approving matters relating to share schemes under Chapter 17 of the Listing Rules; and (iii) the terms of service contract and letter of appointment of new directors.

Pursuant to Code Provision E.1.5 of the Corporate Governance Code, the remuneration of the senior management, including the executive Directors, by band for FY2024, is set out as below:

Annual Remuneration	Number of individuals
HK\$500,000 and below	2
HK\$500,001 to HK\$1,000,000	1
HK\$4,000,001 to HK\$4,500,000	1

Further details of the Directors' and the five highest paid individuals' remuneration are set out in note 11 to the consolidated financial statements of this annual report.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The members of the Nomination Committee during FY2024 and up to the date of this annual report are:

Mr. Zhang Hongjun (*executive Director*) (*chairman*)

Dr. Xie Xiangbing (*INED*)

Ms. Wang Yanxiao (*INED*)

Mr. Zhang Jian (*INED*) (*resigned with effect from 27 September 2024*)

The primary duties of the Nomination Committee include, but are not limited to, (i) reviewing the structure, size and composition of the Board, (ii) assessing the independence of the INEDs; (iii) making recommendations to the Board on matters relating to the appointment of Directors; and (iv) reviewing the Board diversity policy and make recommendations on any proposed revisions (where required) to the Board for consideration and approval.

The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

The Nomination Committee had two meetings during FY2024. The Nomination Committee reviewed, considered and discussed (i) the structure, composition, size and diversity of the Board and relevant recommendations were made to the Board, which included the re-election of retiring Directors; and (ii) the suitability of candidates for directorship during the year.

Under Article 84(1) of the Articles of Association, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. According to Article 83(3) of the Articles of Association, any Director appointed by the Board either to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the first AGM after his/her appointment, and shall then be eligible for re-election.

Nomination Policy

The Nomination Committee assesses the candidate or incumbent (including Directors appointed to the Board during FY2024) on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

INVESTMENT MANAGEMENT COMMITTEE

The members of the Investment Management Committee during FY2024 and up to the date of this annual report are:

Mr. Zhang Hongjun (*executive Director*) (*chairman*)

Mr. Li Jing (*executive Director*) (*appointed with effect from 27 September 2024*)

Mr. Shan Jingchao (*executive Director*)

Dr. Xie Xiangbing (*INED*)

Ms. Wang Yanxiao (*INED*)

Mr. Zhang Jian (*INED*) (*resigned with effect from 27 September 2024*)

The Investment Management Committee is primarily responsible for monitoring the Group's investment and conduct periodical review of the investments of the Group and report to the Board. In addition, the Investment Management Committee is responsible for reviewing and approving the management's investment proposal and advising on investment policies of the Group.

The written terms of reference of the Investment Management Committee are available on the websites of the Stock Exchange and the Company.

The Investment Management Committee had one meeting during FY2024 to review and discuss the investment of the Group.

DIVERSITY POLICY

The Company notes increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives, sustainable and balanced development. The Company adopted a diversity policy ("**Diversity Policy**") which sets out the approach to diversify the Board. The Nomination Committee reviews and assesses Board composition on behalf of the Board and will recommend the appointment of new Director, when necessary, pursuant to the Diversity Policy.

In designing the Board's composition, the Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The Nomination Committee will also consider factors based on the Group's business model, specific needs and meritocracy from time to time in determining the optimum composition of the Board. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. The Nomination Committee would also deploy multiple channels to identify suitable candidates as Directors, including referral from Directors, shareholders, management, advisors of the Company and external agents.

CORPORATE GOVERNANCE REPORT

As at the date of this annual report, the Board comprises six Directors, including three executive Directors and three INEDs, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of professional experience, skill and knowledge. The Board comprises five male members and one female member with two Directors of age 31 to 40 years old, three Directors of age 41 to 50 years old and one Director of age 51 to 60 years old. Having reviewed the Diversity Policy and the Board's composition, the Nomination Committee is satisfied that the requirements set out in the Diversity Policy had been met and the Board is sufficiently diversified. The Board currently has one female Director, representing 16.7% of the Board, and as such, the Company has achieved gender diversity on the Board level. The Board targets to maintain at least the current level of female representation and will continue to take steps to promote gender diversity at the Board. To further ensure gender diversity of the Board in a long run, the Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time, and maintain a list of such female individuals who possess qualities to become the Board members, which will be reviewed by the Nomination Committee periodically in order to develop a pipeline of potential successors to the Board to promote gender diversity of the Board.

As at 31 December 2024, female employees accounted for approximately 62.6% of all employees (including senior management) of the Group. Based on the principle of talent orientation and in accordance with the business mode and specific up-to-date needs of the Group, and taking full account of the benefits of employee gender diversity, the Company reviews the gender ratio from time to time to achieve the good balance in employee gender diversity.

DIVIDEND POLICY

The Board adopted a dividend policy (the “**Dividend Policy**”), the objective of which is to allow Shareholders to participate in the Group's profits whilst retaining adequate reserves to sustain the Group's future growth.

According to the Dividend Policy, the Board will recommend declaring and paying dividends on an annual basis up to 30% of the distributable net profit attributable to the Shareholders but subject to, among others, (i) the Company's actual and expected results of operations, cash flows, financial conditions, future prospects; and (ii) all applicable requirements (including without limitation restrictions on dividend declaration and payment) under the relevant laws and the Articles of Association. There is, however, no assurance that dividends of such amount or any amount will be declared or distributed in the future. The Board may from time to time pay to the Shareholders such interim dividends as appear to the Directors to be justified by the profits of the Company available for distribution.

The Company will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

ACCOUNTABILITY AND AUDIT

Financial Statements and Financial Reporting

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group that give a true and fair view of the state of affairs of the Company and the Group and of the Group's results and cash flows in accordance with applicable accounting standards and the Companies Ordinance.

The Directors also acknowledge their responsibilities to ensure that the announcements in relation to the consolidated financial statements on annual and interim results of the Group are published in a timely manner, within three months and two months respectively of the year end and the half-year period end. The reporting responsibility of the external Auditor on the consolidated financial statements of the Group are set out in Independent Auditor's Report of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises its overall responsibilities for maintaining sound and effective risk management and internal control systems including an annual review on their effectiveness for achieving long-term sustainable development of the Group. The risk management and internal control systems, under a defined management structure with limits of authority, are designed for the Group to identify and manage the significant risks to pursue its business objectives, safeguard its assets against unauthorised use or disposition, enhance effectiveness and efficiency of its operations, ensure the maintenance of proper accounting records for reliable financial reporting, and ensure compliance with relevant laws and regulations. Such systems are designed to manage rather than eliminate risks of failure in the achievement of the Group's business objectives and can only provide reasonable, but not absolute assurance against material misstatement or loss.

The Board is responsible for the determination of the Group's risk profile within its acceptable tolerance levels in business operation, oversight of management in the design, implementation and monitoring of overall risk management process from risk identification, risk assessment, establishment of appropriate risk responses and regular risk evaluation and monitoring, so as to ensure the systems are effectively established and maintained.

CORPORATE GOVERNANCE REPORT

The risk management process is structured from management of the Group from respective business functions at execution level to the Board, together assisted by the Audit Committee, in decision-making and monitoring level. Management of the Group identifies, assesses and prioritises the key existing and potential risks through a detailed assessment process and determines the appropriate mitigation strategies and control measures in response of the identified risks. Ongoing evaluation and monitoring of the identified risks, respective measures, and results are carried out and reported to the Board regularly. The Board at decision-making level, assisted by the Audit Committee, reviews the risk appetite, risk management process and strategies and also the internal control systems and provides recommendations for any improvement on the systems on an ongoing basis to ensure risk management effectiveness.

The Group has established the internal audit and compliance department, which monitors the effectiveness of the existing internal controls system of the Group and performs the internal audit function. The internal audit and compliance department conducts regular internal audit review across principal divisions of the Group, and reports its finding results with improvements directly to the Audit Committee to ensure the internal controls are in place and adopted properly and effectively as intended. The scope of internal audit review included principal divisions to ensure material controls have been covered during the internal audit review process. Any matter or areas of improvement shall be communicated to the divisional management and had them followed up on a timely basis.

The Board had, through the Audit Committee, performed annual review on the effectiveness of the Group's risk management and internal control systems for FY2024, covering all material controls such as financial, operational and compliance controls, including but not limited to the changes in the nature and extent of significant risks (including ESG risks), the Group's ability to respond to changes in its business and the external environment, the scope and quality of the ongoing monitoring of risks (including ESG risks) and the internal control systems by the Group's management, the extent and frequency of communication of monitoring results to the Board, significant control failings or weaknesses identified during the period and their impacts, and the effectiveness of the Group's processes for financial reporting and Listing Rules compliance. When the Board performed annual review, it also ensured the adequacy of the resources, staff qualifications and experiences, training programmes and budget of the Group's accounting, internal audit, financial reporting function as well as those relating to the Group's ESG performance and reporting. The Board considers that the Group's existing risk management and internal control systems are effective and adequate.

As disclosed in the announcement of the Company dated 29 May 2024, Mazars has been engaged to perform an overall internal control review of the Group. Mazars has identified certain key internal control deficiencies and the Company has adopted all the recommendations given by Mazars in relation to such findings. Please refer to the aforementioned announcement for further details.

The Company formulated the inside information policy. The Company regularly reminds the Directors, senior management and employees about due compliance with all policies regarding the inside information, and keeps Directors, senior management and employees apprised of the latest regulatory updates. The Company shall prepare or update appropriate guidelines or policies to ensure the compliance with regulatory requirements. Procedures for collection, evaluation of information and the publication manner are in place to ensure timely reporting of the inside information to the Board and the stakeholders of the Group.

COMPANY SECRETARY

The Company has appointed Mr. Chan Kwong On as the Company Secretary, and Mr. Chan is responsible for all the secretarial services. Mr. Chan has taken no less than 15 hours of relevant professional training during FY2024 in compliance with the requirement under Rule 3.29 of the Listing Rules.

SHAREHOLDERS AND INVESTOR RELATIONS

Communication Policy

The Board considers that having active communications with the Shareholders and investors is important and this will enhance transparency and clarity in public disclosures by the Company. Any significant events of the Group fall to be disclosed will be published in a timely, accurate and complete manner through the websites of the Company and the Stock Exchange, so as to safeguard the Shareholders' rights of information and participation. The Board considers that AGM is an important opportunity for direct communication with the Shareholders. The notice of the AGM together with relevant documents will be sent out to the Shareholders at least 21 clear days prior to the date on which the AGM will be held. The notice contains details on the procedures for voting by poll as well as other relevant information related to the proposed resolutions.

CORPORATE GOVERNANCE REPORT

The Company keeps on promoting investor relations and enhancing communication with the existing Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. The Company has reviewed the implementation and effectiveness of its shareholders' communication policy for FY2024. Having considered that effective shareholders communication channels are in place and shareholders are provided with regular updates of the Group's financial performance, strategic direction and material business development through public disclosures, the Board is of view that the Company has established an effective communication channel with Shareholders and considers that the Company's shareholders' communication policy and its implementation are effective.

AGM

The Board and senior management are well aware of their important tasks of acting on behalf of the interests of all the Shareholders and raising the Shareholders' returns. The Board encourages all the Shareholders to participate in the forthcoming AGM where the members of the Board and external Auditor will be present and communicate with the Shareholders.

Shareholders' Rights

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An AGM shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an AGM, shall be called an EGM.

(1) Procedures for Shareholders to convene an EGM

- (a) Any one or more Shareholders holding at the date of deposit of the requisition in aggregate not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company may by written requisition to the Board or the Company Secretary require an EGM to be called by the Board for the transaction of any business or resolution specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition.
- (b) If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (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.

(2) *Shareholders' enquiries to the Board*

Shareholders may direct their queries regarding their shareholdings, share transfer/registration, payment of dividend and change of correspondence address to the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Shareholders may make enquiries in respect of the Company at the principal place of business of the Company in Hong Kong at Unit 1510, 15/F, YF Life Centre, 38 Gloucester Road, Wan Chai, Hong Kong for the attention of the Company Secretary, or by email at cosec@dashanedu.com.

(3) *Procedures for Putting Forward Proposals at Shareholders' Meeting*

- (a) **Proposal for election of a person other than a Director as a Director:** Pursuant to Article 85 of the Articles of Association, a Shareholder who wishes to propose a person other than a retiring Director for election to the office of Director at any general meeting should lodge (i) a notice in writing by him/her/it (other than the person to be proposed) of his/her/its intention to propose that person for election as a Director; and (ii) a notice in writing by that person of his/her willingness to be elected, at either (a) the principal place of business of the Company in Hong Kong at Unit 1510, 15/F, YF Life Centre, 38 Gloucester Road, Wan Chai, Hong Kong, or (b) the Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. The period for lodgement of the notices mentioned above will commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.
- (b) **Other proposals:** If a Shareholder wishes to make other proposals (the "**Proposal(s)**") at a general meeting, he/she/it may lodge a written request, duly signed, at the principal place of business of the Company in Hong Kong at Unit 1510, 15/F, YF Life Centre, 38 Gloucester Road, Wan Chai, Hong Kong marked for the attention of the Company Secretary.

The identity of the Shareholder and his/her/its request will be verified with the Hong Kong Branch Share Registrar and upon confirmation by the Hong Kong Branch Share Registrar that the request is proper and in order, and is made by a Shareholder, the Board will in its sole discretion decide whether the Proposal(s) may be included in the agenda for the general meeting to be set out in the notice of meeting.

CORPORATE GOVERNANCE REPORT

The notice period to be given to all the Shareholders for consideration of the Proposal(s) made by the Shareholders concerned at the general meeting varies according to the nature of the Proposal(s) as follows:

- (1) Notice of not less than 21 clear days in writing if the Proposal(s) require(s) approval in an AGM.
- (2) Notice of not less than 14 clear days in writing if the Proposal(s) require(s) approval by way of an ordinary resolution in an EGM.

Disclaimer

The contents of the section headed “Shareholders’ Rights” are for reference and disclosure compliance purposes only. The information does not represent and should not be regarded as legal or other professional advice from the Company to the Shareholders. Shareholders should seek their own independent legal or other professional advice as to their rights as Shareholders. The Company disclaims all liabilities and losses incurred by the Shareholders in reliance on any contents of the section headed “Shareholders’ Rights”.

CONSTITUTIONAL DOCUMENTS

There was no amendment on the Company’s memorandum of association and the Articles of Association for FY2024.

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF DASHAN EDUCATION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Dashan Education Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 77 to 186, 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.

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 Hong Kong Financial Reporting Standards (“**HKFRSs**”) 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 (“**HKSA**s”) issued by 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.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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 matters	How our audit addressed the key audit matter
<i>Impairment assessment of goodwill and other non-financial assets including property, plant and equipment, investment properties and other intangible assets</i>	

Refer to Notes 14, 15, 16 and 18 to the consolidated financial statements.

The Group tested the amount of goodwill and other non-financial assets for impairment. As at 31 December 2024, the Group had goodwill of approximately RMB26,441,000 and other non-financial assets of approximately RMB53,342,000 in which property, plant and equipment of approximately RMB44,949,000, investment properties of approximately RMB4,130,000 and other intangible assets of approximately RMB4,263,000. This annual impairment test is significant to our audit because the balance of goodwill and other non-financial assets of approximately RMB79,783,000 as at 31 December 2024 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the identification of the relevant cash-generating units;
- Assessing the arithmetical accuracy of the value-in-use and fair value less costs of disposal calculations;
- Comparing the actual cash flows with the cash flow projections;
- Assessing the reasonableness of the key assumptions (including revenue growth, profit margins, terminal growth rates and discount rates);
- Where applicable, obtaining the external valuation reports and meeting with the external valuer, to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model; and
- Checking input data to supporting evidence.

We consider that the Group's impairment assessment of goodwill and other non-financial assets attributable to the relevant cash-generating units is supported by the available evidence.

OTHER INFORMATION

The directors of the Company (the “**Directors**”) are responsible for the other information. The other information comprises all the information in the Company’s 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 FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs 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.

INDEPENDENT AUDITOR'S REPORT

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. We report our opinion solely to you, as a body, 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 HKSA's 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<http://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Kwong Man Fai, Eric

Audit Engagement Director

Practising Certificate Number P08000

Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	6	118,489	54,854
Cost of sales and services rendered		(84,599)	(45,845)
Gross profit		33,890	9,009
Other income	7	12,581	1,532
Other gains and losses, net	7	(10,084)	(10,681)
Selling and marketing expenses		(5,199)	(3,867)
Administrative expenses		(58,740)	(44,118)
Share of results of associates		(4,993)	(6,918)
Finance costs	8	(726)	(540)
Loss before tax		(33,271)	(55,583)
Income tax (expense)/credit	9	(368)	1,076
Loss for the year	10	(33,639)	(54,507)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Share of associates' exchange differences on translation of foreign operations		1,306	1,139
Total comprehensive expense for the year		(32,333)	(53,368)
Loss for the year attributable to:			
Owners of the Company		(24,865)	(49,985)
Non-controlling interests		(8,774)	(4,522)
		(33,639)	(54,507)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(23,559)	(48,846)
Non-controlling interests		(8,774)	(4,522)
		(32,333)	(53,368)
Loss per share	13		
– Basic (RMB cents)		(3.23)	(6.49)
– Diluted (RMB cents)		(3.23)	(6.49)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	14	44,949	46,329
Investment properties	15	4,130	4,739
Goodwill	16	26,441	26,441
Interests in associates	17	41,866	39,303
Other intangible assets	18	4,263	8,941
Long-term deposits	22	–	11,636
Rental deposits	23	1,153	1,159
		122,802	138,548
Current assets			
Trade receivables	21	1,264	1,360
Financial assets at fair value through profit or loss (“FVTPL”)	20	4,000	9,864
Prepayments, deposits and other receivables	23	14,656	9,281
Restricted bank deposits	24	65	50
Bank balances and cash	25	52,019	108,983
		72,004	129,538
Current liabilities			
Trade payables	26	111	122
Other payables and accrued charges	27	12,884	29,503
Contract liabilities	28	86,257	71,906
Borrowings	29	2,320	–
Tax liabilities		487	90
Lease liabilities	30	10,845	10,623
		112,904	112,244
Net current (liabilities)/assets		(40,900)	17,294
Total assets less current liabilities		81,902	155,842

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Lease liabilities	30	12,977	15,113
Deferred tax liabilities	19	1,066	2,235
		14,043	17,348
Net assets			
		67,859	138,494
Capital and reserves			
Share capital	31	7,223	7,223
Reserves		92,201	160,443
Equity attributable to owners of the Company		99,424	167,666
Non-controlling interests		(31,565)	(29,172)
Total equity			
		67,859	138,494

The consolidated financial statements on pages 77 to 186 were approved and authorised for issue by the Board of Directors on 28 March 2025 and are signed on its behalf by:

Zhang Hongjun
DIRECTOR

Shan Jingchao
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company													
	Share capital	Share-based payments			Shares held under share award		Investment revaluation reserve	Capital surplus	Statutory			Non-controlling Interests	Total	
		Share premium	reserves	Other reserves	scheme	revaluation reserve			surplus reserve	Translation reserve	Accumulated losses			Subtotal
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000			RMB'000	RMB'000	RMB'000			RMB'000
				(note (b))							(note (a))			
At 1 January 2023	7,223	237,106	-	32,260	(25,744)	(5,000)	1,443	13,365	-	(44,141)	216,512	(1,322)	215,190	
Loss and total comprehensive expense for the year	-	-	-	-	-	-	-	-	1,139	(49,985)	(48,846)	(4,522)	(53,368)	
Acquisition of subsidiaries (Note 35)	-	-	-	-	-	-	-	-	-	-	-	(24,234)	(24,234)	
Disposal of subsidiaries (Note 36)	-	-	-	-	-	-	-	-	-	-	-	906	906	
At 31 December 2023 and 1 January 2024	7,223	237,106	-	32,260	(25,744)	(5,000)	1,443	13,365	1,139	(94,126)	167,666	(29,172)	138,494	
Loss and total comprehensive expense for the year	-	-	-	-	-	-	-	-	1,306	(24,865)	(23,559)	(8,774)	(32,333)	
Acquisition of subsidiaries (Note 35)	-	-	-	-	-	-	-	-	-	-	-	(334)	(334)	
Disposal of subsidiaries (Note 36)	-	-	-	-	-	-	-	-	-	-	-	916	916	
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	130	130	
Acquisition of additional interests in subsidiaries from non-controlling interests (Note (c))	-	-	-	-	-	-	-	-	-	(42,205)	(42,205)	5,669	(36,536)	
Recognition of equity-settled share-based payments	-	-	5,497	-	-	-	-	-	-	-	5,497	-	5,497	
Purchase of shares under share award scheme	-	-	-	-	(7,975)	-	-	-	-	-	(7,975)	-	(7,975)	
At 31 December 2024	7,223	237,106	5,497	32,260	(33,719)	(5,000)	1,443	13,365	2,445	(161,196)	99,424	(31,565)	67,859	

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Notes:

- (a) Pursuant to the Articles of Association of subsidiaries of the Company (as defined in note 1) in the People's Republic of China (the “**PRC**”), it requires the appropriation of 10% of their profit after tax determined under the relevant accounting principles and financial regulations applicable to companies established in the PRC each year to the statutory surplus reserve until the balance reaches 50% of the registered capital. The statutory surplus reserve shall only be used for making up losses, capitalisation into registered capital and expansion of the production and operation.
 - (b) The balance represents the transfer of the combined paid-in capital of the Consolidated Affiliated Entities (as defined in note 2) to the merger reserve upon the Company became the holding company of the Consolidated Affiliated Entities which was effective from the date of Contractual Arrangements (as defined in note 2).
 - (c) During the year ended 31 December 2024, the Group acquired additional equity interests in Jiangxi Hengxueyun Data Technology Co., Ltd.* (江西恆學雲數據科技有限公司) (“**Jiangxi Hengxueyun**”), Hangzhou Tengyun Overseas Study Service Co., Ltd.* (杭州騰雲出國留學服務有限公司) (“**Hangzhou Tengyun**”) and Henan Yunteng Study Abroad Service Co., Ltd.* (河南雲騰留學服務有限公司) (“**Henan Yunteng**”), indirectly owned subsidiaries of the Company, from the non-controlling interests. Upon the completion of the acquisition, the Group's equity interests in Jiangxi Hengxueyun, Hangzhou Tengyun and Henan Yunteng increased by 20%, 26.67% and 20%, respectively. The amount of RMB42,205,000 credited to accumulated losses represents the excess of the total consideration paid over the adjustment to the non-controlling interests in the aforesaid three subsidiaries as a result of the acquisition.
- * The English name is for identification purpose only.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES		
Loss before tax	(33,271)	(55,583)
Adjustments for:		
Bank interest income	(209)	(159)
Interest income from long-term deposits	(804)	–
Share of results of associates	4,993	6,918
Interest income from financial assets at FVTPL	(1)	(420)
Finance costs	726	540
(Gain)/loss on disposal of property, plant and equipment	(1)	65
Amortisation of other intangible assets	4,678	4,678
Depreciation of investment properties	106	106
Depreciation of property, plant and equipment (including right-of-use assets for buildings)	12,752	7,961
Impairment loss on property, plant and equipment	1,923	–
Impairment loss on investment properties	503	–
Impairment loss recognised on other receivables, net of reversal (Reversal of impairment loss)/impairment loss recognised	5,317	9,984
on trade receivables, net of reversal	(1,024)	93
Fair value loss/(gain) on financial assets at FVTPL	6,474	(2,895)
Gain on derecognition of right-of-use assets and lease liabilities	(1,663)	–
Gain on disposal of subsidiaries	(883)	(144)
Gain on dissolution of a subsidiary	(183)	–
Reversal of write-down for inventories	(92)	(346)
Loss on deemed partial disposal of an associate	–	4,372
Share-based payments expenses	5,497	–
Unrealised foreign exchange (gains)/losses, net	(200)	46
Operating cash flows before movements in working capital	4,638	(24,784)
Decrease in inventories	92	582
(Increase)/decrease in prepayments, deposits and other receivables	(35,649)	22,237
Decrease in trade receivables	8,779	7,825
(Decrease)/increase in trade payables	(9,850)	122
Decrease in other payables and accrued charges	(9,727)	(7,488)
Increase in contract liabilities	44,658	12,288
Cash generated from operations	2,941	10,782
Income tax paid	(1,140)	(117)
NET CASH FROM OPERATING ACTIVITIES	1,801	10,665

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
INVESTING ACTIVITIES		
Bank interest received	209	159
Net cash inflows/(outflows) from acquisition of subsidiaries (note 35)	158	(5,850)
Net cash (outflows)/inflows from disposal of subsidiaries (note 36)	(377)	1,165
Payments of acquisition of subsidiaries in prior years	(7,950)	–
Income from financial assets at FVTPL received	1	420
Payments of rental deposits	–	(144)
Purchases of property, plant and equipment	(174)	(636)
Refund of deposits paid for proposed investments and acquisitions	5,386	10,000
Purchases of financial assets at FVTPL	(400)	(6,969)
Repayment of loan	–	9,000
Proceeds on disposal of property, plant and equipment	19	13
Proceeds on redemption on debt instruments at FVTOCI	–	7,666
Increase in restricted bank deposits	(15)	(50)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(3,143)	14,774
FINANCING ACTIVITIES		
Interest paid	(726)	(540)
Payments of lease liabilities	(13,431)	(10,017)
Proceeds from bank borrowings	2,320	–
Repayment of bank borrowings	–	(1,000)
Purchase of shares under shares award scheme	(7,975)	–
Contribution from non-controlling interests	130	–
Payments of acquisition of additional interests in subsidiaries	(36,536)	–
NET CASH USED IN FINANCING ACTIVITIES	(56,218)	(11,557)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(57,560)	13,882
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	108,983	94,961
Effect of foreign exchange rate changes	596	140
CASH AND CASH EQUIVALENTS AT END OF THE YEAR AND REPRESENTED BY:		
Bank balances and cash	52,019	108,983

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Dashan Education Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law Act of the Cayman Islands on 30 November 2018 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 July 2020 (the “**Listing**”). The addresses of the Company’s registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal places of business in Hong Kong and PRC are Unit 1510, 15/F, YF Life Centre, 38 Gloucester Road, Wan Chai, Hong Kong and 19th Floor, Guoxin Plaza, Crossroad of Zhongzhou Avenue and Minghong Road, Jinshui District, Zhengzhou, Henan Province, the PRC, respectively.

The principal activity of the Company is investment holding. The subsidiaries of the Company (together with the Company, collectively referred to as the “**Group**”) are principally engaged in the provision of (i) extracurricular programmes for personal attainment in arts, sports and dancing targeting children and teenagers; (ii) overseas education consultation services; and (iii) diversified consultancy services for entities.

The ultimate and immediate holding company is Lucky Heaven International Limited, a limited company incorporated in the British Virgin Islands (“**BVI**”), which is controlled by Mr. Zhang Hongjun.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and most of its subsidiaries.

2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Going concern assessment

As at 31 December 2024, the Group had net current liabilities of RMB40,900,000, mainly including bank balances and cash of RMB52,019,000 and contract liabilities of RMB86,257,000.

Given the Group changed its business model during prior years and these new businesses are at beginning stage, the directors of the Company still have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The directors of the Company consider that the Group can continue as going concern as (i) the Group is in healthy liquidity position, with sufficient bank balances and cash held by the Company and its subsidiaries with direct or indirect equity interest; and (ii) the net operating cash inflows from the new businesses. Accordingly, the Group continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Contractual arrangements

Due to regulatory restrictions on foreign ownership in the operation of education institutions in the PRC, the Group conducts a substantial portion of its education business in the PRC through Zhengzhou Jinshui Dashan Technology Training Company Limited* (鄭州市金水區大山科技培訓有限公司) (“**Dashan Training**”) and its subsidiaries (collectively the “**Consolidated Affiliated Entities**”).

Zhengzhou Dashan Yunxiao Technology Company Limited* (鄭州大山雲效科技有限公司) (“**WFOE**”), a wholly-owned subsidiary of the Company, Dashan Training, Zhengzhou Jingguang Dashan Training School Company Limited* (鄭州京廣大山培訓學校有限公司) (“**Jingguang Dashan**”), a wholly-owned subsidiary of Dashan Training, and shareholders of Dashan Training entered into a series of contractual agreements (“**Contractual Arrangements**”) on 12 January 2020 which enable WFOE and the Group 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 benefits generated by the Consolidated Affiliated Entities in consideration for the technical services, management support and consulting services necessary for the primary and secondary after-school education business and brand name licensing and advisory services business provided by WFOE;
- obtain an exclusive option to purchase all or part of the equity interests in the Consolidated Affiliated Entities directly and indirectly held by the shareholders of Dashan Training for the minimum amount of consideration permitted by the applicable PRC laws and regulations, under circumstances in which WFOE or its designated third party is permitted under PRC laws and regulations to own all or part of the equity interests of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to, among others, distribute any reasonable return or other interest or benefit to the shareholders of Dashan Training without WFOE’s prior written consent; and
- the shareholders of Dashan Training unconditionally and irrevocably pledged all of their equity interests in Dashan Training, respectively, to WFOE to guarantee the performance of, among others, the obligations of Dashan Training, the shareholders of Dashan Training and the Consolidated Affiliated Entities under the Contractual Arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Contractual arrangements (continued)

The Company does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Company 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 subsidiaries pursuant to the Contractual Arrangements. The Group has consolidated the financial position and results of Dashan Training in the consolidated financial statements for the years ended 31 December 2024 and 2023.

* All of these entities are established in the PRC, and the English names of these entities are translated from their respective registered Chinese names for identification purpose only.

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

Year ended 31 December

	2024 RMB'000	2023 RMB'000
Revenue	39,881	32,656
Loss before tax	(1,060)	(31,466)

As at 31 December

	2024 RMB'000	2023 RMB'000
Non-current assets	29,784	43,918
Current assets	53,716	110,531
Current liabilities	67,330	133,237
Non-current liabilities	10,736	14,907

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. HKFRSs comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position, and the presentation and the disclosures of the consolidated financial statements.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES

4.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs 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 of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.1 Basis of preparation of consolidated financial statements (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4.2 Material accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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 period 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 Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Basis of consolidation (continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in 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.

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income ("FVTOCI")), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Business combination and goodwill (continued)

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating unit ("CGU") (or group of cash-generating units ("CGUs")) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the CGU (or group of CGUs).

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Associates (continued)

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group increases its ownership interest in an associate but the Group continues to use the equity method, goodwill is recognised at acquisition date if there is excess of the consideration paid over the share of carrying amount of net assets attributable to the additional interests in associates acquired. Any excess of share of carrying amount of net assets attributable to the additional interests in associates acquired over the consideration paid are recognised in the profit or loss in the period in which the additional interest are acquired.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the products or services underlying the particular performance obligation is transferred to the customers.

A performance obligation represents a good or service (or a bundle or goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Revenue from contracts with customers (continued)

Control is transferred over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For granting of a licence that is distinct from other promised goods or services, the nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;
- the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities; and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If the criteria above are met, the Group accounts for the promise to grant a licence as a performance obligation satisfied over time. Otherwise, the Group considers the grant of licence as providing the customers the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time at which the licence is granted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Revenue from contracts with customers (continued)

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation.

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Revenue from other sources

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed. As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets (such as tablets and personal computers, small items of office furniture and telephones). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets (continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in “property, plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

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.

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).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred as the Group does not have any qualifying assets.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Retirement benefit scheme contribution

Payments to defined contribution retirement benefit plans and state-managed retirement benefit scheme are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. When no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Share-based payments

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Share-based payments (continued)

Equity-settled share-based payment transactions (continued)

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 accumulated losses.

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

Under the share award scheme, when the awarded shares are vested the related cost of the vested shares is released from the share-based payments reserve to eliminate the related amount of shares held under share award scheme. Any difference between the cost of the vested shares and the related amount of shares held under share award scheme is transferred to share premium.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit during the year. Taxable profit differs from profit before tax 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 at the end of each 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 base 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 goodwill or from the initial recognition (other than in a business combination) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with interest in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse 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 reduced to the extent that it is no longer probable that sufficient taxable profits 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 the reporting period, to recover or settle the carrying amounts 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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible 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 it relates 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes.

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the year, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. Other intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Other intangible assets acquired separately and in business combination with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for other 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.

An other intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an other intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Impairment on property, plant and equipment (including right-of-use assets), investment properties and other intangible assets (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, investment properties and other intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, investment properties and other intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Impairment on property, plant and equipment (including right-of-use assets), investment properties and other intangible assets (other than goodwill) (continued)

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. 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.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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. 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (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 of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not a designated and effective hedging instrument.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

In addition, the Group may irrevocably designate a financial asset that are required to be measured at amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income 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) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI 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 or interest earned on the financial asset and is included in the “other gains and losses, net” line item.

(iv) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “other income” line item in profit or loss.

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment under HKFRS 9

The Group performs impairment assessment under expected credit losses (“**ECL**”) model on financial assets (including trade receivables, other receivables, deposits, restricted bank deposits and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at the end of each reporting period 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 represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the end of the reporting period. Assessments are done based on the Group’s historical credit loss experience, and factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the end of the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. For all other financial assets, Group measures the loss allowance equal to 12-month ECL, unless when 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 of 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 the end of the reporting period with the risk if 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment 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:

- i. an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- ii. 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;
- iii. 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;
- iv. an actual or expected significant deterioration in the operating results of the debtor; or
- v. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

(i) Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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

(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:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- 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
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(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, whichever occurs sooner. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment 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. The Group uses a practical expedient in estimating ECL on certain trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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

The Group recognises an impairment in profit or loss through a loss account for trade receivables, other receivables, deposits, restricted bank deposits and bank balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the contractual arrangements and the definitions 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 the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recorded 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

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

Financial liabilities at amortised cost

The Group's financial liabilities including trade payables, other payables and accrued charges, and borrowings are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire. The difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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.

Related parties

A related party is a person or entity that is related to the Group.

- (A) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Company or of a parent of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Related parties (continued)

- (B) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (A).
 - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

4.2 Material accounting policies (continued)

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4.2, 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 underlying 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 on-going 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 have 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.

Contractual agreements between WFOE, the Consolidated Affiliated Entities and shareholders of Dashan Training

The Company does not have direct or indirect legal ownership in equity of the Consolidated Affiliated Entities. Nevertheless, under Contractual Arrangements entered into with the Consolidated Affiliated Entities and the equity holders of Dashan Training on 12 January 2020 as detailed in note 2, the Company and its legally owned subsidiaries have power over the Consolidated Affiliated Entities, have rights to variable returns from involvement with the Consolidated Affiliated Entities and have the ability to affect those returns through its power over the Consolidated Affiliated Entities and are considered to have control over these entities. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements are legal, valid and binding on the parties thereto, enforceable under PRC laws and regulations. Accordingly, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries of the Company.

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 the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of a CGU to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU by applying suitable discount rate, growth rate and gross profit margin in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in a downward revision of future cash flows, a material impairment loss may arise. Furthermore, the estimated cash flows and discount rate are subject to higher degree of estimation and volatility in financial markets.

An impairment loss is recognised in the consolidated statement of profit or loss whenever the carrying amount of a CGU or groups of CGUs exceeds its recoverable amount.

As at 31 December 2024, the carrying amount of goodwill amounted to RMB26,441,000 (2023: RMB26,441,000). No impairment was recognised during the year ended 31 December 2024 (2023: nil). Details of the recoverable amount calculation of goodwill are disclosed in note 16.

Useful lives and estimated impairment of items of property, plant and equipment (including right-of-use assets), investment properties and other intangible assets (other than goodwill)

The Group's management determines the estimated useful lives of its property, plant and equipment, investment properties and other intangible assets in calculating the related depreciation/amortisation charge. This estimate is based on the management's experience of the actual useful lives of the respective assets of similar nature and functions. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amounts of an item of property, plant and equipment, investment properties and other intangible assets may not be recoverable.

Management of the Group will increase the depreciation/amortisation charge where useful lives are shorter than previously estimated lives, or will write off or write down obsolete assets that have been abandoned or sold.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

Useful lives and estimated impairment of items of property, plant and equipment (including right-of-use assets), investment properties and other intangible assets (other than goodwill) (continued)

Property, plant and equipment, investment properties and other intangible assets are stated at costs less accumulated depreciation/amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value-in-use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGUs, for which the relevant corporate assets have been allocated.

As at 31 December 2024, the carrying amounts of property, plant and equipment, investment properties and other intangible assets were RMB44,949,000 (2023: RMB46,329,000), RMB4,130,000 (2023: RMB4,739,000) and RMB4,263,000 (2023: RMB8,941,000), respectively.

Impairment of RMB1,923,000 and RMB503,000 were recognised for property, plant and equipment and investment properties, respectively, during the year ended 31 December 2024 (2023: Nil).

Details of the useful lives and impairment of property, plant and equipment, investment properties and other intangible assets are disclosed in notes 14, 15 and 18, respectively.

Provision of ECL for trade and other receivables

Trade and other receivables with significant balances and credit-impaired are assessed for ECL individually. For trade receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings.

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and impairment loss in the year in which such estimate has been changed. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The provision of ECL is sensitive to changes in estimate. The information about the ECL and the Group's trade receivables and other receivables are disclosed in notes 21 and 23, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers is as follows:

	2024 RMB'000	2023 RMB'000
Tuition fees income		
– provision of vocational education services	–	1,319
– provision of extracurricular programmes	39,495	29,011
– provision of training to teaching staff	53	541
Provision for brand operation and management services	27,252	–
Provision of overseas education consultation services	44,906	16,144
Provision of other consultancy services	5,662	6,270
Sales of books and teaching materials	737	546
Brand name licensing and related advisory services income	–	561
Others	384	462
Total	118,489	54,854
Timing of revenue recognition		
– A point in time	72,895	16,690
– Over time	45,594	38,164
Total	118,489	54,854

The Group's tuition fees income consist of revenue generated from the provision of vocational education courses, extracurricular programmes for personal attainment and training to teaching staff for education institutions and schools in the PRC. Prepaid fee received for tutoring programs are initially recorded as contract liabilities, and revenue is recognised over time based on an output method because the participant simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Customers of education services usually settle the prepaid packages by cash.

Revenue from overseas education consultation services is recognised when the referral service has been provided and the student has enrolled in the overseas education institution or program. This is often the point at which the referral fee or commission is earned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Revenue (continued)

Revenue derived from the provision for brand operation and management services represents commission earned for facilitating transactions for goods sold through e-commerce platform and is recognised at a point when the Group is entitled to the commission.

Revenue derived from the provision of other consultancy services is recognised over the services period. Other consultation services are mainly provided to parties who are engaged in education business in the PRC.

Revenue of sales of books and teaching materials is recognised when control of the goods has transferred on receipt by the customer. The general credit period granted to the customers is usually within 90 days from the date of billings.

Brand name licensing and related advisory services income, which is considered as a single performance obligation, is recognised over the relevant period of the agreements with independent third parties (the “**Contracted Parties**”) in which the Group provides the services to facilitate the operation of their teaching centres. Contracted Parties are normally required to pay in advance of the consideration which is due upon the signing of relevant agreement.

Contracts for overseas education consultation services are typically for periods of more than one year in which the Group bills a fixed amount for the service provided. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice. As permitted under HKFRS15, the transaction price allocated to these unsatisfied contracts is not disclosed.

All unsatisfied contracts in respect of other revenue from contracts with customers as at 31 December 2024 and 2023 are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information

Information reported to chief operating decision maker (i.e. the executive directors of the Company) (the “**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group’s operating and reportable segments under HKFRS 8 are as follows:

- the extracurricular programmes segment, engages in the provision of extracurricular programmes for personal attainment in arts, sports and dancing target children and teenagers in the PRC.
- the brand operation and management segment, acting as an agent to facilitate transactions for goods sold through e-commerce platform.
- the overseas education segment, acting as an agent to provide overseas education consultation services.
- the training and consultancy segment, engages in the provision of training to teaching staff and other consultancy services for education institutions, schools and other entities in the PRC.
- the “Others” segment, comprises, principally, brand name licensing and related advisory services, sales of books and materials, and the provision of vocational education services.

The accounting policies applied in determining segment revenue and segment results of the operating segments are the same as the Group’s accounting policies described in note 4 above. Segment results represent the profit/loss earned by each segment without allocation of central administrative costs, certain other income, other gains and losses, finance costs, share of results of associates, loss on deemed partial disposal of an associate, fair value changes on financial assets at FVTPL and gain on disposal of subsidiaries.

No analysis of segment assets and segment liabilities is presented as such information are not regularly provided to the CODM for review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

	Extra- curricular programmes RMB'000	Brand operation and management RMB'000	Overseas education RMB'000	Training and consultancy RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2024						
Segment revenue	39,495	27,252	44,906	5,715	1,121	118,489
Segment results	(417)	(1,452)	(10,074)	1,640	(111)	(10,414)
Foreign exchange gains, net						379
Unallocated other income						11,302
Gain on disposal of subsidiaries						883
Fair value loss on financial assets at FVTPL						(6,474)
Unallocated corporate expenses						(23,228)
Share of results of associates						(4,993)
Finance costs						(726)
Loss before tax						<u>(33,271)</u>
Year ended 31 December 2023						
Segment revenue	29,011	–	16,144	6,811	2,888	54,854
Segment results	(1,412)	–	(6,898)	1,949	(6,740)	(13,101)
Foreign exchange gains, net						794
Unallocated other income						839
Gain on disposal of subsidiaries						144
Loss on deemed partial disposal of an associate						(4,372)
Fair value gain on financial assets at FVTPL						2,895
Unallocated corporate expenses						(35,324)
Share of results of associates						(6,918)
Finance costs						(540)
Loss before tax						<u>(55,583)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information

	Extra-curricular programmes RMB'000	Brand operation and management RMB'000	Overseas education RMB'000	Training and consultancy RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2024						
Depreciation of property, plant and equipment	8,213	208	2,650	559	1,122	12,752
Depreciation of investment properties	-	-	-	-	106	106
Amortisation of other intangible assets	2,183	-	-	2,495	-	4,678
Reversal of write-down for inventories	-	-	-	-	(92)	(92)
(Reversal of impairment loss)/impairment loss on trade receivables, net of reversal	(1,250)	-	216	10	-	(1,024)
Impairment loss on other receivables, net of reversal	2,275	-	3,042	-	-	5,317
Gain on disposal of property, plant and equipment	-	-	-	(1)	-	(1)
(Gain)/loss on derecognition of right-of-use assets and lease liabilities	(1,716)	-	53	-	-	(1,663)
Gain on disposal of subsidiaries	-	(883)	-	-	-	(883)
Impairment loss on property, plant and equipment	1,923	-	-	-	-	1,923
Impairment loss on investment properties	503	-	-	-	-	503
Year ended 31 December 2023						
Depreciation of property, plant and equipment	5,229	-	665	379	1,688	7,961
Depreciation of investment properties	-	-	-	-	106	106
Amortisation of other intangible assets	2,183	-	-	2,495	-	4,678
Reversal of write-down for inventories	-	-	-	-	(346)	(346)
Impairment loss/(reversal of impairment loss) on trade receivables, net of reversal	-	-	427	913	(1,247)	93
Impairment loss on other receivables, net of reversal	5,568	-	4,416	-	-	9,984
Loss on disposal of property, plant and equipment	65	-	-	-	-	65
(Gain)/loss on disposal of subsidiaries	-	-	(284)	140	-	(144)

Geographical information

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the years ended 31 December 2024 and 2023.

As at 31 December 2024 and 2023, all of the Group's non-current assets are located in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Information about major customers

During the year, no revenue from individual customer contribute over 10% of the total revenue of the Group (2023: Nil).

7. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

Other income

	2024 RMB'000	2023 RMB'000
Bank interest income	209	159
Government grants (Note (a))	791	604
Interest income from financial assets at FVTPL	1	420
Interest income from long-term deposits (Note 22)	804	–
Rental income	288	161
Service fee income	488	188
Profit from selling of software (Note (b))	10,000	–
	12,581	1,532

Notes:

- (a) Various grants and subsidies were provided by the PRC local government authorities to the Group during the years ended 31 December 2024 and 2023. There are no unfulfilled conditions or contingencies relating to these government grants.
- (b) During the year ended 31 December 2022, the Group engaged a software development company in the PRC to develop its own software to facilitate the online education business (the “**Education Software**”). As the education situation which was predominantly traditional offline education, the directors of the Company decided to terminate the software development project in August 2023. The Group has charged the estimated value of the Education Software of RMB11,925,900 to the profit or loss during the year ended 31 December 2022 as research and development costs and included in “Content and information technology development and training expenses” line item in the consolidated statement of profit or loss.

During the year ended 31 December 2024, the Group entered into sales and purchase contract with the aforesaid software development company to sell the Education Software at a total cash consideration of RMB10,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

7. OTHER INCOME AND OTHER GAINS AND LOSSES, NET (CONTINUED)

Other gains and losses, net

	2024 RMB'000	2023 RMB'000
Foreign exchange gains, net	379	794
Impairment loss on property, plant and equipment	(1,923)	–
Impairment loss on investment properties	(503)	–
Impairment loss recognised on other receivables, net of reversal	(5,317)	(9,984)
Reversal of impairment loss/(impairment loss) recognised on trade receivables, net of reversal	1,024	(93)
Loss on deemed partial disposal of an associate	–	(4,372)
Fair value (loss)/gain on financial assets at FVTPL	(6,474)	2,895
Gain/(loss) on disposal of property, plant and equipment	1	(65)
Gain on dissolution of a subsidiary	183	–
Gain on disposal of subsidiaries (note 36)	883	144
Gain on derecognition of right-of-use assets and lease liabilities	1,663	–
	(10,084)	(10,681)

8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on:		
Lease liabilities	670	526
Bank borrowings	56	14
	726	540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. INCOME TAX EXPENSE/(CREDIT)

	2024 RMB'000	2023 RMB'000
Current tax:		
PRC Enterprise Income Tax (“EIT”)	1,537	93
Deferred tax credit (note 19)	(1,169)	(1,169)
Income tax expense/(credit)	368	(1,076)

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

No provision for taxation in Hong Kong has been made as the Group’s income neither arises in nor is derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% (2023: 25%) for the year on their respective taxable profit, except for certain subsidiaries, which have been identified as the small and micro enterprises, and is entitled to a preferential tax rate of 5% for the years ended 31 December 2024 and 2023.

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

	2024 RMB'000	2023 RMB'000
Loss before tax	(33,271)	(55,583)
Tax at the domestic income tax rate of 25%	(8,318)	(13,896)
Tax effect of income not taxable for tax purposes	(4,233)	(3,227)
Tax effect of expenses not deductible for tax purposes	952	192
Tax effect of deductible temporary difference not recognised	1,657	2,433
Tax effect of tax losses not recognised	6,881	9,523
Tax effect of share of results of an associate	1,248	1,730
Utilisation of tax losses previously not recognised	(2,069)	(1,834)
Effect of different tax rate under other jurisdictions	1,514	892
Effect of concessionary tax rates	2,736	3,111
Income tax expense/(credit)	368	(1,076)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

10. LOSS FOR THE YEAR

	2024 RMB'000	2023 RMB'000
Loss for the year has been arrived at after charging/(crediting):		
Staff costs:		
Directors' remuneration (note 11)	4,452	3,225
Other staff costs	53,699	39,270
Share-based payment expenses	5,497	–
Other staff's retirement benefits scheme contributions	4,568	3,564
	68,216	46,059
Auditors' remuneration	1,700	1,800
Cost of inventories sold	297	312
Staff subcontracting service fee	250	323
Reversal of write-down for inventories	(92)	(346)
Depreciation of property, plant and equipment (including right-of-use assets for buildings)	12,752	7,961
Depreciation of investment properties	106	106
Amortisation of other intangible assets	4,678	4,678

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

Directors' and chief executive's emoluments

The executive directors' emoluments shown below were paid for their services in connection with the management of affairs of the Company and the Group for the year.

The independent non-executive directors' and the non-executive director's emoluments shown below were for their services as directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Directors' and chief executive's emoluments (continued)

Details of the emoluments paid or payable by the Group to the directors of the Company for the year are as follows:

Year ended 31 December 2024

	Fees RMB'000	Salaries and other benefits RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors:				
Mr. Zhang Hongjun (<i>Chief executive officer</i>)*	-	3,688	27	3,715
Mr. Shan Jingchao	-	364	11	375
Mr. Li Jing (<i>appointed on 27 September 2024</i>) (<i>Chief executive officer</i>)*	29	7	-	36
Non-executive directors:				
Mr. Jia Shuilin (<i>resigned on 27 September 2024</i>)	-	75	-	75
Independent non-executive directors:				
Mr. You Huanyu (<i>appointed on 27 September 2024</i>)	29	-	-	29
Mr. Zhang Jian (<i>resigned on 27 September 2024</i>)	-	-	-	-
Dr. Xie Xiangbing	111	-	-	111
Ms. Wang Yanxiao	111	-	-	111
Total	280	4,134	38	4,452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Directors' and chief executive's emoluments (continued)

Year ended 31 December 2023

	Fees RMB'000	Salaries and other benefits RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors:				
Mr. Zhang Hongjun (<i>Chief executive officer</i>)	–	2,474	25	2,499
Mr. Shan Jingchao	–	344	11	355
Non-executive directors:				
Mr. Jia Shuilin	100	–	–	100
Independent non-executive directors:				
Mr. Lui Siu Keung (<i>resigned on 13 February 2023</i>)	36	–	–	36
Mr. Li Gang (<i>resigned on 13 February 2023</i>)	33	–	–	33
Mr. Zhang Jian	–	–	–	–
Dr. Xie Xiangbing	108	–	–	108
Ms. Wang Yanxiao (<i>appointed on 13 February 2023</i>)	94	–	–	94
Total	371	2,818	36	3,225

* The appointment of Mr. Li Jing as an executive director and the Chief Executive Officer of the Group and the resignation of Mr. Zhang Hongjun as the Chief Executive Officer due to re-division of function be and is hereby accepted and approved with effect from 27 September 2024.

During the year, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

For the year ended 31 December 2024, Mr. Zhang Jian waived emoluments of RMB75,000 (2023: RMB100,000). Other than this, there was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

Employees' emoluments

The five highest paid individuals included one (2023: one) director whose emoluments are included in the disclosures above for the year ended 31 December 2024. The emoluments of the remaining four (2023: four) individuals for the year ended 31 December 2024, were as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	4,227	2,168
Retirement benefit scheme contributions	60	28
	4,287	2,196

The emoluments were within the following band:

	2024 Number of individuals	2023 Number of individuals
Nil to HK\$1,000,000	3	3
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$2,500,001 to HK\$3,000,000	1	–

During the year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. LOSS PER SHARE

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

	2024	2023
	RMB'000	RMB'000
Loss for the purposes of basic and diluted loss per share:		
Loss for the year attributable to owners of the Company	(24,865)	(49,985)
	2024	2023
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (note)	770,539,891	770,600,000

Note: The weighted average number of ordinary shares has been calculated taking into account the shares held by the Group under the Share Award Scheme as detailed in note 33.

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 December 2024.

No diluted loss per share for the year ended 31 December 2023 were presented as there were no potential ordinary shares in issue during the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets for buildings RMB'000	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST						
At 1 January 2023	89,967	26,372	10,893	20,194	2,826	150,252
Additions	16,462	160	1,494	315	335	18,766
Acquisition of subsidiaries (note 35)	10,543	-	333	3	-	10,879
Disposals	-	-	-	(11,426)	-	(11,426)
Disposal of subsidiaries (note 36)	(2,094)	-	(639)	(113)	-	(2,846)
At 31 December 2023 and 1 January 2024	114,878	26,532	12,081	8,973	3,161	165,625
Additions	18,894	-	15	159	-	19,068
Derecognition upon early termination of leases	(13,740)	-	-	-	-	(13,740)
Disposals	(85,207)	-	(2,730)	(7,603)	-	(95,540)
Disposal of subsidiaries (note 36)	(804)	-	-	-	-	(804)
At 31 December 2024	34,021	26,532	9,366	1,529	3,161	74,609
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2023	87,138	2,841	10,286	20,171	2,826	123,262
Provided for the year	6,821	503	580	30	27	7,961
Eliminated on disposals	-	-	-	(11,348)	-	(11,348)
Disposal of subsidiaries (notes 36)	(425)	-	(148)	(6)	-	(579)
At 31 December 2023 and 1 January 2024	93,534	3,344	10,718	8,847	2,853	119,296
Provided for the year	11,526	504	582	60	80	12,752
Impairment loss charged to profit or loss	-	1,923	-	-	-	1,923
Eliminated derecognition upon early termination of leases	(8,581)	-	-	-	-	(8,581)
Eliminated on disposals	(85,207)	-	(2,730)	(7,585)	-	(95,522)
Disposal of subsidiaries (notes 36)	(208)	-	-	-	-	(208)
At 31 December 2024	11,064	5,771	8,570	1,322	2,933	29,660
CARRYING VALUES						
At 31 December 2024	22,957	20,761	796	207	228	44,949
At 31 December 2023	21,344	23,188	1,363	126	308	46,329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation is charged so as to write off the cost over their estimated useful lives, using the straight-line method, at the following expected useful lives:

Right-of-use assets for buildings	Over the relevant lease terms
Leasehold land and buildings	Over the shorter of the relevant lease terms or 50 years
Leasehold improvements	Over the shorter of the relevant lease terms or 5 years
Furniture, fixtures and equipment	5 years
Motor vehicles	3 to 5 years

During the years ended 31 December 2024 and 2023, the Group leases various teaching centers and offices for its operations. Lease contracts are entered into for fixed term of one year to five years (2023: one year to five years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has termination option in a number of leases for the teaching centers, offices and staff quarters. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of termination options held are exercisable only by the Group and not by the respective lessors. The Group assesses at lease commencement date whether it is reasonably certain not to exercise the termination options. As at 31 December 2024 and 2023, there was no termination options in which the Group was not reasonably certain not to exercise.

Impairment assessment

During the year, impairment loss of RMB1,923,000 was recognised for leasehold land and buildings with an aggregate recoverable amount of RMB20,761,000 based on the external valuation of the fair value as at 31 December 2024.

No impairment loss on property, plant and equipment was recognised during the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. INVESTMENT PROPERTIES

The Group leases out various offices under operating leases to independent third parties with rentals payable monthly. Investment properties are measured using the cost model.

	RMB'000
COST	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	5,201
ACCUMULATED DEPRECIATION	
At 1 January 2023	356
Provided for the year	106
At 31 December 2023 and 1 January 2024	462
Provided for the year	106
Impairment loss recognised in profit or loss	503
At 31 December 2024	1,071
CARRYING VALUES	
At 31 December 2024	4,130
At 31 December 2023	4,739

The above investment properties are depreciated on a straight-line basis over their estimated useful lives of 50 years.

As at 31 December 2024, the fair value of the investment properties was estimated to be approximately RMB4,130,000 (2023: RMB4,818,000). The fair value has been arrived at based on a valuation carried out by CHFT Advisory and Appraisal Limited, independent valuers not connected to the Group. The valuation for the investment properties was determined using direct comparison approach.

For the years ended 31 December 2024 and 2023, the fair value measurements of the Group's investment properties are using significant unobservable inputs (Level 3).

In the opinion of the directors of the Company, for all investment properties that are measured at fair value, the properties have been used in their highest and best use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. GOODWILL

	2024	2023
	RMB'000	RMB'000
Cost at 1 January	26,441	7,206
Acquisition of subsidiaries (note 35)	500	20,970
Disposal of subsidiaries (note 36)	(500)	(1,735)
Cost and net carrying amount at 31 December	26,441	26,441

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following CGUs for impairment testing:

- i. Other consultancy services CGU
- ii. Overseas education consultation services CGU
- iii. Extracurricular programmes CGU

The carrying amount of goodwill allocated to each of the CGU is as follows:

	2024	2023
	RMB'000	RMB'000
Other consultancy services	5,471	5,471
Overseas education consultation services	19,928	19,928
Extracurricular programmes	1,042	1,042
	26,441	26,441

The recoverable amount of the provision of other consultancy services CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a 5-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections is 17.7% (2023: 17.5%). The growth rate used to extrapolate the cash flows of this CGU beyond the 5-year period is 3% (2023: 3%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

16. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

As at 31 December 2024, the recoverable amount of the provision of overseas education consultation CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a 5-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections is 12.4% (2023: 14.6%) for the year ended 31 December 2024. The growth rate used to extrapolate the cash flows of this CGU beyond the 5-year period is 3% (2023: 3%) for the year ended 31 December 2024.

As at 31 December 2024, the recoverable amount of the provision of extracurricular programmes CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a 5-year period approved by senior management. The pre-tax discount rate applied to the cash flow projections is 11.8% (2023: 13.2%). The growth rate used to extrapolate the cash flows of this CGU beyond the 5-year period is 3% (2023: 3%) for the year ended 31 December 2024.

Assumptions were used in the value in use calculation of the above CGUs as at 31 December 2024 and 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margin – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved during the year, increased for expected efficiency improvements and expected market development.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the above CGUs to exceed their respective recoverable amounts.

As at 31 December 2024 and 2023, the directors of the Company are of the opinion that, based on the value in use prepared in accordance with the above key assumptions, no impairment loss provision against the goodwill allocated to these CGUs is considered necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. INTERESTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Unlisted cost of investments	51,332	45,582
Share of post-acquisition results and other comprehensive income	(11,911)	(7,058)
Impairment loss	–	(360)
Exchange realignment	2,445	1,139
	41,866	39,303

Details of the Group's associates at the end of the reporting period are as follow:

Name of entity	Place of establishment and principal place of operations	Proportion of ownership interest and voting rights held by the Group		Registered capital		Principal activity
		2024	2023	2024 RMB'000	2023 RMB'000	
中數文化藝術品交流(江蘇)有限公司 (Zhongshu Cultural Art Trading (Jiangsu) Co., Ltd.)* ("Zhongshu Cultural")	PRC	N/A	33.33%	N/A	15,000 (not fully paid up)	Provision of online data processing and transaction processing
媛舞(北京)文化發展有限公司 (Yuanwu PRC (Beijing) Culture PRC Development Co., Ltd)* ("Yuanwu Beijing")	PRC	42.75%	42.75%	100 (not fully paid up)	100 (not fully paid up)	Provision of culture development activities, consultancy services and dance training
KSI Education Limited ("KSI Education")	the United Kingdom	40.33%	35.39%	Note	Note	Provision of education service

* The English name is for identification purpose only.

Note: The called up share capital of KSI Education amounted to approximately GBP60,468,000 as at 31 December 2024 and 2023.

During the year ended 31 December 2024, Zhongshu Cultural was dissolved and the related investment costs of RMB500,000, share of post-acquisition results of RMB140,000 and impairment loss of RMB360,000 were written off accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. INTERESTS IN ASSOCIATES (CONTINUED)

In January 2023, the Group acquired 51% of equity interest of Beijing Dancing Actor Culture Development Co., Ltd. (北京舞主角文化發展有限公司) (“**Beijing Dancing Actor Culture**”) as detailed in note 35. Through the acquisition, the Group has 42.75% ownership interest and voting rights in Yuanwu Beijing as at 31 December 2024 and 2023. By considering that the Group has no sufficiently dominant voting rights to direct the relevant activities of Yuanwu Beijing unilaterally, the directors of the Company conclude that the Group only has significant influence over Yuanwu Beijing and therefore it is classified as an associate of the Group.

In July 2024, the Group further acquired 4.94% equity interest of KSI Education at a consideration of HKD6,750,000 (approximately RMB6,250,000) from an existing shareholder of KSI Education.

The financial year end date for KSI Education is 31 August. For the purpose of applying equity method of accounting, the consolidated financial statements of KSI Education for the year ended 31 December 2024 have been prepared and appropriate adjustments have been made.

Summarised financial information of material associate

The summarised financial information in respect of KSI Education is set out below. The summarised financial information below represents amounts shown in KSI Education’s consolidated financial statements prepared in accordance with HKFRSs.

	2024 RMB'000	2023 RMB'000
Current assets	17,724	17,005
Non-current assets	68,346	68,492
Current liabilities	(22,584)	(14,153)
Non-current liabilities	(22,036)	(19,080)
Net assets	41,450	52,264
Revenue	132,635	106,993
Loss for the year	(13,715)	(18,727)
Other comprehensive income	1,185	5,807
Total comprehensive expense	(12,530)	(12,920)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associate (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in KSI Education in the consolidated financial statements as at 31 December 2024 and 2023 is set out below:

	2024 RMB'000	2023 RMB'000
Net assets of KSI Education	41,450	52,264
Proportion of the Group's ownership interest in KSI Education	40.33%	35.39%
The Group's share of net assets of KSI Education	16,716	18,496
Goodwill	24,975	20,575
Carrying amount of the Group's interest in KSI Education	41,691	39,071

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of (loss)/profit for the year	(57)	189
Aggregate carrying amount of the Group's interests in associates	175	232

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

18. OTHER INTANGIBLE ASSETS

	Customer relationship RMB'000
At 1 January 2023	7,070
Acquisition of subsidiaries (note 35)	6,549
Amortisation provided during the year	(4,678)
At 31 December 2023 and 1 January 2024	8,941
Amortisation provided during the year	(4,678)
At 31 December 2024	4,263
At 31 December 2024	
Cost	14,035
Accumulated amortisation	(9,772)
Net carrying amount	4,263
At 31 December 2023	
Cost	14,035
Accumulated amortisation	(5,094)
Net carrying amount	8,941

The above customer relationship has finite useful life and is amortised on a straight-line basis over the expected useful lives of 3 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

19. DEFERRED TAX ASSETS/LIABILITIES

The followings are the major deferred tax assets/(liabilities) recognised and movements thereon during the current and prior year.

	Fair value adjustment on other intangible assets arising from acquisition of subsidiaries
	RMB'000
At 1 January 2023	(1,767)
Acquisition of subsidiaries (note 35)	(1,637)
Credited to profit or loss (note 9)	1,169
At 31 December 2023 and 1 January 2024	(2,235)
Credited to profit or loss (note 9)	1,169
At 31 December 2024	(1,066)

As at 31 December 2024, the Group has unused tax losses of RMB147,509,000 (2023: RMB129,251,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB147,509,000 (2023: RMB129,251,000) with expiry dates as disclosed in the following table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

19. DEFERRED TAX ASSETS/LIABILITIES (CONTINUED)

	2024 RMB'000	2023 RMB'000
2024	–	6,416
2025	10,245	10,266
2026	19,627	20,756
2027	55,038	54,765
2028	35,383	37,048
2029	27,216	–
	147,509	129,251

As at 31 December 2024, the Group has deductible temporary differences of RMB66,262,000 (2023: RMB59,635,000). No deferred tax asset has been recognised for deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

20. FINANCIAL ASSETS AT FVTPL

	2024 RMB'000	2023 RMB'000
Financial assets at FVTPL	4,000	9,864

Details of fair value measurement are set out in note 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. TRADE RECEIVABLES

	2024	2023
	RMB'000	RMB'000
Training and consultancy services fee receivables	1,358	2,696
Overseas education consultation services receivables	645	427
Less: impairment loss under ECL model	(739)	(1,763)
	1,264	1,360

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. There is no significant concentration of credit risk to the Group. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables, net of impairment loss under ECL model, as at the end of the reporting period, based on the transaction date is as follows:

	2024	2023
	RMB'000	RMB'000
0 to 30 days	369	480
31 to 60 days	355	720
61 to 90 days	195	160
91 to 180 days	345	–
	1,264	1,360

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. TRADE RECEIVABLES (CONTINUED)

Movements in the loss allowance for trade receivables are as below:

	2024	2023
	RMB'000	RMB'000
At beginning of the year	1,763	1,670
Impairment losses recognised	694	93
Reversal of impairment loss	(1,718)	–
At end of the year	739	1,763

Details of impairment assessment of trade receivables are set out in note 37.

22. LONG-TERM DEPOSITS

	2024	2023
	RMB'000	RMB'000
Deposits paid for the proposed investment	–	11,636
	–	11,636

During the prior years, deposits of RMB11,636,000 were paid to another existing shareholder of KSI Education, an associate of the Group, for the proposed acquisition of its certain equity interests in KSI Education.

During the year, the Group completed the acquisition for 4.94% additional equity interests of KSI Education from that shareholder at a consideration of HKD6,750,000 (approximately RMB6,250,000) and the balance of RMB5,386,000 was refunded to the Group during the year. The related interest of RMB804,000 (Note 7) was charged for the deposit paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Rental deposits	1,969	1,159
Other deposits	72	1,450
Prepaid taxes	2	5
Other prepayments	947	1,419
Receivables from previous shareholders of subsidiaries	7,943	6,041
Receivables from trading partners	10,491	7,215
Others	4,363	4,163
	25,787	21,452
Less: impairment loss under ECL model	(9,978)	(11,012)
Total prepayments, deposits and other receivables	15,809	10,440
Less: non-current rental deposits	(1,153)	(1,159)
Current portion	14,656	9,281

Movements in the impairment loss under ECL model for other receivables are as below:

	2024 RMB'000	2023 RMB'000
At beginning of the year	11,012	1,028
Impairment loss recognised	5,830	9,984
Reversal of impairment loss	(513)	–
Written-off	(6,351)	–
At end of the year	9,978	11,012

Details of impairment assessment of other receivables are set out in note 37.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

24. RESTRICTED BANK DEPOSITS

As at 31 December 2024, the Group placed bank deposits in the amount of RMB65,000 (2023: RMB50,000) in its bank account as security deposits for providing extracurricular programmes as required by local government. Such deposits carry interest at 0.1% per annum (2023: 0.1% per annum).

25. BANK BALANCES AND CASH

Bank balances and cash comprise bank deposits, cash and bank balances held by the Group with original maturity of three months or less and carry interest at prevailing market rates ranging from 0.001% to 0.2% per annum (2023: 0.001% to 0.2% per annum).

The bank balances and cash of the Group that are dominated in a currency other than the functional currency of the relevant group entity are set out below:

	2024 RMB'000	2023 RMB'000
United States Dollars ("US\$")	19	19
Hong Kong Dollars ("HK\$")	1,144	338
Great Britain Pound ("GBP")	53	292
Australian Dollars ("AUD")	24	26
Singaporean Dollars ("SGD")	2	160

26. TRADE PAYABLES

The credit period on purchase of books and teaching materials ranged from 0 to 60 days. The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
0-30 days	111	122

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

27. OTHER PAYABLES AND ACCRUED CHARGES

	2024 RMB'000	2023 RMB'000
Staff cost payables	3,324	4,163
Renovation cost payables	–	7,571
Refundable tuition deposits and other deposits	281	381
Other taxes payables	600	602
Consideration payable (note 35(b))	320	8,270
Accrued operating expenses	3,284	4,894
Payables to previous shareholders of subsidiaries	401	381
Payables to trading partners	1,400	–
Other payables	3,274	3,241
	12,884	29,503

28. CONTRACT LIABILITIES

The following table provides information about contract liabilities from customers:

	2024 RMB'000	2023 RMB'000
Contract liabilities		
– Tutoring fees	28,094	40,898
– Brand name licensing and related advisory services income	119	840
– Overseas education consultation services	58,044	30,168
	86,257	71,906

The contract liabilities primarily relate to the advance consideration received from the students, customers for overseas education consultation services and other customers for contracts, for which revenue is recognised when the performance obligation is satisfied through service rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28. CONTRACT LIABILITIES (CONTINUED)

Changes in contract liabilities during the year are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	71,906	15,372
Acquisitions of subsidiaries (note 35)	260	44,906
Amount refunded due to contract termination that was included in the contract liabilities at the beginning of the year	(15,542)	(5,790)
Revenue recognised from performance obligation satisfied (or partially satisfied) that was included in the contract liabilities	(48,371)	(48,151)
Increase due to cash received, excluding amounts recognised as revenue during the year	108,572	66,229
Disposal of subsidiaries (note 36)	(30,568)	(660)
At the end of the year	86,257	71,906

29. BORROWINGS

	2024 RMB'000	2023 RMB'000
Unsecured bank loans	2,320	–

The bank borrowings are denominated in RMB, carrying at fixed interest rate of 3.95% per annum and repayable within one year.

30. LEASE LIABILITIES

	2024 RMB'000	2023 RMB'000
Non-current	12,977	15,113
Current	10,845	10,623
At end of the year	23,822	25,736
Minimum lease payment due:		
– within one year	11,238	11,007
– more than one year but not exceeding two years	8,490	7,452
– more than two years but not exceeding five years	4,682	7,946
	24,410	26,405
Less: future finance charge	(588)	(669)
Present value of lease liabilities	23,822	25,736
Present value of lease liabilities		
– within one year	10,845	10,623
– more than one year but not exceeding two years	8,328	7,262
– more than two years but not exceeding five years	4,649	7,851
	23,822	25,736

The Group leases various properties for provision of education services and these lease liabilities were measured at the present value of the lease payments that are not yet paid.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The total cash outflows for leases including the payments of lease liabilities and interests are RMB14,101,000 (2023: RMB10,543,000).

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31. SHARE CAPITAL

	Number of shares	Amount HK\$'000	Shown in consolidated financial statements RMB'000
Ordinary shares of HK\$0.01 each Authorised: At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	10,000,000,000	100,000	
Issued and fully paid: At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	800,000,000	8,000	7,223

32. RETIREMENT BENEFITS SCHEMES

The employees of the Group's subsidiary in the PRC are members of a state-managed retirement benefit 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 benefit scheme.

The total expense recognised in profit or loss of RMB4,606,000 (2023: RMB3,600,000), represents contributions paid and payable to these plans by the Group at rates specified in the rules of the plans.

33. SHARE-BASED PAYMENT TRANSACTIONS

Share Option Scheme

The Company adopted the Share Option Scheme on 18 June 2020. The terms of the Share Option Scheme are in accordance with the Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest. The total number of shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Group shall not exceed 80,000,000 shares, being 10% of the total number of shares in issue (assuming the over-allotment option is not exercised) as at 15 July 2020 unless the Group obtains the approval of the shareholders in general meeting for renewing the 10% limit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

33. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share Option Scheme (continued)

A consideration of HK\$1 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable. An option may be exercised in whole or in part by the grantee (or his/her personal representative(s)) at any time before the expiry of the period to be determined and notified by the Board to the grantee which in any event shall not be longer than ten years commencing on the date of the offer letter and expiring on the last day of such ten-year period subject to the provisions for early termination as contained in the Share Option Scheme and individual performance.

The Share Option Scheme will remain in force until 17 June 2030. During the year ended 31 December 2024, an aggregate number of 80,000,000 share options had been granted to certain participants. During the year ended 31 December 2023, no options had been granted, exercised, cancelled or lapsed under the Share Option Scheme, nor were any options outstanding under the Share Option Scheme.

Details of share options granted are as follows:

Date of Grant	Number of share options granted	Vesting period	Exercise period	Exercise price	Fair value of share options at the grant date
14 November 2024	60,000,000	14 November 2024 to 13 November 2025	13 November 2025 to 12 November 2034	HK\$3.88	HK\$0.76
30 December 2024	20,000,000	30 December 2024 to 29 December 2025	30 December 2025 to 29 December 2034	HK\$2.41	HK\$0.53

The fair value of the option granted were calculated using the Binominal Option Pricing Model. The inputs into the model were follows:

Date of Grant	Grant date share price	Exercise price	Term	Volatility	Risk-free rate	Dividend rate
14 November 2024	HK\$3.88	HK\$3.88	1 year	46%	3.44%	0%
30 December 2024	HK\$2.41	HK\$2.41	1 year	53%	3.59%	0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

33. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share Option Scheme (continued)

As at 31 December 2024, the number of shares in respect of which option had been granted and remained outstanding under the share option scheme was 80,000,000 shares (2023:Nil). The weighted average exercise price is HK\$3.51 per share. None of the share options had vested and were exercisable as at 31 December 2024 (2023: Nil).

The Group recognised total expense of RMB5,497,000 for the year ended 31 December 2024 (2023: Nil) in relation to the share-based payment transactions.

Share Award Scheme

The Company has adopted the Share Award Scheme with effect from 14 December 2020 as means to recognise the contribution of the Group's employees, motivate, retain and recruit high-calibre employees and reward those who had made valuable contribution to the Group ("**Selected Participants**"). Under the Share Award Scheme, the board of directors of the Company ("**The Board**") may grant shares to eligible employees, including directors of the Company and its subsidiaries.

The Company has set up a trustee (the "**Trustee**") for the purpose of facilitating the purchase, holding and sale of shares in the Group for the benefit of the employees of the Group. All the shares purchased under the Share Award Scheme are recognised in the reserve as "shares held under Share Award Scheme".

The Board may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the awards to be vested or credited. All of such vesting criteria and conditions (if any) and periods shall be set out in the relevant grant letter issued to each Selected Participant.

On 14 January 2021, the Group has granted an aggregate of 17,400,000 award shares to 52 employees and 12,600,000 award shares to four directors (the "**Grantees**") under the Share Award Scheme at nil award price (the "**Grant**") (the "**Old Scheme**"). The award shares shall be satisfied by purchasing existing shares on the open market and shall be vested in the Grantees in the proportions of 40%, 30% and 30% on the first trading date upon expiry of seven days after the publication of the annual results announcement for the financial years ending 31 December 2021, 31 December 2022 and 31 December 2023, respectively, subject to certain conditions including the Group and individual performances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

33. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Share Award Scheme (continued)

During the year ended 31 December 2024, the Company repurchased its own ordinary shares through the Trustee (2023: nil) as follows:

Month of repurchase	Number of ordinary shares	Price per share		Aggregate consideration paid HK\$'000 (note)
		Highest HK\$	Lowest HK\$	
December 2024	3,536,000	2.30	2.68	8,613

Note: The aggregate consideration paid of HK\$8,613,000 is equivalent to RMB7,975,000.

No shares were purchased or granted by the Company under the Share Award Scheme during the year ended 31 December 2023.

During the year ended 31 December 2024, the remaining 11,016,000 award shares under the Old Scheme had been lapsed in accordance with the terms of the Share Award Scheme.

During the year ended 31 December 2023, 1,044,000 award shares had been lapsed as the relevant Grantees ceased to be employees of the Group prior to the vesting of the award shares.

On 30 December 2024, the Group has granted an aggregate of 5,000,000 award shares to 3 employees under the Share Award Scheme (the “**New Scheme**”) at HK\$1.00 per offer. After the grant of the award shares, the number of the shares available for grant in the future under the Scheme Limit of the Share Award Scheme is 75,000,000.

As at 31 December 2024, the Trustee held 32,936,000 ordinary shares (2023: 29,400,000 ordinary shares) under the Share Award Scheme. As at 31 December 2024 and 2023, the Group has no liabilities and there were no expense charged during the years ended 31 December 2024 and 2023 in respect of Share Award Scheme since the respective vesting condition has not been met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

34. OPERATING LEASING ARRANGEMENTS

The Group as lessor

All of the properties held for rental purposes have committed leases for the next two years (2023: two years). Undiscounted lease payments receivable on leases are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	101	91
In the second year	2	53
	103	144

35. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2024

(a) Acquisition of 60% equity interest of Hangzhou Eaaron Technology Co., Ltd.

In May 2024, the Group acquired 60% equity interest of Hangzhou Eaaron Technology Co., Ltd.* (杭州澳容科技有限公司) (“**Hangzhou Eaaron**”), a company established in the PRC with limited liability, at a total consideration of RMB1 from its existing shareholder.

The transaction has been accounted for as a business combination using acquisition method. Upon completion of the acquisition, Hangzhou Eaaron became an indirect non-wholly owned subsidiary of the Company. Hangzhou Eaaron is principally engaged in the provision of consultancy services, particularly for brand operation and management. The directors of the Company are of the view that the acquisition will enable the Group to step further regarding the Group’s plan in expanding and developing its business.

Acquisition-related costs were insignificant and have been recognised as an expense in the current year and included in the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2024 (continued)

(a) *Acquisition of 60% equity interest of Hangzhou Eaaron Technology Co., Ltd. (continued)*

The fair value of identifiable assets and liabilities of Hangzhou Eaaron as at the date of acquisition were as follows:

	RMB'000
Trade receivables	9,466
Other receivables	101
Bank balances and cash	158
Trade payables	(9,839)
Other payables and accrued charges	(460)
Contract liabilities	(260)
Net liabilities acquired	(834)
Cash consideration paid	-
Add: non-controlling interests	(334)
Add: net liabilities acquired	834
Goodwill arising on acquisition	500

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

The non-controlling interests (40%) recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net liabilities of Hangzhou Eaaron.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2024 (continued)

(a) Acquisition of 60% equity interest of Hangzhou Eaoron Technology Co., Ltd. (continued)

	RMB'000
Analysis of net inflows of cash and cash equivalents in respect of the acquisition	-
Consideration paid in cash in the current period	-
Bank balances and cash acquired	158
	158

Since the acquisition, Hangzhou Eaoron has contributed revenue of approximately RMB27,252,000 and loss of approximately RMB1,455,000 respectively to the Group during the year ended 31 December 2024. Had the acquisition been completed on 1 January 2024, the Group's total revenue for the year would have been RMB128,386,000 and loss for the year would have been RMB34,297,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

For the year ended 31 December 2023

(a) Acquisition of 51% equity interest of Beijing Dancing Actor Culture

In early January 2023, the Group acquired 51% equity interest of Beijing Dancing Actor Culture, a company established in the PRC with limited liability, and its subsidiaries, at a total consideration of RMB2,000,000.

The transaction has been accounted for as a business combination using acquisition method. Upon completion of the acquisition, Beijing Dancing Actor Culture became an indirect non-wholly owned subsidiary of the Company. Beijing Dancing Actor Culture is principally engaged in the provision of extracurricular programmes, particularly for dancing courses, for personal attainment in the PRC. The directors of the Company are of the view that the acquisition will enable the Group to step further regarding the Group's plan in expanding and developing its business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2023 (continued)

(a) Acquisition of 51% equity interest of Beijing Dancing Actor Culture (continued)

Acquisition-related costs were insignificant and have been recognised as an expense in the current year and included in the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

The fair value of identifiable assets and liabilities of Beijing Dancing Actor Culture as at the date of acquisition were as follows:

	RMB'000
Property, plant and equipment	8,198
Interest in an associate	43
Intangible assets	6,549
Rental deposits	848
Other receivables	8,335
Bank balances and cash	4,128
Other payables and accrued charges	(2,952)
Contract liabilities	(22,211)
Bank borrowings – due within one year	(1,000)
Lease liabilities	(8,250)
Deferred tax liabilities	(1,637)
Net liabilities acquired	(7,949)
Cash consideration paid	2,000
Add: non-controlling interests	(8,907)
Add: net liabilities acquired	7,949
Goodwill arising on acquisition	1,042

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2023 (continued)

(a) Acquisition of 51% equity interest of Beijing Dancing Actor Culture (continued)

The non-controlling interests (49%) recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net liabilities of Beijing Dancing Actor Culture.

	RMB'000
Analysis of net inflows of cash and cash equivalents in respect of acquisition	
Consideration paid in cash	(1,000)
Bank balances and cash acquired	4,128
	<hr/> 3,128 <hr/>

Since the acquisition, Beijing Dancing Actor Culture has contributed revenue of approximately RMB23,290,000 and profit of approximately RMB2,885,000 respectively to the Group during the year ended 31 December 2023. Had the acquisition been completed on 1 January 2023, the Group's total revenue for the year would have been RMB54,854,000 and loss for the year would have been RMB54,507,000. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2023, nor is it intended to be a projection of future results.

(b) Acquisition of 60% equity interest of Jiangxi Hengxueyun Data Technology Co., Ltd.

On 17 July 2023, the Group entered into an acquisition agreement with the vendor, an independent third party, for an acquisition of 60% equity interest of Jiangxi Hengxueyun Data Technology Co., Ltd. (江西恆學雲數據科技有限公司) ("**Jiangxi Hengxueyun**"), a company established in the PRC with limited liability, and its subsidiaries at a total consideration of RMB23,120,000, which would be settled in cash.

The transaction has been accounted for as a business combination using acquisition method. Upon completion of the acquisition in July 2023, Jiangxi Hengxueyun became an indirect non-wholly owned subsidiary of the Company. Jiangxi Hengxueyun is principally engaged in the provision of overseas education consultation services in the PRC. The directors of the Company are of the view that the acquisition will enable the Group to step further regarding the Group's plan in expanding and developing its business.

Acquisition-related costs were insignificant and have been recognised as an expense in the current year and included in the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2023 (continued)

(b) Acquisition of 60% equity interest of Jiangxi Hengxueyun Data Technology Co., Ltd. (continued)

The fair value of identifiable assets and liabilities of Jiangxi Hengxueyun as at the date of acquisition were as follows:

	RMB'000
Property, plant and equipment	2,681
Other receivables	5,519
Bank balances and cash	5,872
Other payables and accrued charges	(756)
Contract liabilities	(22,695)
Lease liabilities	(2,756)
Net liabilities acquired	(12,135)
Cash consideration paid	14,850
Consideration payables due within one year included in other payables and accrued charges (note 27)	8,270
Add: non-controlling interests	(15,327)
Add: net liabilities acquired	12,135
Goodwill arising on acquisition	19,928

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. ACQUISITION OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2023 (continued)

(b) Acquisition of 60% equity interest of Jiangxi Hengxueyun Data Technology Co., Ltd. (continued)

The non-controlling interests (40%) recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net liabilities of Jiangxi Hengxueyun.

Analysis of net outflows of cash and cash equivalents in respect of the acquisition is as follows:

	RMB'000
Consideration paid in cash	(14,850)
Bank balances and cash acquired	5,872
	(8,978)

Since the acquisition, Jiangxi Hengxueyun has contributed revenue of approximately RMB13,353,000 and loss of approximately RMB8,587,000 respectively to the Group. Had the acquisition been completed on 1 January 2023, Group's total revenue for the year would have been approximately RMB58,214,000 and loss for the year would have been approximately RMB60,925,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2023, nor is it intended to be a projection of future results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

36. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2024

(a) Disposal of 60% equity interest of Hangzhou Eaoron

On 30 December 2024, the Group entered into a sale and purchase agreement relating to the disposal of 60% equity interest of Hangzhou Eaoron to an independent third party, at a cash consideration of RMB10,000. The disposal was completed on 30 December 2024. Details of the assets and liabilities as of 30 December 2024 are set out as follows:

	RMB'000
Property, plant and equipment	596
Trade receivables	1,807
Other receivables	26,051
Bank balances and cash	387
Other payables and accrued charges	(7)
Contract liabilities	(30,568)
Lease liabilities	(555)
Net liabilities disposed of	(2,289)
Loss on disposal of a subsidiary	
Consideration received	10
Net liabilities disposed of	2,289
Non-controlling interests	(916)
Goodwill	(500)
Gain on disposal	883
Net cash outflows arising on disposal	
Cash consideration received	10
Less: cash and cash equivalents disposed of	(387)
	(377)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2023

(a) *Disposal of 60% equity interest of Zhengzhou Zhongzhichuang Education Technology Company Limited*

On 14 September 2023, the Group entered into a sale and purchase agreement relating to the disposal of the 60% equity interest of Zhengzhou Zhongzhichuang Education Technology Company Limited (鄭州中之創教育科技有限公司)(“Zhengzhou Zhongzhichuang”) to an independent third party, at a cash consideration of RMB1,300,000 with a waiver of consideration payables and bear the amount due to a fellow subsidiary and certain other payables and accrued charges. The disposal was completed on 14 September 2023. Details of the assets and liabilities as of 14 September 2023 are set out as follows:

	RMB'000
Property, plant and equipment	2,238
Rental deposits	28
Other receivables	22
Bank balances and cash	42
Other payables and accrued charges	(1,236)
Contract liabilities	(575)
Lease liabilities	(1,720)
Net liabilities disposed of	(1,201)
Loss on disposal of a subsidiary	
Consideration received	1,300
Net liabilities disposed of	1,201
Non-controlling interests	(906)
Goodwill	(1,735)
Loss on disposal	(140)
Net cash inflows arising on disposal	
Cash consideration received	1,300
Less: cash and cash equivalents disposed of	(42)
	1,258

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

36. DISPOSAL OF SUBSIDIARIES (CONTINUED)

For the year ended 31 December 2023 (continued)

(b) Disposal of entire equity interest of Zhengzhou Dashan Yubei Study Abroad Service Co., Ltd

On 31 August 2023, the Group entered into a sale and purchase agreement relating to the disposal of the entire equity interest of Zhengzhou Dashan Yubei Study Abroad Service Co., Ltd to an independent third party, at nil consideration. The disposal was completed on 31 August 2023. Details of the assets and liabilities as of 31 August 2023 are set out as follows:

	RMB'000
Property, plant and equipment	29
Other receivables	153
Bank balances and cash	93
Contract liabilities	(85)
Other payables and accrued charges	(474)
Net liabilities disposed of	(284)
Gain on disposal of a subsidiary	
Consideration received	–
Net liabilities disposed of	284
Gain on disposal	284
Net cash outflows arising on disposal	
Cash consideration received	–
Less: cash and cash equivalents disposed of	(93)
	(93)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

37. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets		
Amortised cost (including cash and cash equivalents)	68,208	119,409
Financial assets at FVTPL	4,000	9,864
	72,208	129,273
Financial liabilities		
Amortised cost	38,537	54,759

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, financial assets at FVTPL, restricted bank deposits, bank balances and cash, trade payables, other payables and accrued charges, borrowings and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Market risk

Currency risk

The carrying amounts of the Group's monetary assets which are denominated in a currency other than the functional currency of the relevant group entities at the end of the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
US\$	19	19
HK\$	1,144	338
GBP	53	292
AUD	24	26
SGD	2	160

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

Sensitivity analysis

The Group are mainly exposed to HK\$ exchange rate risk.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against HK\$ during the year ended 31 December 2024 (2023: 5%). 5% is the sensitivity rate used which 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 year end for a 5% change in foreign currency rate. The sensitivity analysis includes bank balances that are denominated in HK\$. A positive number below indicates an increase in loss for the year where HK\$ weaken 5% against the functional currency of the relevant group entities. For a 5% strengthening of HK\$ against the functional currency of the relevant group entities, there would be an equal and opposite impact on the result.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Market risk (continued)

Sensitivity analysis (continued)

	HK\$ Impact	
	2024 RMB'000	2023 RMB'000
Loss for the year	43	13

Interest rate risk

The Group's interest rate risk arises primarily from bank deposits and balances, fixed-rate borrowings and lease liabilities. Bank balances at variable rates, and borrowings, lease liabilities and time deposits at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's deposits and bank balances are placed with certain financial institutions and the management of the Group manages this risk by placing deposits at various maturities and interest rate terms. The Group currently does not hedge its exposure to cash flow and fair value interest rate risk.

Sensitivity analysis

No sensitivity analysis is presented since the management of the Group considers the exposure of cash flow interest rate risk arising from variable-rate bank deposits and balances is insignificant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to its trade receivables, deposits and other receivables, restricted bank deposits and bank balances.

The Group's carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of reporting period represent the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligation by counterparties.

The Group's trade and other receivables are due from a number of individual parties. Credit quality of each party is assessed and outstanding receivables are regularly monitored. Management of the Group also makes periodic individual assessment on the recoverability of the receivables based on historical settlement records, past experience and also available reasonable and supportive forward-looking information. The credit risk for trade and other receivables is considered not significant. During the year ended 31 December 2024, under ECL model, reversal of impairment loss on trade receivables of RMB1,024,000 (2023: impairment loss of RMB93,000) and impairment loss on other receivables of RMB5,317,000 (2023: RMB9,984,000), respectively, is recognised in the profit or loss.

The credit risk for bank balances and restricted bank deposits with gross carrying amounts of RMB52,084,000 (2023: RMB109,033,000) are considered low as such amounts are placed in banks with good reputation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group also considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on an asset as at the end of the reporting period with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information, especially the actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparties' ability to meet its obligation. The management of the Group considers that there is no material increase in the credit risk on restricted bank deposits and bank balances for the year and the risk of default is insignificant. The ECL for restricted bank deposits and bank balances were insignificant for the year.

The Group have concentration of credit risk on liquid funds which are deposited with several banks. However, the credit risk on bank balances is limited because the counterparties are with high credit ratings assigned by international credit-rating agencies, and ECL is insignificant.

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.

Taking into account the cash from the operating activities and proceeds from the Listing, the directors of the Company consider that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly the financial statement has been prepared on a going concern basis.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities classified based on the earliest date on which the Group can be required to pay.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table includes both interest and principal cash flows. The undiscounted amount is derived from interest rate at the end of the reporting period.

	Effective interest rate %	On demand or less than 3 months RMB'000	3 months– 1 year RMB'000	1–5 years RMB'000	Total un-discounted cashflows RMB'000	Total Carrying amount RMB'000
At 31 December 2024						
Trade payables	N/A	111	-	-	111	111
Other payables and accrued charges	N/A	12,284	-	-	12,284	12,284
Borrowings	3.95	2,343	-	-	2,343	2,320
Lease liabilities	3.25	3,430	7,808	13,172	24,410	23,822
		18,168	7,808	13,172	39,148	38,537
At 31 December 2023						
Trade payables	N/A	122	-	-	122	122
Other payables and accrued charges	N/A	28,901	-	-	28,901	28,901
Lease liabilities	3.25	2,752	8,255	15,398	26,405	25,736
		31,775	8,255	15,398	55,428	54,759

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values at the end of the reporting period based on discounted cash flow analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

37. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (continued)

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

Financial assets	Fair values at 31 December		Fair value hierarchy	Valuation technique and key inputs
	2024 RMB'000	2023 RMB'000		
Financial assets at FVTPL	4,000	9,864	Level 2	Fair value of underlying investments

There were no transfers between levels of the fair value hierarchy during both years.

38. 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 owners of the Company 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 borrowings and lease liabilities disclosed in notes 29 and 30 respectively, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising paid up capital, other reserves and retained profits.

Management of the Group reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividend, new share issues and raise of new borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

39. 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, for future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank borrowings	Lease liabilities
	RMB'000	RMB'000
At 1 January 2023	–	10,005
Net financing cash flows	(1,014)	(10,543)
Acquisition of subsidiaries (note 35)	1,000	11,006
Finance costs	14	526
Recognition of lease liabilities	–	16,462
Disposal of subsidiaries (note 36)	–	(1,720)
At 31 December 2023 and 1 January 2024	–	25,736
Net financing cash flows	2,264	(14,101)
Disposal of subsidiaries (note 36)	–	(555)
Finance costs	56	670
Early termination of leases	–	(6,822)
Recognition of lease liabilities	–	18,894
At 31 December 2024	2,320	23,822

40. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The remuneration of the directors and other members of key management during the years ended 31 December 2024 and 2023 was as follows:

	2024	2023
	RMB'000	RMB'000
Short-term benefits	13,867	6,076
Post-employment benefits	163	173
	14,030	6,249

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. PARTICULARS OF SUBSIDIARIES

(a) General information of subsidiaries

The Company has equity interests in the following subsidiaries:

Name of Subsidiaries	Place of incorporation/ registration	Place of operations	Paid up capital	Percentage of equity interest held by the Company as at 31 December		Principal activities	Legal form
				2024	2023		
Subsidiaries:							
Golden Town Ventures Limited	The British Virgin Islands	Hong Kong	US\$50,000	100	100	Investment holding	Private limited liability company
Dashan Education (HK) Company Limited	Hong Kong	Hong Kong	HK\$1	100	100	Investment holding	Private limited liability company
WFOE	PRC	PRC	RMB1,000,000	100	100	Sales of books and teaching materials and provision of technical services	Wholly foreign-owned enterprise
Zhengzhou Dashan Guangxiao Study Abroad Service Company Limited	PRC	PRC	-	77	77	Study abroad agency services	Domestic limited liability company
Henan Dashan Peijiang Education Information Consulting Company Limited* 河南省大山培匠教育信息諮詢有限公司	PRC	PRC	-	57	57	Vocational education services	Domestic limited liability company
Jiangxi Hengxueyun	PRC	PRC	-	80	60	Provision for overseas education consultation services	Domestic limited liability company
Yutou Media (Shenzhen) Co., Ltd	PRC	PRC	RMB1,000,000	100	100	Provision for consultancy services	Domestic limited liability company
Structured entities (note):							
Dashan Training	PRC	PRC	RMB32,260,000	100	100	After-school education services	Domestic limited liability company
Jingguang Dashan	PRC	PRC	RMB1,000,000	100	100	After-school education services	Domestic limited liability company
Zhengzhou Younixin Physical Club Company Limited ("Younixin") 鄭州優尼新體育俱樂部有限公司	PRC	PRC	-	80	80	Physical training services	Domestic limited liability company
Beijing Dancing Actor Culture**	PRC	PRC	RMB2,000,000	51	51	Provision for dancing courses	Domestic limited liability company

* The English name is for identification purpose only.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. PARTICULARS OF SUBSIDIARIES (CONTINUED)

(a) General information of subsidiaries (continued)

None of the subsidiaries had any debt securities during the year or outstanding at the end of the reporting periods.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Note: The Company does not have direct or indirect legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, Contractual Arrangements have been entered into with these structured entities and the equity holders of these structured entities on 12 January 2020 as detailed in note 2.

(b) 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 has material non-controlling interests as at 31 December 2024.

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	2024	2023	2024	2023
				RMB'000	RMB'000	RMB'000	RMB'000
Younixin	PRC	20%	20%	933	(754)	(428)	(1,360)
Beijing Dancing Actor Culture	PRC	49%	49%	242	3,604	(5,134)	(5,303)
Jiangxi Hengxueyun	PRC	20%	40%	(8,138)	(4,012)	(29,717)	(19,339)
Individually immaterial subsidiaries with non-controlling interests				(1,811)	(3,360)	3,714	(3,170)
				(8,774)	(4,522)	(31,565)	(29,172)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. PARTICULARS OF SUBSIDIARIES (CONTINUED)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations as at 31 December 2024 and 2023.

	2024 RMB'000	2023 RMB'000
Younixin		
Current assets	3,351	309
Non-current assets	3,868	7,970
Current liabilities	(7,678)	(10,832)
Non-current liabilities	(1,681)	(4,253)
	(2,140)	(6,806)
Equity attributable to:		
Owners of the Company	(1,712)	(5,446)
Non-controlling interests of Younixin	(428)	(1,360)
	(2,140)	(6,806)
Revenue	12,180	5,004
Profit/(loss) and total comprehensive income/(expense) for the year	4,666	(3,772)
Profit/(loss) and total comprehensive income/(expense) for the year attributable to:		
Owners of the Company	3,733	(3,018)
Non-controlling interests of Younixin	933	(754)
	4,666	(3,772)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. PARTICULARS OF SUBSIDIARIES (CONTINUED)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

	2024	2023
	RMB'000	RMB'000
Beijing Dancing Actor Culture		
Current assets	9,577	8,768
Non-current assets	18,164	19,183
Current liabilities	(29,238)	(27,985)
Non-current liabilities	(8,983)	(9,451)
	(10,480)	(9,485)
Equity attributable to:		
Owners of the Company	(5,346)	(4,182)
Non-controlling interests of Beijing Dancing Actor Culture	(5,134)	(5,303)
	(10,480)	(9,485)
Revenue	25,346	23,290
Loss and total comprehensive expense for the year	(995)	(2,577)
(Loss)/profit and total comprehensive (expense)/income for the year attributable to:		
Owners of the Company	(1,237)	(6,181)
Non-controlling interests of Beijing Dancing Actor Culture	242	3,604
	(995)	(2,577)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

41. PARTICULARS OF SUBSIDIARIES (CONTINUED)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

	2024	2023
	RMB'000	RMB'000
Jiangxi Hengxueyun		
Current assets	32,193	15,639
Non-current assets	5,848	2,009
Current liabilities	(66,780)	(34,616)
Non-current liabilities	(2,786)	(873)
	(31,525)	(17,841)
Equity attributable to:		
Owners of the Company	(1,808)	1,498
Non-controlling interests of Jiangxi Hengxueyun	(29,717)	(19,339)
	(31,525)	(17,841)
Revenue	38,007	13,353
Loss and total comprehensive expense for the year	(10,933)	(5,706)
Loss and total comprehensive expense for the year attributable to:		
Owners of the Company	(2,795)	(1,694)
Non-controlling interests of Jiangxi Hengxueyun	(8,138)	(4,012)
	(10,933)	(5,706)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Investment in a subsidiary		–	–
Amounts due from subsidiaries		62,262	120,076
Property, plant and equipment		70	728
Rental deposits		–	159
Long-term deposits		–	11,636
		62,332	132,599
Current assets			
Financial assets at FVTPL		3,596	9,864
Other receivables		1,330	247
Bank balances and cash		1,200	438
		6,126	10,549
Current liabilities			
Other payables and accrued charges		1,768	3,902
Lease liabilities		59	693
		1,827	4,595
Net current assets		4,299	5,954
Total assets less current liabilities		66,631	138,553
Non-current liabilities			
Lease liabilities		–	59
Net assets		66,631	138,494
Capital and reserves			
Share capital		7,223	7,223
Reserves	(a)	59,408	131,271
Total equity		66,631	138,494

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Note:

(a) Movements in the Company's reserves:

	Share premium RMB'000	Share-based payments reserve RMB'000	Accumulated losses RMB'000	Shares held under share award scheme RMB'000	Total RMB'000
At 1 January 2023	237,106	-	(39,420)	(25,744)	171,942
Loss and total comprehensive expenses for the year	-	-	(40,671)	-	(40,671)
At 31 December 2023 and 1 January 2024	237,106	-	(80,091)	(25,744)	131,271
Loss and total comprehensive expenses for the year	-	-	(69,385)	-	(69,385)
Recognition of equity-settled share-based payments	-	5,497	-	-	5,497
Shares repurchased during the year	-	-	-	(7,975)	(7,975)
At 31 December 2024	237,106	5,497	(149,476)	(33,719)	59,408

43. MAJOR NON-CASH TRANSACTIONS

During the years ended 31 December 2024 and 2023, the Group has entered into the following major non-cash transactions:

- (a) Right-of-use assets for buildings with a total amount of RMB18,894,000 (2023: RMB16,462,000) and lease liabilities of RMB18,894,000 (2023: RMB16,462,000) were recognised on commencement date of new leases entered into by the Group during the year ended 31 December 2024.
- (b) During the year ended 31 December 2024, right-of-use assets for buildings with a total carrying amount of RMB5,159,000 (2023: nil) and lease liabilities of RMB6,822,000 (2023: nil) were derecognised upon early termination of relevant lease agreements.
- (c) During the year ended 31 December 2024, long-term deposits of RMB6,250,000 have been reclassified to interests in an associate upon the completion of the acquisition in July 2024 (notes 17 and 22).

FINANCIAL SUMMARY

Year ended 31 December

	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Revenue	333,041	352,874	27,674	54,854	118,489
Profit/(loss) for the year attributable to:					
Owners of the Company	2,053	(56,423)	(30,548)	(49,985)	(24,865)
Non-controlling interests	–	(373)	(855)	(4,522)	(8,774)
	2,053	(56,796)	(31,403)	(54,507)	(33,639)

As at 31 December

	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Assets and liabilities					
Total assets	791,092	329,541	269,034	268,086	194,806
Total liabilities	456,789	82,778	53,844	129,592	126,947
	334,303	246,763	215,190	138,494	67,859
Equity attributable to:					
Owners of the Company	334,303	247,136	216,512	167,666	99,424
Non-controlling interests	–	(373)	(1,322)	(29,172)	(31,565)
	334,303	246,763	215,190	138,494	67,859

GLOSSARY

In this annual report (other than the Independent Auditor's Report and the consolidated financial statements), unless the context otherwise requires, the following expressions shall have the meanings set out below:

“AGM”	the annual general meeting of the Company
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Auditor”	the auditor of the Company
“Award Shares”	award shares granted under the Share Award Scheme
“Board”	the board of Directors
“Business Day”	the day on which banks in Hong Kong are generally open for normal banking transactions (except Saturdays, Sundays, public holidays and days when tropical cyclone warning signal No.8 or above or black rainstorm warning signal is hoisted in Hong Kong from 9:00 a.m. to 5:00 p.m.)
“Chairman”	the chairman of the Board
“China” or “PRC”	the People's Republic of China, which for the purpose of this annual report, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“CEO”	the chief executive officer of the Company
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Company”	Dashan Education Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the Main Board of the Stock Exchange with stock code 9986
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“Company Secretary”	the company secretary of the Company
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Affiliated Entity(ies)”	an entity or the entities controlled by the Company through the Contractual Arrangements which comprised, as at the date of this annual report, Dashan Training and Jingguang Dashan
“Contractual Arrangements”	the arrangements under the Structured Contracts, details of which are described in the section headed “Structured Contracts” contained in the Directors’ Report of this annual report
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company, being Lucky Heaven and Mr. Zhang Hongjun or any of them
“Corporate Governance Code”	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
“Dashan Consultancy”	Zhengzhou Dashan Corporate Management Consultancy Company Limited* (鄭州大山企業管理諮詢有限公司), a company established in the PRC with limited liability on 18 October 2018
“Dashan Management”	Zhengzhou Dashan Corporate Management Centre (LLP)* (鄭州大山企業管理中心(有限合夥)), a limited partnership established in the PRC on 31 May 2016
“Dashan Training”	Zhengzhou Jinshui Dashan Technology Training Company Limited* (鄭州市金水區大山科技培訓有限公司) (formerly known as Zhengzhou Jinshui Dashan Training School Company Limited* (鄭州市金水區大山培訓學校有限公司), Zhengzhou Dashan Education Consultancy Company Limited* (鄭州大山教育諮詢有限公司) and Zhengzhou Dashan Education Technology Company Limited* (鄭州大山教育科技股份有限公司)), a company established in the PRC with limited liability on 30 December 2010, one of the Consolidated Affiliated Entities
“Dashan Yunxiao”	Zhengzhou Dashan Yunxiao Technology Company Limited* (鄭州大山雲效科技有限公司), a wholly foreign owned enterprise established in the PRC on 9 January 2019 and an indirect wholly-owned subsidiary of the Company

GLOSSARY

“Deed of Non-competition”	the deed of non-competition dated 23 June 2020 given by each of the Controlling Shareholders in favour of the Company (for itself and as trustee for and on behalf of each of the subsidiaries)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company
“ESG”	environmental, social and governance
“FY2022”	the year ended 31 December 2022
“FY2023”	the year ended 31 December 2023
“FY2024” or “Reporting Period”	the year ended 31 December 2024
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Houde Education”	Zhengzhou Houde Education Consultancy Company Limited* (鄭州市厚德教育諮詢有限公司), a company established in the PRC with limited liability on 25 March 2008, which is wholly-owned by Mr. Zhang Hongjun
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with the Company and its connected persons and not a connected person of the Company
“INED(s)”	the independent non-executive Director(s)
“Infinite Apex”	INFINITE APEX ENTERPRISES LIMITED, a Substantial Shareholder and a limited company incorporated in the British Virgin Islands, which is wholly owned by Mr. Xi Wang
“Investment Management Committee”	the investment management committee of the Board

“Jingguang Dashan”	Zhengzhou Jinguang Dashan Training School Company Limited* (鄭州京廣大山培訓學校有限公司) (formerly known as Zhengzhou Jinguang Dashan Education Consultancy Limited* (鄭州市京廣大山教育諮詢有限公司)), a company established in the PRC with limited liability on 21 September 2015, which is one of the Consolidated Affiliated Entities and is wholly-owned by Dashan Training
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lucky Heaven”	Lucky Heaven International Limited, a Substantial Shareholder and a limited company incorporated in the British Virgin Islands, which is wholly owned by Mr. Zhang Hongjun, an executive Director and the Chairman
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“Prospectus”	the prospectus issued by the Company dated 30 June 2020
“Registered Shareholders”	the registered shareholders of Dashan Training, including Mr. Zhang Hongjun, Mr. Shan Jingchao, Mr. Zhang Junying, Houde Education and Dashan Consultancy
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Award Scheme”	the share award scheme of the Company adopted on 14 December 2020
“Share Option Scheme”	the share option scheme of the Company adopted on 18 June 2020
“Shareholder(s)”	the holder(s) of the Share(s)

GLOSSARY

“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structured Contracts”	the structured contracts through which the Group obtains control over and derive the economic benefits from the Consolidated Affiliated Entities, as further described in the section headed
“Structured Contracts”	of the Prospectus
“Substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“UK”	the United Kingdom of Great Britain and Northern Ireland
“Zhonghui Anda”	Zhonghui Anda CPA Limited, the Auditor
“%”	per cent

* For identification purpose only