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China Chuanglian Education Group Limited
中國創聯教育集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2371)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The board (the "Board") of directors (the "Directors") of China Chuanglian Education Group Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013, together with the comparative audited figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013** *RMB'000*	2012 *RMB'000*
Revenue	*3*	**98,350**	22,748
Cost of sales and services		**(25,346)**	(667,237)
Gross profit (loss)		**73,004**	(644,489)
Other income	*4*	**4,162**	4,031
Selling and marketing expenses		**(3,936)**	(805)
Administrative expenses		**(35,204)**	(42,425)
Provision for a claim		**(3,222)**	(7,500)
Reversal of impairment loss recognised on amount due from an associate		**7,520**	–
(Increase) decrease in fair value of derivative financial liabilities		**(15,263)**	1,384
Finance costs	*5*	**(5,534)**	(8,810)
Profit (loss) before tax		**21,527**	(698,614)
Income tax expense	*6*	**(11,144)**	(3,622)
Profit (loss) for the year	*7*	**10,383**	(702,236)

	Notes	**2013** *RMB'000*	2012 *RMB'000*
Other comprehensive expenses			
Item that may be reclassified to profit or loss:			
Exchange differences arising on translation and other comprehensive expense for the year		**(4,711)**	(702)
Total comprehensive income (expense) for the year		**5,672**	(702,938)
Profit (loss) for the year attributable to:			
Owners of the Company		**7,712**	(701,309)
Non-controlling interests		**2,671**	(927)
		10,383	(702,236)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**3,001**	(702,011)
Non-controlling interests		**2,671**	(927)
		5,672	(702,938)
Earnings (loss) per share	*9*		
Basic and diluted (RMB cent(s))		**0.33**	(35.34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Plant and equipment		**10,730**	6,909
Intangible assets	*10*	**111,925**	3,395
Goodwill	*11*	**373,920**	18,262
Interest in an associate		**–**	–
Deposit paid for acquisition of an intangible asset		**–**	–
Prepayment for a mobile media project		**–**	–
Available-for-sale investments		**1,953**	2,006
		498,528	30,572
Current assets			
Trade and other receivables	*12*	**70,320**	35,336
Amount due from an associate		**11,740**	7,095
Amount due from a director		**352**	–
Amount due from non-controlling interest holder		**–**	203
Bank balances and cash		**50,917**	19,965
		133,329	62,599
Current liabilities			
Trade and other payables	*13*	**27,969**	16,208
Amount due to a director		**–**	240
Amount due to a shareholder		**1,563**	–
Provision for a claim		**10,722**	7,500
Income tax payable		**11,856**	3,559
Other borrowings		**18,000**	18,000
Convertible loan notes	*14*	**–**	6,413
Derivative financial liabilities		**–**	7,254
		70,110	59,174
Net current assets		**63,219**	3,425
Total assets less current liabilities		**561,747**	33,997
Capital and reserves			
Share capital		**205,864**	178,517
Convertible preference shares capital		**67,027**	–
Reserves		**259,662**	(187,907)
Equity attributable to owners of the Company		**532,553**	(9,390)
Non-controlling interests		**2,539**	(132)
Total equity		**535,092**	(9,522)
Non-current liability			
Convertible loan notes	*14*	**–**	43,519
Deferred tax liability		**26,655**	–
		26,655	43,519
		561,747	33,997

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. APPLICATION OF NEW AND REVISED HKFRSS

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 36	Impairment of Assets – Recoverable Amount Disclosure for Non-financial Asset (early adopted)
HK(IFRIC*) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

* IFRIC represents the International Financial Reporting Interpretation Committee.

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Others Comprehensive Income

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit and loss and other comprehensive income' and an "income statement" is renamed as a "statement of profit or loss". Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to HKAS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKFRS 7 require entities disclose information about:

a) recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation; and

b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements as the Group does not have any offsetting agreements or any master netting agreements in place.

New and revised Standards on consolidation, joint arrangements, associates and disclosure

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 Consolidated Financial Statements, HKFRS 11 Joint Arrangements, HKFRS 12 Disclosure of Interests in Other Entities, HKAS 27 (as revised in 2011) Separate Financial Statements and HKAS 28 (as revised in 2011) Investments in Associates and Joint Ventures, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) Int-12 Consolidation – Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee. b) it is exposed, or has right, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company made an assessment as at the date of initial application of HKFRS 10 (i.e. 1 January 2013) as to whether or not the Group has control over its investees in accordance with the new definition of control and the related guidance set out in HKFRS 10. The directors of the Company concluded that it has had control over all of its subsidiaries and therefore, the application of HKFRS 10 has no material impact on the Group's consolidated financial statements.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 Interest in Joint Ventures, and the guidance contained in a related interpretation, HK (SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements as the Group does not have investments in joint arrangements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKAS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principle (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Others than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

HKAS 19 Employee Benefits (as revised in 2011)

In the current year, the Group has applied HKAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

HKAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net interest' amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset.

Specific transitional provisions are applicable to first-time application of HKAS 19 (as revised in 2011). The application of HKAS 19 (as revised in 2011) has not had any material impact on the Group's consolidated financial statements as the Group does not have any defined benefit plans.

Amendments to HKAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (early adopted)

The Group has early applied the amendments to HKAS 36 Impairment of Assets – Recoverable Amount Disclosure for Non- Financial Assets. The adoption of the amendments to HKAS 36 remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these consolidated financial statements. The amendments have had no impact on the financial position or performance of the Group.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) –Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014, except as disclosed below. Early application is permitted.

3 HKFRS 9, as amended in December 2013, amended the mandatory effective date of HKFRS 9. The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, application of HKFRS 9 is permitted.

4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

The directors of the Company anticipate that, except as described below, the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014 with early application permitted and require retrospective application.

The directors of the Company anticipate that the application of the amendments to HKAS 32 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2013	2012
	RMB'000	*RMB'000*
Advertising media income	**437**	10,240
Consultancy service income and TV programmes distribution services income	**30,690**	12,508
Educational consultancy and online training and education	**67,223**	–
	98,350	22,748

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

1. Advertising media – provision of advertising services in respect of placing advertisements on the outdoor billboards and light-emitting diode ("LED") screens of the Group to advertisers and advertising agencies;

2. Other media – provision of consultancy and media business operation services and TV programmes distribution services; and

3. Educational consultancy and online training and education – provision of educational consultancy services and a live training and education services.

During the year ended 31 December 2013, there was a new reportable and operating segment regarding educational consultancy and online training and education upon the acquisition of a subsidiary.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operation segment.

For the year ended 31 December 2013

	Advertising media *RMB'000*	**Other media** *RMB'000*	**Educational consultancy and online training and education** *RMB'000*	**Total** *RMB'000*
REVENUE				
External sales	**437**	**30,690**	**67,223**	**98,350**
Segment (loss) profit	**(13,030)**	**18,311**	**52,092**	**57,373**
Increase in fair value of derivative financial liabilities				**(15,263)**
Reversal of impairment loss on amount due from an associate				**7,520**
Write off of other payable				**1,792**
Unallocated other income				**59**
Unallocated corporate expenses				**(24,420)**
Finance costs				**(5,534)**
Profit before tax				**21,527**

For the year ended 31 December 2012

	Advertising media *RMB'000*	Other media *RMB'000*	Educational consultancy and online training and education *RMB'000*	Total *RMB'000*
REVENUE				
External sales	10,240	12,508	–	22,748
Segment loss	(638,773)	(27,592)	–	(666,365)
Decrease in fair value of derivative financial liabilities				1,384
Unallocated other income				31
Unallocated corporate expenses				(24,854)
Finance costs				(8,810)
Loss before tax				(698,614)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administration costs, directors' emoluments, interest income, reversal of impairment loss recognised on amount due from an associate, impairment loss recognised on amount due from non-controlling interest holder, increase / decrease in fair value of derivative financial liabilities, gain on bargain purchase of a subsidiary, finance costs, write off of certain plant and equipment and depreciation of certain plant and equipment. This is the measure reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resources allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2013	2012
	RMB'000	*RMB'000*
Segment assets		
Advertising media	**5,228**	6,305
Other media	**45,934**	26,726
Educational consultancy and online training and education	**500,187**	–
Total segment assets	**551,349**	33,031
Unallocated corporate assets	**80,508**	60,140
Consolidated assets	**631,857**	93,171
Segment liabilities		
Advertising media	**14,350**	11,276
Other media	**28**	100
Educational consultancy and online training and education	**10,023**	–
Total segment liabilities	**24,401**	11,376
Unallocated corporate liabilities	**72,364**	91,317
Consolidated liabilities	**96,765**	102,693

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain plant and equipment, interest in an associate, available-for-sale investments, amount due from an associate/a director/non-controlling interest holder, certain other receivables, and bank balances and cash; and

- all liabilities are allocated to operating segments other than certain other payables, amount due to a director/a shareholder, income tax payable, deferred tax liability, other borrowings, derivative financial liabilities and convertible loan notes.

Other segment information

For the year ended 31 December 2013

	Advertising media *RMB'000*	Other media *RMB'000*	Educational consultancy and online training and education *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment loss or segment assets:					
Additions to non-current assets *(Note)*	**3,450**	**28**	**480,145**	**1,238**	**484,861**
Depreciation and amortisation	**2,466**	**4**	**4,637**	**1,691**	**8,798**
Impairment loss recognised on intangible assets	**2,803**	**–**	**–**	**–**	**2,803**
Impairment loss recognised on amount due from non-controlling interest holder	**203**	**–**	**–**	**–**	**203**
Provision for a claim	**3,222**	**–**	**–**	**–**	**3,222**
Write off of other payables	**–**	**–**	**–**	**(1,792)**	**(1,792)**
Reversal of impairment loss on amount due from an associate	**–**	**–**	**–**	**(7,520)**	**(7,520)**
Reversal of impairment loss on trade and other receivables	**(363)**	**(187)**	**–**	**–**	**(550)**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment loss or segment assets:					
Interest income	**–**	**–**	**–**	**(55)**	**(55)**
Interest expenses	**–**	**–**	**–**	**5,534**	**5,534**
Share-based payment expenses	**–**	**–**	**–**	**1,169**	**1,169**
Increase in fair value of derivative financial liabilities	**–**	**–**	**–**	**15,263**	**15,263**

For the year ended 31 December 2012

	Advertising media *RMB'000*	Other media *RMB'000*	Educational consultancy and online training and education *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment loss or segment assets:					
Additions to non-current assets *(Note)*	2	32	–	276	310
Depreciation and amortisation	35,971	4,362	–	1,622	41,955
Impairment loss recognised on intangible assets	574,877	35,937	–	–	610,814
Impairment loss recognised on trade and other receivables	7,810	2,157	–	–	9,967
Write off of other receivable	–	–	–	381	381
Write off of plant and equipment	–	–	–	9	9
Impairment loss recognised on plant and equipment	1,017	–	–	–	1,017
Provision for a claim	7,500	–	–	–	7,500
Write off of other payables	–	(3,000)	–	–	(3,000)
Reversal of impairment loss on other receivables	(1,000)	–	–	–	(1,000)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment loss or segment assets:					
Interest income	–	–	–	(16)	(16)
Interest expenses	–	–	–	8,810	8,810
Share-based payment expenses	–	–	–	127	127
Decrease in fair value of derivative financial liabilities	–	–	–	(1,384)	(1,384)

Note: Non-current assets excluded available-for-sale investments.

Geographical information

The Group's operations are located in the People's Republic of China (the "PRC") and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations and all of the Group's revenue are from the PRC for both years. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Non-current assets	
	2013	2012
	RMB'000	*RMB'000*
PRC	**493,152**	24,598
Hong Kong	**3,423**	3,968
	496,575	28,566

Note: Non-current assets excluded available-for-sale investments.

Information about major customers

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

	2013	2012
	RMB'000	*RMB'000*
Customer A[1]	**18,733**	N/A[3]
Customer B[1]	**18,304**	N/A[3]
Customer C[1]	**13,553**	N/A[3]
Customer D[2]	**N/A[3]**	4,142

1 Revenue from educational consultancy and online training and education.
2 Revenue from advertising media.
3 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME

	2013 *RMB'000*	2012 *RMB'000*
Write off of other payables	**1,792**	3,000
Government subsidies *(Note)*	**1,761**	–
Reversal of impairment loss on trade and other receivables	**550**	1,000
Interest income	**55**	16
Gain on bargain purchase of a subsidiary	**–**	12
Others	**4**	3
	4,162	4,031

Note: Government subsidies of approximately RMB1,761,000 (2012: RMBNil) have been recognised during the year ended 31 December 2013 which were designated for the encouragement of creative media business development incentive. All conditions in respect of these grants had been fulfilled and such government grants were recognised in other income for the year.

5. FINANCE COSTS

	2013 *RMB'000*	2012 *RMB'000*
Interest on other borrowing wholly repayable within five years	**360**	381
Effective interest expenses on convertible loan notes *(Note 14)*	**5,174**	8,429
	5,534	8,810

6. INCOME TAX EXPENSE

	2013 *RMB'000*	2012 *RMB'000*
PRC Enterprise Income Tax		
– current year	**11,910**	3,622
Deferred tax	**(766)**	–
	11,144	3,622

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of all PRC subsidiaries is 25% for both years.

Provision for PRC Enterprise Income Tax is made for the year ended 31 December 2013 based on the estimated assessable profit derived from the PRC.

Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for both years. No provision for Hong Kong Profits Tax has been made for the two years ended 31 December 2013 as the Group did not have any assessable profit subject to Hong Kong Profits Tax for both years.

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

7. PROFIT (LOSS) FOR THE YEAR

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

	2013	2012
	RMB'000	*RMB'000*
Directors' emoluments	**2,052**	2,275
Other staff costs (excluding directors' emoluments)	**8,859**	6,105
Share-based payment expenses (excluding directors' emoluments)	**1,057**	–
Retirement benefits scheme contributions (excluding directors' emoluments)	**671**	304
Total staff costs	**12,639**	8,684
Auditor's remuneration	**791**	561
Share-based payment expenses granted to consultants *(Note)*	**96**	–
Depreciation for plant and equipment	**4,510**	3,586
Amortisation of intangible assets (included in cost of services)	**4,288**	38,369
Impairment loss recognised on trade and other receivables	**–**	9,967
Impairment loss recognised on amount due from non-controlling interest holder	**203**	–
Write off of other receivable	**–**	381
Net foreign exchange losses	**126**	17
Impairment loss recognised on intangible assets (included in cost of services)	**2,803**	610,814
Impairment loss recognised on plant and equipment	**–**	1,017
Write off of plant and equipment	**–**	9
Operating lease rentals in respect of rented premises	**7,445**	8,817

Note: It represents share options granted to external consultants in exchange for services rendered to the Group.

8. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2013, nor has any dividend been proposed since the end of the reporting period (2012: Nil).

9. EARNINGS (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:

Profit (Loss)	**2013** ***RMB'000***	2012 *RMB'000*
Profit (Loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	**7,712**	(701,309)

Number of shares	**2013** ***'000***	2012 *'000*
Weighted average number of ordinary shares for the purpose of basis earnings/loss per share	**2,358,495**	1,984,410

The preference shares to be issued under contingent consideration arrangement was included in the computation of basis earnings per share as the profit guarantee was met as at 31 December 2013. Diluted earning per share is same as basis earnings per share for the year ended 31 December 2013. The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options were higher than the weighted average market price for share.

Diluted loss per share is same as basic loss per share for the year ended 31 December 2012. The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options were higher than the weighted average market price for shares; and does not assume the conversion of the Company's outstanding convertible loan notes since their exercise would result in a decrease in loss per share for 2012.

10. INTANGIBLE ASSETS

	LED displays advertising right *RMB'000* *(Note i)*	Consultancy service contracts *RMB'000* *(Note ii)*	Other advertising right *RMB'000* *(Note iii)*	Software *RMB'000* *(Note iv)*	Customer relationship *RMB'000* *(Note iv)*	Total *RMB'000*
COST						
At 1 January 2012	680,320	44,039	1,188	–	–	725,547
Exchange realignment	–	(479)	(13)	–	–	(492)
At 31 December 2012	680,320	43,560	1,175	–	–	725,055
Acquired on acquisition of a subsidiary	–	–	–	8,417	108,274	116,691
Exchange realignment	–	(1,157)	(31)	(25)	(1,083)	(2,296)
At 31 December 2013	680,320	42,403	1,144	8,392	107,191	839,450
AMORTISATION AND IMPAIRMENT						
At 1 January 2012	68,032	3,303	1,188	–	–	72,523
Provided for the year	34,016	4,353	–	–	–	38,369
Impairment loss recognised	574,877	35,937	–	–	–	610,814
Exchange realignment	–	(33)	(13)	–	–	(46)
At 31 December 2012	676,925	43,560	1,175	–	–	721,660
Provided for the year	200	–	–	1,457	2,631	4,288
Impairment loss recognised	2,803	–	–	–	–	2,803
Exchange realignment	–	(1,157)	(31)	(5)	(33)	(1,226)
At 31 December 2013	679,928	42,403	1,144	1,452	2,598	727,525
CARRYING VALUES						
At 31 December 2013	392	–	–	6,940	104,593	111,925
At 31 December 2012	3,395	–	–	–	–	3,395

Notes:

(i) LED displays advertising right represents the operating right to operate outdoor advertising LED displays business in the PRC. The operating right was acquired through acquisition of the entire issued share capital of Precious Luck Enterprises Limited ("Precious Luck") during the year ended 31 December 2010.

The intangible asset is amortised on a straight-line basis over its estimated useful lives of 20 years.

During the year ended 31 December 2013, the directors of the Company considered the LED outdoor advertising business had slowed down and decided to change the business operation during the year due to the change in the operating environment in the PRC and the difficulty in the procurement of good location LED boards in major cities in the PRC. The change in business plan led to a worse financial performance from the LED advertising business than expected. As a result, the Group recognised an impairment loss of approximately RMB2,803,000 (2012: approximately RMB574,877,000) in relation to LED display advertising right.

(ii) Consultancy service contracts represent exclusive consultancy service agreements for media business obtained through the acquisition of the entire issued share capital of Bold Champion International Limited ("Bold Champion") on 25 March 2011.

The intangible asset is amortised on a straight-line basis over its estimated useful lives of 10 years according to the terms of the consultancy service contracts.

During the year ended 31 December 2012, the Group recognised an full impairment loss of approximately RMB35,937,000 in relation to consultancy service contracts as the directors of the Group expected that there is a significant decline in income derived from providing consultancy services upon the change in business plan of its customers during the year ended 31 December 2012 of which no profit would be expected to be generated in foreseeable future. No material revenue generated from those consultancy service contracts as at 31 December 2013.

(iii) Other advertising right represents fees paid to obtaining the exclusive operating right for advertising billboards located on highways in Hebei Province, the PRC. Other advertising right is measured initially at purchase cost and amortised on a straight-line basis over their estimated useful lives of 10 years, less any impairment losses.

(iv) Software represented an online training and education platform which aims at providing end-users an online learning environment which acquired through an acquisition of Housden Holdings on 8 August 2013.

Development cost of the online training and education platform is recognised in accordance with "HKAS 38 Intangible Assets" which expenditures to be capitalised should fulfill all the requirements stated. The management of Housden Holdings was in the view that the platform has an useful life of 5 years from past experience and with reference to other software provider companies.

Customer relationship represented the signed agreements with local training organisations of civil servants and professionals and technicians to provide customised online training and education services. A subsidiary of Housden Holdings, 北京中人光華教育有限公司 ("中人光華"), is authorised by Ministry of Human Resources and Social Security of the PRC to provide online training and education programmes for civil servants and professionals and technicians in the PRC. According to the management, 中人光華 has spent substantial time and resources to negotiate customised training plans with local training organisations. The director of the Company was in the view that the customer relationship has an useful lift of 15 years with reference to turnover rate of the customers.

11. GOODWILL

	RMB'000
COST	
At 31 January 2012	18,463
Exchange realignment	(201)
At 31 December 2012	18,262
Arising on acquisition of a subsidiary	359,739
Exchange realignment	(4,081)
At 31 December 2013	373,920
CARRYING VALUES	
At 31 December 2013	373,920
At 31 December 2012	18,262

Goodwill was arising on the acquisition of Bold Champion during the year ended 31 December 2011 and acquisition of Housden Holdings Limited during the year ended 31 December 2013 respectively.

12. TRADE AND OTHER RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**29,096**	15,400
Less: impairment loss recognised	**(4,606)**	(6,967)
	24,490	8,433
Other receivables	**23,786**	4,923
Less: impairment loss recognised	**(85)**	(429)
	23,701	4,494
Deposits	**21,451**	25,232
Less: impairment loss recognised	**–**	(3,000)
	21,451	22,232
Prepayments	**678**	177
	70,320	35,336

The Group does not hold any collateral over these receivables.

Trade receivables are due according to the terms on the relevant contacts as at 31 December 2013 and 2012. The following is an aged analysis of trade receivables net of impairment losses presented based on the invoice date at the end of reporting period which approximate the respective revenue recognition date.

	2013	2012
	RMB'000	*RMB'000*
Within 30 days	**211**	4,832
31 to 60 days	**18,461**	3,375
61 to 180 days	**739**	–
181 to 365 days	**4,579**	–
Over 365 days	**500**	226
	24,490	8,433

13. TRADE AND OTHER PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade payables	**3,792**	3,715
Other payables	**2,574**	3,663
Receipts in advance	**4,993**	161
Accruals	**16,610**	8,669
	27,969	16,208

The following is an aged analysis of trade payables presented based on the invoice date at end of the reporting period.

	2013	2012
	RMB'000	*RMB'000*
Within 30 days	**177**	100
31 to 60 days	**–**	205
181 to 365 days	**–**	3,410
Over one year	**3,615**	–
	3,792	3,715

The trade payables were due according to the terms on the relevant contracts. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

14. CONVERTIBLE LOAN NOTES

(i) On 2 January 2010, the Company issued zero-coupon convertible loan notes with an aggregate principal amount of HK$756,000,000 (equivalent to approximately RMB659,262,000) (the "2010 Convertible Loan Notes") as partial settlement for the acquisition consideration of Precious Luck. The 2010 Convertible Loan Notes are denominated in HK$ and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the 2010 Convertible Loan Notes and their settlement date on 1 January 2015 at an initial conversion price of HK$0.519, subject to adjustments, per convertible loan note. If the 2010 Convertible Loan Notes have not been converted, it will be redeemed on 1 January 2015 at par.

The 2010 Convertible Loan Notes contain two components, liability and equity components. The equity component is presented in equity heading ("convertible loan notes equity reserve"). The effective interest rate of the liability component is 25% per annum.

The movement of the liability and equity components of the 2010 Convertible Loan Notes is set out below:

	Liability component	**Equity component**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2012	17,970	28,900	46,870
Effective interest expenses *(Note 5)*	3,143	–	3,143
Conversion during the year	(6,966)	(8,695)	(15,661)
Exchange realignment	(199)	–	(199)
At 31 December 2012	13,948	20,205	34,153
Effective interest expenses *(Note 5)*	1,657	–	1,657
Conversion during the year	(15,401)	(20,205)	(35,606)
Exchange realignment	(204)	–	(204)
At 31 December 2013	–	–	–

(ii) On 23 June 2011, the Company issued 8% convertible loan notes with an aggregate principal amount of RMB25,000,000 (the "2011 Convertible Loan Notes"). The 2011 Convertible Loan Notes are denominated in RMB and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the 2011 Convertible Loan Notes and their settlement date on 22 June 2013 at an initial conversion price of HK$0.49, subject to adjustments, per convertible loan note. If the 2011 Convertible Loan Notes have not been converted, it will be redeemed on 22 June 2013 at par. The 2011 Convertible Loan Notes shall carry an interest of 8% per annum payable quarterly.

On 3 January 2012, the conversion price in force of the 2011 Convertible Loan Notes has been reset to HK$0.29 per conversion share due to the closing prices per share of the Company as quoted on the Stock Exchange for any five consecutive trading days at any time after the first six months from the date of issue of 2011 Convertible Loan Notes are less than the conversion price in force (i.e. HK$0.49 per conversion share), then the conversion price of the 2011 Convertible Loan Notes shall be reset at 80.1% of the average of the closing prices (or the par value of ordinary share of the Company if it is higher). The conversion price of the 2011 Convertible Loan Notes shall only be reset once. Details of which are set out in the announcement of the Company dated 3 January 2012.

The 2011 Convertible Loan Notes contain two components, liability component and conversion option derivative. The conversion option is classified as conversion option derivative as the 2011 Convertible Loan Notes will be settled other than by the exchange of a fixed amount of cash or another financial asset (i.e. principal amount denominated in RMB) for a fixed number of the Company's own equity instruments (i.e. ordinary share denominated in HK$). The effective interest rate of the liability component is 25.26% per annum. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

On 20 June 2013, the Group entered an agreement with holders of 2011 Convertible Loan Notes to subscribe for an aggregate principal amount of RMB15,000,000 (the "2013 Convertible Loan Notes") which mirror the outstanding amount of 2011 Convertible Loan Notes as 2011 Convertible Loan Notes become due on 23 June 2013. For details of 2013 Convertible Loan Notes, please refer to note 14 (iv) below.

The movement of the liability component and conversion option derivative of the 2011 Convertible Loan Notes is set out below:

	Liability component *RMB'000*	**Conversion option derivative** *RMB'000*	**Total** *RMB'000*
Issue of convertible loan notes during the year	19,733	7,247	26,980
Effective interest expenses *(Note 5)*	5,163	–	5,163
Interest paid during the year	(1,790)	–	(1,790)
Gain arising on changes of fair value	–	(947)	(947)
Conversion during the year	(6,792)	(3,044)	(9,836)
Exchange realignment	(282)	(69)	(351)
At 31 December 2012	16,032	3,187	19,219
Effective interest expenses *(Note 5)*	1,821	–	1,821
Interest paid during the year	(600)	–	(600)
Gain arising on changes of fair value	–	(3,060)	(3,060)
Conversion during the year	(2,457)	(174)	(2,631)
Extinguishment during the year	(15,000)	–	(15,000)
Exchange realignment	204	47	251
At 31 December 2013	–	–	–

(iii) On 10 December 2012, the Company issued 10% convertible loan notes with an aggregate principal amount of HK$25,000,000 (equivalent to approximately RMB20,000,000) (the "2012 Convertible Loan Notes"). The 2012 Convertible Loan Notes are denominated in HK$ and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the 2012 Convertible Loan Notes and their settlement date on 9 December 2014 at an initial conversion price of HK$0.281, subject to adjustments, per convertible loan note. If the 2012 Convertible Loan Notes have not been converted, it will be redeemed on 9 December 2014 at par. The 2012 Convertible Loan Notes shall carry on an interest of 10% per annum, payable quarterly.

The 2012 Convertible Loan Notes contain two components, liability component and conversion option derivative. The conversion option is classified as conversion option derivative as the 2012 Convertible Loan Notes will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments. The conversion price will be adjusted based on prescribed formulas upon certain events happened. The effective interest rate of the liability component is 10.68% per annum. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

During the year ended 31 December 2013, all outstanding 2012 Convertible Loan Notes have been converted to ordinary shares of the Company.

The movement of the liability component and conversion option derivative of the 2012 Convertible Loan Notes is set out below:

	Liability component	**Conversion option derivative**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Issue of convertible loan notes during the year	19,765	235	20,000
Effective interest expenses *(Note 5)*	123	–	123
Loss arising on changes of fair value	–	43	43
Exchange realignment	64	1	65
At 31 December 2012	19,952	279	20,231
Effective interest expenses *(Note 5)*	1,078	–	1,078
Interest paid during the year	(1,180)	–	(1,180)
Loss arising on changes of fair value	–	10,896	10,896
Conversion during the year	(19,609)	(11,168)	(30,777)
Exchange realignment	(241)	(7)	(248)
At 31 December 2013	–	–	–

(iv) On 2 July 2013, the Company issued 8% convertible loan notes with an aggregate principal amount of RMB15,000,000 (the "2013 Convertible Loan Notes"), to settle the 2011 Convertible Loan Notes. The 2013 Convertible Loan Notes are denominated in RMB and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the 2013 Convertible Loan Notes and their settlement date on 1 July 2015 at an initial conversion price of HK$0.29, subject to adjustments, per convertible loan note. If the 2013 Convertible Loan Notes have not been converted, it will be redeemed on 1 July 2015 at par. The 2013 Convertible Loan Notes shall carry an interest of 8% per annum, payable quarterly.

The 2013 Convertible Loan Notes contain two components, liability component and conversion option derivative. The conversion option is classified as conversion option derivative as the 2013 Convertible Loan Notes will be settled other than by the exchange of a fixed amount of cash or another financial asset (i.e. principal amount denominated in RMB) for a fixed number of the Company's own equity instruments (i.e. ordinary share denominated in HK$). The effective interest rate of the liability component is 10.38% per annum. The conversion option derivative is measured at fair value with changes in fair value recognised in profit or loss.

During the year ended 31 December 2013, all outstanding 2013 Convertible Loan Notes have been converted to ordinary shares of the Company.

The movement of the liability component and conversion option derivative of the 2013 Convertible Loan Notes is set out below:

	Liability component	**Conversion option derivative**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Issue of convertible loan notes upon extinguishment of 2011 Convertible Loan Notes during the year	13,891	1,109	15,000
Effective interest expenses *(Note 5)*	618	–	618
Interest paid during the year	(558)	–	(558)
Loss arising on changes of fair value	–	11,160	11,160
Conversion during the year	(13,801)	(12,140)	(25,941)
Exchange realignment	(150)	(129)	(279)
At 31 December 2013	–	–	–

The following in an analysis of convertible loan notes for financial reporting purposes:

	2013	**2012**
	RMB'000	*RMB'000*
Non-current liabilities	–	43,519
Current liabilities	–	6,413
	–	49,932

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the year ended 31 December 2013, the Group recorded a turnover of approximately RMB98,350,000 (2012: approximately RMB22,748,000), representing an increase of 332.3% as compared to that of last year. Of these, turnover derived from advertising media income and consultancy service income and TV programmes distribution services income and educational consultancy and online training were approximately RMB437,000, RMB30,690,000 and RMB67,223,000 respectively (2012: approximately RMB10,240,000, RMB12,508,000 and RMB Nil respectively).

Administrative expenses for the year ended 31 December 2013 was approximately RMB35,204,000 (2012: approximately RMB42,425,000), representing a decrease of 17.02% as compared to that of last year. The decrease in expenses was mainly due to the saving in the staff cost.

The profit/(loss) for the year attributable to owners of the Company aggregated at approximately RMB7,712,000 (2012: approximately RMB(701,309,000)). The basic earnings/(loss) per share for the year ended 31 December 2013 was RMB0.33 cent (2012: RMB(35.34) cents).

Business Review

During the year under review, the Group was principally engaged in (i) the provision of advertising and consultancy services in respect of placing advertisements on the outdoor billboards and LED screens of the Group to advertisers and advertising agencies and (ii) the provision of the online training and education services.

The contributions from the advertising media business continued to decrease in the year of 2013 due to unfavourable operating environment of the advertising industry in the PRC. The Group ceased the investment of new outdoor media but maintained only part of the existing ones.

Meanwhile, the Group's TV programmes distribution business generated stable revenue in the year of 2013. The new 30 episodes of TV programme titled《捍衛者》was broadcasted by the CCTV-8 in April 2013 and several provincial TV stations thereafter.

On August 2013, the major acquisition in relation to the acquisition of the entire issued share capital of Housden Holdings Limited ("Housden") was completed. This provides the Group a unique opportunity to expand in the online education business and online advertising industry in the PRC. The online education business generated stable revenue in the second half of 2013 and the Directors expect that the online education business will further broaden the source of revenue of the Group in the near future.

Business Outlook

In August 2013, the Group successfully completed the acquisition of CL Education Limited (hereinafter as "CL Education"). Through the acquisition, the Group successfully established a cross-media platform, signifying the Group's entry into the promising online education business in the PRC. With the support from CL Education, the Group established an online education platform facilitating online learning to public services, intelligent management of online education, and educational resources trading with the capacity of supporting large-scale online users using online education simultaneously. Currently, the platform mainly provides specific online education and training service to two types of users: 1) those who require further education due to career development, as demonstrated by providing online education for domestic civil servants who need on-the-job training as well as professional and technical personnel who need further education; 2) those who prepare for professional qualification examinations to obtain corresponding qualification certificates, as demonstrated by providing them with online education before relevant examinations. As at the end of 2013, our services have covered 44 provinces and cities and industries across the PRC with 2.09 million registered users and 1.69 million paid users, and are expected to continue to grow in the future.

According to the forecast conducted by GSV Global Education Industry Report, it is expected that the global online education market scale in 2017 will expand to a value of US$255.5 billion, representing a compound annual growth rate (CAGR) of 23%. Meanwhile, the online education in the PRC will embrace an explosive growth. According to the Sohu White Paper on Education Industry of 2012, the scale of online education market in the PRC in 2012 has amounted to a value of RMB72.3 billion. It is expected that by 2017, the CAGR of the online education market in the PRC will reach 31.7% with an overall market scale surpassing a value of RMB170 billion.

In respect of CL Education, it focuses on the on-the-job training of the PRC's civil servants and continuing education market that serves professional and technical personnel. As at 2013, the PRC has over 7 million civil servants and 55 million professional and technical personnel, which grows at a CAGR of 4%. As stipulated by the 2013-2017 National Cadre Education and Training Planning announced by the Chinese government, civil servants and professional and technical personnel shall satisfy the annual minimum training requirements. As varied by different positions, the minimum training duration ranges from 90 hours per year to 110 hours per year, of which hours for online training course shall not surpass 40% of those for the whole training course. Therefore, it is obvious that only a small portion of the market was explored by the Group, and that a huge potential market is waiting to be explored. As the huge demand for online education in the PRC, the Board is optimistic about the acquisition of the internet platform and the online education business which will drive the growth of the Group. The Board also intends to expand other online education businesses, so as to enhance the profitability of the Group and the Shareholders' interests in the long run.

Advance to an Entity

On 10 July 2009, Smart Century Investment Limited, a wholly-owned subsidiary of the Company, provided financial assistance in the sum of HK$20,000,000 to Apex One Enterprises Limited ("Apex One"), a 49%-owned and affiliated company of the Company. The principal activity of Apex One is securities trading. For more details, please refer to the Company's announcements dated 10 July 2009 and 13 July 2009.

At 31 December 2013, the amount due from Apex One was approximately RMB11,740,000.

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flows and the bank balances.

As at 31 December 2013, the Group had bank balances and cash of approximately RMB50,917,000 as compared to the bank balances and cash of approximately RMB19,965,000 as at 31 December 2012.

The Group's net current assets totalled approximately RMB63,219,000 as at 31 December 2013, against approximately RMB3,425,000 as at 31 December 2012. The Group's current ratio was approximately 1.90 as at 31 December 2013 as compared with 1.06 as at 31 December 2012.

Gearing Ratio

The gearing ratio of the Group (measured as total liabilities to total assets) was approximately 15.3% as at 31 December 2013 (2012: 110.2%).

Capital Structure

As at 31 December 2013, the Company's issued share capital was approximately HK$236,902,000 (2012: approximately HK$202,194,000) and the number of its issued ordinary shares was 2,369,022,578 shares of HK$0.10 each.

During the year, the Company has issued and allotted 1,900,000 new ordinary shares at par value of HK$0.237, as a result of the exercise of share options to the share option holders of the Company. The Company has issued and allotted 100,000,000 new ordinary shares by means of conversion of preferred shares at the conversion rate of 1 preferred share to 1 ordinary share; 50,000,000, 10,662,756, 88,967,969 and 65,554,614 new ordinary shares at par value of HK$0.519, HK$0.29, HK$0.281 and HK$0.29 each, respectively, by means of conversion of convertible loan notes; and 30,000,000 ordinary shares at an issue price of HK$0.315 on pursuant to the placing agreements entered into between the Company and the placees.

During the year, the Company issued convertible bonds with the aggregate principal amount of RMB15,000,000 at an conversion price of HK$0.29 per share. The Company also issued an aggregate of 950,000,000 preferred shares at a subscription price of HK$0.21 each, being an amount of HK$199.5 million.

Material Transactions

Major Acquisition in relation to the Acquisition of the Entire Issued Share Capital of Housden Holdings Limited

On 7 September 2012, Talent Group Development Limited ("Talent Group"), a wholly-owned subsidiary of the Company, Headwind Holdings Limited ("Headwind") and Mr. Lu Xing ("Mr. Lu"), the beneficial owner of the entire issued share capital of Housden Holdings Limited ("Housden") and Headwind, entered into the acquisition agreement (the "Acquisition Agreement of Housden"), pursuant to which Talent Group has conditionally agreed to acquire and Headwind has conditionally agreed to dispose of the entire issued share capital of Housden at the initial consideration of HK$199.5 million which will be satisfied by the Company issuing 950,000,000 initial preferred shares at the issue price of HK$0.21 per preferred share upon completion of the Acquisition of Housden, and is subject to (i) the relevant valuation adjustment; and (ii) an upward adjustment by HK$199.5 million, to be satisfied by the Company issuing a total of 950,000,000 additional preferred shares to Headwind if Housden, CL Education Limited, 北京創聯中人技術服務有限公司 (Beijing Chuanglian Zhongren Technical Service Company Limited*), 北京創聯教育投資有限公司 (Beijing Chuanglian Education Investment Company Limited*) and 北京中人光華教育科技有限公司 (Beijing Zhongren Guanghua Education Technology Company Limited*) fulfilled the relevant profit warranty under the Acquisition Agreement of Housden. In aggregate, a maximum of 1,900,000,000 preferred shares shall be issued by the Company to Headwind if the relevant profit warranty is fulfilled.

* *For identification purpose only*

The Acquisition contemplated under the Acquisition Agreement was completed on 8 August 2013 and Housden has become a direct wholly-owned subsidiary of the Talent Group.

The Acquisition of Housden constitutes a major acquisition for the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval to be sought at the extraordinary general meeting of the Company.

Details of the Acquisition of Housden have been set out in the announcements dated 9 September 2012, 7 December 2012, 31 December 2012, 15 January 2013, 28 February 2013, 1 April 2013, 30 April 2013, 31 May 2013, 27 June 2013, 24 July 2013 and 8 August 2013 published by the Company.

Fund Raising Activities

On 20 June 2013, the Company and each of the subscribers, who are independent investors, entered into the subscription agreements in respect of the issue of the convertible notes at the conversion price of HK$0.29 per share in the aggregate principal amount of RMB15,000,000. The subscription of convertible notes was completed on 2 July 2013.

On 3 October 2013, the Company entered into a placing and subscription agreements with a vendor and a placing agent in relation to a placement of 30,000,000 new ordinary shares of HK$0.1 each in the share capital of the Company at a price of HK$0.315 per placing share to independent investors. The placing was completed on 15 October 2013.

Foreign Exchange Exposure

Substantially all of the business transactions of the Group are denominated in Renminbi and Hong Kong dollars. The Group adopts a conservative financial policy. As at 31 December 2013, the Group did not have any bank liabilities, interest or currency swaps or other financial derivatives for hedging purpose. Therefore, the Group is not exposed to any material interest and exchange risks.

Charges on Group Assets

As at 31 December 2013, the Group did not have any charges on its assets (2012: Nil).

Contingent Liabilities

On 12 June 2010, an indirectly-owned subsidiary of the Company has been brought to the first court hearing at 河北省廊坊經濟技術開發區人民法院 by 日本赤見電機株式會社 ("Japan Chijian"). Japan Chijian has brought a claim for alleged breach of contractual undertakings in relation to the construction of a LED display panel located in the PRC for an amount of approximately RMB12,378,000.

A hearing was held on 4 July 2012 at 河北省石家莊中級人民法院 (the "Court"). No decision had been concluded during the hearing, however, based on principal of equitable liability, the Court has revealed an arbitration of claim of RMB7,500,000 to be paid by the Group for the ownership of the LED display panel. On 12 December 2012, another hearing was brought but no decision had been recognised and concluded.

With reference to a legal opinion obtained from the PRC legal advisor, likelihood of an unfavorable outcome is probable and the amount of the loss of RMB7,500,000 can be reasonably estimated. As a result, a provision of RMB7,500,000 in respect of such claim was made as at 31 December 2012.

On 13 December 2013, a decision has been concluded by the Court which the indirectly-owned subsidiary of the Company is ordered to pay approximately RMB10,593,000 to 日本赤見電機株式會社 and borne the related court expenses of approximately RMB129,000. However, an appeal was applied by the Group on 30 December 2013.

With reference to the decision of the Court, an additional provision of RMB3,222,000 in respect of such claim was made as at 31 December 2013.

As at the date of approval of the consolidated financial statements, no final decision had been made in the court proceedings.

As at 31 December 2013, the Group did not have any material contingent liabilities.

Capital Commitment

As at 31 December 2013, the Group had no outstanding capital commitment.

As at 31 December 2012, the Group had outstanding capital commitment in respect of the acquisition of 100% of the issued and paid-up capital of Housden Holdings Limited of HK$399 million (equivalent to approximately RMB320 million).

Event after the Reporting Period

Except as those disclosed elsewhere in the consolidated financial statements, the Group has the following significant event which took place subsequent to the end of the reporting period:

On 11 November 2013, the name of the Company has been proposed to change the English name of the Company from "China Oriental Culture Group Limited" to "China Chuanglian Education Group Limited" and the Chinese name of the Company from "中國東方文化集團有限公司" to "中國創聯教育集團有限公司". Pursuant to a resolution passed on 27 December 2013, the proposed change of Company name has been approved by the Company's shareholders. The Register of Companies in the Cayman Islands and the Companies Registry in Hong Kong had granted approval on 2 January 2014 and 23 January 2014, respectively. The Shares on the Stock Exchange has been traded under the new name. The English and Chinese stock short names of the Company has been changed from "C ORI CULTURE" to "C CHUANGLIAN ED" and from "中國東方文化" to "中國創聯教育" respectively with effect from 9:00 a.m. on 4 February 2014. Details and capitalised terms used in this section were set out in the Announcement and Circular dated 11 November 2013, 2 December 2013 and 28 January 2014.

Employee Information and Remuneration Policy

As at 31 December 2013, the Group has 122 employees (2012: 60 employees) in Hong Kong and the PRC. The total staff cost is approximately RMB12,639,000 for the year ended 31 December 2013 (2012: approximately RMB8,684,000).

We offer competitive remuneration package, including medical and retirement benefits, to eligible employees. Apart from basic salary, employees are eligible to receive a discretionary bonus taking into accounts factors such as market conditions as well as corporate and individual's performance during the year.

In order to attract, retain and motivate eligible employees, including the directors of the Company, the Company has adopted a share option scheme. The scheme enables eligible persons to obtain an ownership interest in the Company and thus motivates them to optimise their continuing contributions to the Group. As at 31 December 2013, there are 75,760,000 share options remained outstanding.

We are confident that our employees will continue to provide a firm foundation for the success of the Group and will maintain high standard of service to our clients.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 23 May 2014 to Wednesday, 28 May 2014, both days inclusive, during which period no transfers of shares shall be registered. In order to qualify for attending and voting at the forthcoming annual general meeting of the Company, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Thursday, 22 May 2014.

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

During the year, the Company has issued and allotted 1,900,000 new ordinary shares at par value of HK$0.237, as a result of the exercise of share options to the share option holders of the Company. The Company has issued and allotted 100,000,000 new ordinary shares by means of conversion of preferred shares at the conversion rate of 1 preferred share to 1 ordinary share; 50,000,000, 10,662,756, 88,967,969 and 65,554,614 new ordinary shares at par value of HK$0.519, HK$0.29, HK$0.281 and HK$0.29 each, respectively, by means of conversion of convertible loan notes; and 30,000,000 ordinary shares at an issue price of HK$0.315 on pursuant to the placing agreements entered into between the Company and the placees.

During the year, the Company issued convertible bonds with the aggregate principal amount of RMB15,000,000 at an conversion price of HK$0.29 per share. The Company also issued an aggregate of 950,000,000 preferred shares at a subscription price of HK$0.21 each, being an amount of HK$199.5 million.

Save as disclosed herein, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year.

CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2013, the Company has applied and complied with the code provisions in the Corporate Governance Code (the "CG Code") set out in Appendix 14 of the Listing Rules except the following deviation.

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

During the year ended 31 December 2013, the Company did not have a chairman or a chief executive. The Board will keep reviewing the current structure of the Board from time to time and should candidates with suitable knowledge, skill and experience be identified, the Company will make appointments to fill the posts as appropriate.

COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by its Directors on terms no less exactly than the required standard in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"). Following a specific enquiry, all Directors confirmed that they have complied with the required standards in the Model Code throughout the year ended 31 December 2013.

DISCLOSURE OF INFORMATION ON DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, the change of information on Director is as follows:

Mr. Li Qing, an executive Director, has renewed the service agreement for a three-year term of service commencing from 20 September 2013 to 19 December 2016, which can be terminated by either party giving not less than three months' notice in writing.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") currently consists of all three independent non-executive Directors, namely, Mr. Leung Siu Kee, Mr. Han Bing and Ms. Wang Shuping. The Audit Committee has reviewed the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters.

The Audit Committee has reviewed the Group's audited consolidated financial statements and annual results for the year ended 31 December 2013 and has provided advice and comments thereon.

AUDITED FINANCIAL STATEMENTS

The Group's consolidated financial statements have been audited by the Group's external auditor, SHINEWING (HK) CPA Limited who has issued an unqualified opinion.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Wednesday, 28 May 2014 and the notice of annual general meeting will be published and despatched to shareholders of the Company in due course.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and on the Company's website at www.chinahrt.com. The Annual Report 2013 of the Company will also be published on the aforesaid websites in due course.

On behalf of the Board
China Chuanglian Education Group Limited
Li Qing
Executive Director

Hong Kong, 31 March 2014

As at the date of this announcement, the Board comprises Mr. Li Qing and Mr. Li Jia as executive Directors; and Mr. Leung Siu Kee, Mr. Han Bing and Ms. Wang Shuping as independent non-executive Directors.